

# **STATE OF INDIANA**

## **Drinking Water State Revolving Fund Loan Program**



**Annual Report  
State Fiscal Year 2021  
July 1, 2020 – June 30, 2021**

**Drinking Water State Revolving Fund Loan Program  
Annual Report SFY 2021**

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**State of Indiana**  
**Drinking Water State Revolving Fund Loan Program**  
**Annual Report**  
**SFY 2021**

**I. Introduction**

Pursuant to 40 CFR 35.3570, the State of Indiana (State), acting through its Indiana Finance Authority (Authority), submits an Annual Report for the Drinking Water State Revolving Fund Loan Program (DWSRF Loan Program) to the Regional Administrator of the U.S. Environmental Protection Agency (EPA), Region V.

This Annual Report is for State Fiscal Year (SFY) 2021 (July 1, 2020 - June 30, 2021). It is prepared in accordance with Section 1452 of the Safe Drinking Water Act (SDWA), as amended, 42 U.S.C. 300j-12, and with 40 CFR 35.3570.

**II. State Revolving Fund (SRF) Loan Program Management [40 CFR 35.3570(a)(3)(i)]**

Indiana Code 5-1.2-10 and 5-1.2-3 govern the establishment and administration of the DWSRF Loan Program by the Authority.

**III. Goals and Objectives of the SFY 2021 Intended Use Plan [40 CFR 35.3570(a)(1)]**

The purpose of the DWSRF Loan Program is to provide low-cost financial assistance to Indiana utilities to enable the construction of necessary and environmentally sound drinking water infrastructure; facilitate statewide compliance with State and federal drinking water standards; maintain a fiscally self-sufficient program as a continuing source of funding for improvement and protection of public health; and conduct any other activity permitted by the SDWA.

To accomplish these objectives, the Authority set short-term and long-term goals as part of the SFY 2021 Intended Use Plan (IUP). A description of how the DWSRF Loan Program has achieved these goals, or is working toward them, is in Exhibit A.

In SFY 2021, the Authority chose to continue the Green Project Reserve (GPR) Sustainability Incentive Program, which provides an interest rate break incentive to State Revolving Fund Participants that incorporate green project components into their projects. In SFY 2021, green projects accounted for 2%, or \$330,540 of the 2021 Capitalization Grant. Exhibit B, Green Project Reserve in SFY 2021, lists Participants that incorporated GPR projects.

Under the terms and conditions of the 2021 Capitalization Grant, the DWSRF Loan Program is required to use fourteen (14%) percent of funds available in the grant to provide Additional Subsidy to eligible recipients. In addition, the DWSRF Loan Program must provide six (6%) percent and may provide up to thirty-five (35%) percent of its 2021 Capitalization Grant in the form of Additional Subsidization to disadvantaged communities, as required by the SDWA. Additional Subsidization may be in the form of principal forgiveness, negative interest rate loans, or grants. The 2021 DWSRF Capitalization Grant was awarded on June 22, 2021, and the DWSRF Loan Program has identified communities that are eligible to receive the Additional Subsidization from the 2021 Capitalization Grant. Exhibit C, Additional Subsidization by

Capitalization Grant Year, lists Participants that received Additional Subsidization in the form of principal forgiveness. As of June 30, 2021, the DWSRF Loan Program has provided a total of \$46.6 million dollars in Additional Subsidization from Capitalization Grants and met the Additional Subsidization goals of the 2010-2019 Capitalization Grants. The DWSRF Loan Program has identified communities that are eligible to receive the Additional Subsidization remaining from the 2020, and 2021 Capitalization Grants. The Authority shall provide the Additional Subsidization, as required by the terms and conditions of the Capitalization Grant, which allows Indiana four years in which to allocate the Additional Subsidization. However, every attempt will be made to assign the Additional Subsidization within two years of receiving a Capitalization Grant. Priority for Additional Subsidization was given to disadvantaged communities that could not otherwise afford such projects.

Another requirement of the Capitalization Grant is to document projects that are categorized as Equivalency. The purpose of Equivalency within the SRF Loan Programs is to allow states to select a loan or multiple loans, the sum of which is equal to the amount of a Capitalization Grant, to meet specific federal requirements for the program. For the DWSRF Loan Program, these requirements include meeting cross-cutter requirements, single audit requirements, Federal Funding Accountability and Transparency Act reporting requirements, Disadvantaged Business Enterprise Utilization, and the Signage Requirement. Exhibit D, Equivalency Projects for SFY 2021, provides detail on selected projects and Equivalency requirements of the program in SFY 2021.

Regionalization, or independent public bodies sharing the responsibility of providing services to residents, can lead to many benefits for communities and the State. Regional solutions to drinking water issues reduce administrative operation and maintenance costs, offer economies of scale, and create environmental benefits, such as less excavation. Through incentives and close work with utilities, the Authority has encouraged regionalization through the DWSRF Loan Program and closed five loans in the last five years assisting communities facilitating Regionalization. See Exhibit S for details.

#### **IV. Environmental Review [40 CFR 35.3570(a)(3)(xii-xiii)]**

All projects funded through the DWSRF Loan Program complied with Federal Cross-Cutting Authorities and State Environmental Review Procedures (SERP). A description of each project funded in SFY 2021 is attached in Exhibit E.

#### **V. State Match [40 CFR 35.3165(b)(2)]**

The Authority has fully met its State Match requirements through the end of SFY 2021 by means of depositing the net proceeds from revenue bonds issued by the Authority into the Drinking Water State Revolving Loan Fund (DWSRF Loan Fund). To date, the DWSRF Loan Program State Match has aggregated in excess of 20% of the EPA awarded \$337,415,100 in federal Capitalization Grants, which the Authority was required to match through June 30, 2021. See Exhibit F for a history of the Capitalization Grants awarded to the DWSRF Loan Program. Exhibit G details State Match deposited in the DWSRF Loan Fund through the end of SFY 2021, the sources of such State Match, and how repayment of revenue bonds providing any such State Match has been, and will continue to be, managed in a manner consistent with federal and State law.

## **VI. Binding Commitments Exceed 120% of Grant [40 CFR 35.3165(b)(4)]**

During SFY 2021, the DWSRF Loan Program financed 18 loans, with 14 Participants, totaling \$63,063,073. Since the DWSRF Loan Program's inception in 1997, over 299 loans aggregating over approximately \$1.05 billion have been financed, more than two times the amount of federal Capitalization Grants that have been awarded to the DWSRF Loan Program (\$364,627,100). A summary of all DWSRF Loan Program financings completed in SFY 2021 is presented in Exhibit H.

## **VII. Expeditious and Timely Use of Funds [40 CFR 35.35.3550(l)]**

The DWSRF Loan Program is a leveraged program and has established itself as a highly rated borrower in the national bond market. The Authority has utilized its Capitalization Grants to leverage multiple series of bonds, aggregating over \$295 million in outstanding principal as of June 30, 2021, a portion of which has funded financings through the DWSRF Loan Program. A summary of the accounts and associated balances are set forth in Exhibit I: Expeditious and Timely Use of Funds. Future bond issuances are expected to be used to fund new commitments related to new loans in future years. The balance of the bond proceeds not available for loans are used for reserve funds, administrative expenses, and costs of issuance.

### **A. Interest Rates**

The Authority recognizes the continued need to balance the level of subsidy with the inherent limited capacity of the DWSRF Loan Program to meet demand for loans and participant affordability constraints. This balancing is reflected in the Authority's present interest rate policy.

Interest rates applied to new loans are reset on the first business day of each January, April, July and October using a Base DWSRF Program Interest Rate (Base Rate). The Base Rate is calculated by using 90% of the average 20-year, AAA-rated general obligation bond Municipal Market Data (MMD) composite index for the most recent calendar month. The Base Rate is then discounted further based upon a participant's Median Household Income (MHI) from the 2014-2018 ACS 5-year estimate data, and projected user rates.

In SFY 2021, the DWSRF Loan Program offered interest rates at 2.00 %. See Exhibit J.

The DWSRF Loan Program also offers incentive programs which encourage Participants to pursue projects that further improve public and environmental health. Integrating these project components into a DWSRF Loan Program financing can lead to a reduced interest rate. In the DWSRF Loan Program, up to an additional .50% reduction may be permitted if a project is financed that includes green/sustainable components, including climate resiliency components. By including the replacement of lead service lines, the SRF interest rate may also be reduced as low as 0.00%.

In SFY 2021, by completing a financing with the DWSRF Loan Program, and associated Authority programs, Participants will save over \$29.5 million in interest expenses over the life of the loan repayment period, as compared to completing an open market financing,. See the "SFY 2021 Savings" column in Exhibit H for estimated savings provided to each

participant.

## B. Terms

Standard DWSRF Loan Program loans closed in SFY 2021 were structured with annual principal repayments that commenced no later than one year after expected completion of the proposed project and a majority of the loans have a final principal payment no later than 20 years after expected completion of the proposed project.

### **Loan Terms That Exceed 20 Years**

The DWSRF Loan Program may offer Participants extended term financing, at its discretion, provided the useful life of the project is equal to or greater than the loan term, focusing on the rehabilitation of aging distribution and transmission systems. An increase in the interest rate may be applied for extended term loans.

- As permitted by the SDWA, a loan term up to 40 years may be given to a community determined to be disadvantaged, as defined in Section XII of this Report.
- On August 3, 2017, the Authority received EPA approval to offer extended term financings in both CWSRF and DWSRF Loan Programs. A loan term up to 35 years may be given to all Indiana utilities to correct the issue of aging infrastructure for all water and sewer projects having a useful life equal to the loan term. In SFY 2021, the DWSRF Loan Program closed five loans that include loan terms that exceed 20 years.

## C. Other Assistance Provided

As of June 30, 2021, the DWSRF Loan Program has provided a total of \$46,649,000 of Additional Subsidization in the form of principal forgiveness to 38 loan recipients during SFY 2010-2021. Exhibit C, Additional Subsidization by Capitalization Grant Year, lists Participants that received principal forgiveness from recent Capitalization Grants.

Priority for Additional Subsidization was provided to those communities that have a lower MHI and/or high post-project user rates. This allowed the DWSRF Loan Program to extend financing to communities that could not otherwise afford a DWSRF financing. The DWSRF Loan Program has not set a cap on the amount of Additional Subsidization that a community may receive.

During SFY 2021, the DWSRF Loan Program provided \$3,140,000 in DWSRF Pooled Loan funding to one community. The DWSRF Pooled Loan program offers eligible Participants the “AAA” interest rate that is available to the DWSRF Loan Program at the time of their loan closing. See the “SRF Pooled Loan Amount” column in Exhibit H for DWSRF Pooled Loan participants.

In addition to DWSRF Loan Program funds, other federal, state, and local funds are associated with DWSRF Loan Program projects. In SFY 2021 an additional \$5,300,000 in funds from other federal programs also assisted DWSRF Loan Program Participants. Further, an additional \$7,000,000 was contributed from non-federal sources. See [Exhibit R](#) for details.

Effective July 1, 2018, Indiana legislation required that all Participants in the SRF Loan Programs that receive a loan or other financial assistance from the SRF Loan Programs certify that the Participant has documentation demonstrating that it has the financial managerial, technical, and legal capability to operate and maintain its water or wastewater system in the form of an Asset Management Program. Along with creating guidance to assist Participants to meet this requirement, the Authority appropriated State funds to assist disadvantaged communities to create Asset Management Programs. In SFY 2021, the Authority awarded \$250,000 in Asset Management Programs Grants to ten DWSRF Loan Program Participants.

Beginning in SFY 2021, the Authority received an Appropriation from the State Legislature to establish the Water Infrastructure Assistance Fund (WAF). The purpose of the WAF is to provide grants, loans, and other financial assistance to Participants for the planning, designing, acquisition, construction, renovation, improvement, or expansion of public water systems, wastewater, or stormwater collection treatment systems. In SFY 2021, the Authority entered into two Drinking Water WAF State Agreements, and four Clean Water WAF Agreements totaling \$18,581,000.

#### D. Administrative Expenses and Fees

The cost of financing loans includes the fees and expenses of the SRF Trustee Bank. The Authority may require Participants to offset some of these costs through a Loan Closing Fee, which is \$1,000 per participant. In SFY 2021, the DWSRF Loan Program completed 18 financings with 14 Participants and collected \$17,000 in Loan Closing Fees. Fees were not assessed for participants closing more than one assistance agreement at the same time. Fees were assessed for Fee Program and WAF Program closings in SFY 2021.

The non-use fee policy of the DWSRF Loan Program permits the assessment of a non-use fee for DWSRF Loan Program funds that are not used within two years following a Participant's loan closing. Pursuant to the policy, each Participant that does not complete its project and fully expend the funds borrowed within two years after the loan closing, may be assessed a one percent fee on the balance of the funds that remain un-drawn. An additional one percent fee may be assessed each six months following the two-year anniversary of the Participant's loan closing, until the loan is fully drawn or closed out. The Authority contacts Participants in advance of the two-year anniversary of their loan closing and works with the Participant to spend down the remaining funds to avoid any non-use fee. Thus, no non-use fees were collected by the DWSRF Loan Program during SFY 2021.

As permitted by 40 CFR Part 35 and the EPA Fee Policy, dated October 20, 2005, effective November 13, 2015, the Authority implemented a DWSRF Fee for the DWSRF Loan

Program. The DWSRF Fees collected will be deposited in the DWSRF Fee Account, a segregated account that is not designated as part of the accounts comprising the SRF Fund, and separate from the Wastewater Program Fund account, where the CWSRF Fees will be deposited.

The DWSRF Fees accumulated may be used by the Authority on projects, needs, costs, or expenses (which may include the provision of State Match for the DWSRF Fund) that are eligible for DWSRF Loan Program assistance and set-aside assistance. A detailed summary of the actual use of the DWSRF Fees is provided in [Exhibit K](#) of this report.

The DWSRF Fees charged by the Authority are separately stated from interest charges imposed in respect to financial assistance, structured in the form of a loan; provided however, as set out in its standard forms of the financial assistance agreement, the Authority may adjust the interest rate on the bonds, evidencing any SRF loan to be lowered, with the difference between the amount payable as the original rate on such bonds and the lower rate being deemed an SRF Fee in connection with the DWSRF Loan Program. Any such recharacterization of the otherwise stated interest charges as fees will be accomplished by notice given by the Authority to the Participant prior to the date any scheduled interest payment is due, and prior to deposit of any interest payment in the DWSRF Fund.

The total amount in the DWSRF Fee Account as of June 30, 2021 was \$6,712,662 with an unallocated balance of \$3,585,672. [Exhibit K](#) outlines the expenditure of the DWSRF Fee Account in SFY 2021.

E. Transfers [40 CFR 35.3570(a)(3)(x)]

The State permits transfers between the DWSRF Loan Program and the CWSRF Loan Program of Capitalization Grants and other funds held in or allocable to such funds to the extent permitted by the Clean Water Act (CWA) and the SDWA. There were no transfers in SFY 2021. For a historic summary of transfers, see [Exhibit L](#).

F. Cross-collateralization [40 CFR 35.3110(f)]

To the extent permitted by the CWA and the SDWA, the State has cross-collateralized the CWSRF and the DWSRF Loan Programs to optimize capitalization requirements and to better manage the specific funding needs of projects.

Cross-collateralization maximizes the security for bonds issued by the State to capitalize the SRF Loan Programs. The State expects that any such transfers would occur at any time necessary to prevent a default on any such bonds and would be made between accounts established for like purposes and subject to like restrictions. Historically, no cross-collateralizations have been made.

The State expects to retain the flexibility to reimburse, on a cumulative net basis, any cross-collateralization transfers. Because cross-collateralization is a contingent security concept and transfers are not expected or planned to occur, the State does not expect cross-collateralization to negatively affect the funding capacity of the SRF Loan Programs.

However, if such transfers occur and are not reimbursed, it may affect the Authority's ability to make additional loans.

#### G. DWSRF Loan Program Financial Statements

The DWSRF Loan Program is audited annually by an independent certified public accounting firm. For SFY 2021, which ended June 30, 2021, the DWSRF Loan Program received an unmodified opinion from an independent auditor, as described in [Exhibit M](#).

The DWSRF Loan Program is audited annually for compliance with the requirements set forth in 2 CFR 200 Subpart F, the Uniform Administrative Requirements, Cost Principals and Audit Requirements for Federal Awards, effective for non-federal entities beginning on December 26, 2014. For SFY 2021, the DWSRF Loan Program was determined to be "in compliance," as noted in the Schedule of Expenditures of Federal Awards and Independent Auditors' Reports. The Independent Auditor's Report is provided as [Exhibit N](#).

#### H. Federal Requirements

The Authority has fulfilled all applicable federal requirements required by the SDWA including:

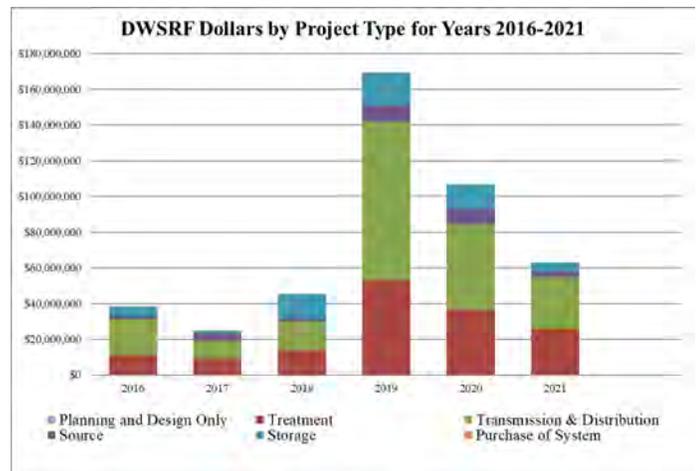
- Assurances and certifications provided in the IUP have been met;
- Closed loans equal more than the required 120% of each quarterly Capitalization Grant payment and were made within one year of receipt of all payments;
- All funds have been used in a timely and expeditious manner; and
- environmental reviews have been conducted in accordance with federal and state law.
- All loans made during the SFY 2021 had related projects listed on the Authority's Drinking Water Project Priority List (PPL).
- Compliance with the "American Iron and Steel" requirement described in the SDWA, as amended October 23, 2018.

#### I. Compliance with 2 CFR part 200 [40 CFR 35.3570(a)(3)(xiv)]

The DWSRF Loan Program complied with all requirements of 2 CFR part 200.

### VIII. Projects Funded [40 CFR 35.3570(a)(3)(iv)]

The scoring and ranking system of the DWSRF Loan Program focuses on those projects with the greatest public health need. A map showing the location of projects funded in SFY 2021 is attached as [Exhibit O](#). A map showing the location of all projects funded since the inception of the DWSRF Loan Program is attached as [Exhibit P](#).



In 2021, the DWSRF continued to experience high demand. The majority of funds were utilized for Transmission and Distribution projects (45%) and Water Treatment projects (41%). See *DWSRF Dollars by Project Type for Years 2016-2021*.

**IX. Eligibility [40 CFR 35.3570 (a)(3)(v)]**

All projects were reviewed for eligibility. It is the objective of the DWSRF Loan Program to ensure that each project:

- Allows the Participant to achieve or maintain compliance with the SDWA;
- Allows the Participant to provide drinking water of adequate quality and quantity to residents;
- Allows the Participant to achieve or maintain technical, financial, and managerial capacity; and
- Does not cause significant negative environmental impacts. Prior to funding, each project was reviewed in accordance with the EPA-approved SERP.

**X. Set-Asides [40 CFR 35.3570(a)(3)(vi)]**

The Authority is responsible for managing the Set-Aside funds.

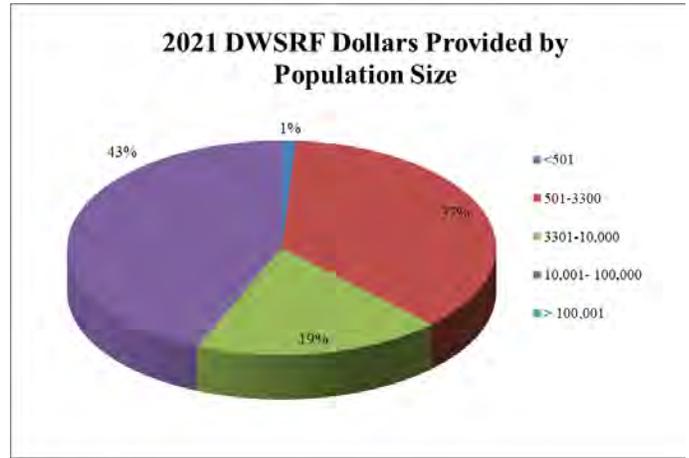
In SFY 2021, the Authority utilized the State Program Management Set-Aside to complete drinking water goals by:

- Maintaining the Indiana Lead Sampling Program for Public Schools data platform to allow the State and school districts to manage and public notice lead sampling results data.
- Continuing the Indiana Validated Water Loss Audit Program, to conduct trainings and aid utilities in validating their water audits every other year.
- Continuing the Lead Sampling Program for Child Care Facilities, to develop a lead sampling program for child care facilities, including developing an application, an application ranking matrix, and marketing materials.
- Organizing and conducting four regional water planning meetings, including setting agendas and recruiting speakers, drafting regional boundaries.
- Conducting the Central Indiana Water Study to assess the current water supply in Central Indiana, as well as the future demand and the cost of infrastructure needed to meet the demand for these regions.

See [Exhibit Q](#) for a summary of Set-Aside activities.

**XI. Assistance to Small Systems [40 CFR 35.3570(a)(3)(vii)]**

Of the total amount available for assistance from the DWSRF Loan Program each year, the Authority must make at least 15% available solely for providing loan assistance to small systems, to the extent such funds can be obligated for eligible projects. The Authority defines a small system as a public water system that regularly serves 10,000 or fewer persons. Furthermore, when the Authority provides assistance in an amount that is greater than 15% of the available funds in one year, it may credit the excess toward the 15% requirement in future years.



In SFY 2021, 56% of DWSRF funds went to systems serving fewer than 10,000 persons, as shown in *2021 DWSRF Dollars Provided by Population Size*. Cumulatively, the DWSRF Loan Program has provided 41% of its funds to small systems.

**XII. Disadvantaged Communities [40 CFR 35.3570(a)(3)(viii)]**

The Authority defines a disadvantaged Participant as one with:

- A project area with an MHI below \$43,460 (80% of the State MHI), as established by 2014-2018 American Community Five Year Survey;
- An estimated post project user rate greater than \$45.00 per month; or
- An average annual residential post project user rate that would exceed one-percent of the community’s MHI.

These communities are eligible to receive the lowest interest rate the Authority provides to DWSRF Loan Program Participants. See Section VII.A of this Annual Report for a description of the DWSRF Loan Program’s interest rate structure.

During SFY 2021, the Authority provided \$51,365,073 to twelve disadvantaged communities. The total disadvantaged population served was 59,302 persons.

## Exhibit A

### Goals and Objectives of the DWSRF Loan Program State Fiscal Year (SFY) 2021 Intended Use Plan

The DWSRF Loan Program sets short- and long-term goals as required by 40 CFR 35.3555(c)(5). Short-term goals and objectives are those the State expects to achieve during State Fiscal Year (SFY) 2021, while long-term goals and objectives are those the State expects to achieve over a longer period.

#### **A. Short-Term Goals and Objectives**

During SFY 2021, the DWSRF Loan Program expects to achieve the following short-term goals and objectives:

ST1 Goal: Seek the immediate award of the Federal Fiscal Year (FFY) 2021 Capitalization Grant. Upon award, continue to disburse loan proceeds to promptly utilize the 2021 Capitalization Grant.

**Result: The FFY 2021 Capitalization Grant was awarded to the Authority on June 22, 2021. The DWSRF Loan Program disbursed sufficient loan proceeds so that the 2021 Capitalization Grant will be fully drawn, other than the amount reserved for Additional Subsidization and set-aside amounts.**

ST1a Goal: Ensure that Additional Subsidization is provided pursuant to the terms and conditions of the current capitalization grant and as described in Section 1452 of the Safe Drinking Water Act (SDWA). Additional Subsidization may be provided in the form of principal forgiveness, negative interest loans, or grants.

**Result: The 2021 Capitalization Grant was awarded on June 22, 2021 and the Authority has identified potential Participants that are eligible to receive the Additional Subsidization from the 2021 Capitalization Grant. As of June 30, 2021, the DWSRF Loan Program has provided a total of \$46.6 million dollars in Additional Subsidization from Capitalization Grants, meeting the Additional Subsidization goals of the 2010-2019 Capitalization Grants. The Authority shall spend the Additional Subsidization as required by the terms and conditions of the Capitalization Grant; however, the Authority shall use its best efforts to spend the Additional Subsidization within two years of receiving the Capitalization Grant. See Exhibit C, Additional Subsidization by Capitalization Grant Year.**

ST1b Goal: Ensure that Davis Bacon Act wage rules apply to all assistance agreements made with funds appropriated under the 2021 Capitalization Grant.

**Result: The DWSRF Loan Program included language in all Financial Assistance Agreements that required Participants to follow Davis Bacon wage rules. Further, each Participant provided the Authority with documentation certifying its compliance with Davis Bacon.**

ST1c Goal: Ensure that all American Iron and Steel requirements (AIS) as set forth in the current Capitalization Grant are met.

**Result: The DWSRF Loan Program included language in all Financial Assistance Agreements that required Participants to meet the requirements of the American Iron and Steel Act and provided guidance on the waiver process and requirements of the Act. Further, American Iron and Steel certifications are reviewed during inspection.**

ST1d Goal: If practical, identify equivalency projects in Exhibit D. List equivalency projects in the Annual Report.

**Result: Equivalency projects were projected in the SFY 2021 DWSRF Intended Use Plan and the selected equivalency projects are identified in Exhibit D of this Annual Report.**

ST1e Goal: Ensure that Participants are developing and implementing an Asset Management Program (AMP) that meets the requirements set forth in the DWSRF Loan Program Guidelines.

**Result: The Authority launched an Asset Management Program on July 1, 2018. Guidance was created and the program was presented to interested parties at conferences and via the SRF Loan Program's newsletter. Further, a grant program, utilizing State funds, was launched to assist small, disadvantaged communities with the cost of completing Asset Management Programs. In SFY 2021, \$250,000 has been awarded to ten Drinking Water Program borrowers through this program. Participants will be required to provide certification of a completed Asset Management Programs at loan closing or prior to their final loan disbursement.**

ST2 Goal: Ensure that all DWSRF Loan Program Participants achieve or maintain compliance with existing or future requirements of the Safe Drinking Water Act.

**Result: In SFY 2021, 91% of DWSRF Loan Program funds assisted compliant systems to maintain compliance with the Safe Drinking Water Act; and 9%, or \$5,634,000, funded projects that assisted non-compliant systems to achieve compliance.**

ST3 Goal: Conduct a total of 30 technical, on site and/ or virtual inspections between the CWSRF and DWSRF Loan Programs during the construction phase and the post-construction phase to document the construction progress, as well as the appropriate use of SRF funds.

**Result: SRF Loan Programs staff completed 56 inspections (42 clean water and 14 drinking water) in SFY 2021, thus exceeding its goal.**

ST4 Goal: Work diligently with Participants and effectively manage projects to assist Participants in closing loans and constructing projects in a timely, efficient manner.

**Result: In SFY 2021, the DWSRF Loan Program successfully closed on 18 financings with 14 Participants. The SRF Loan Programs staff diligently worked with Participants by conducting project planning meetings, reviewing Preliminary Engineering Reports, and corresponding with Participants through the closing process. Participants were required to bid prior to loan closing, and provide a timeline, to ensure that Participants will meet the 2-year construction goal implemented by the Authority.**

ST5 Goal: Ensure that EPA funds are accessed when eligible expenses are incurred to minimize un-liquidated obligations.

**Result: The 2021 Capitalization Grant was awarded on June 22, 2021. IFA began to draw the 2021 CAP grant immediately upon reward.**

ST6 Goal: Consider other available funding opportunities from Federal and/or State sources to further achieve the goals of the SRF (i.e. WIIN Grants, State appropriation, etc.).

**Result: On September 6, 2019 the Authority and USEPA entered into a loan agreement securing WIFIA Funding in the amount not to exceed \$436,000,000.**

**The Authority was awarded a WIIN Lead Testing in School and Child Care Program Drinking Water Grant in the amount of \$1,168,000. The WIIN grant will be used by the Water Resources and Infrastructure Planning Program (WRIPP) section of the Authority to continue a lead sampling program for child care facilities.**

**On May 28, 2020, the Authority applied to the WIIN Reduction in Lead Exposure Via Drinking Water Grant, in the amount of \$543,928 to assist schools and child care facilities identified through sampling programs to remediate lead in drinking water.**

**Beginning in SFY 2021, the Authority received an Appropriation from the State Legislature to establish the Water Infrastructure Assistance Fund (WAF). The purpose of the WAF is to provide grants, loans, and other financial assistance to Participants for the planning, designing, acquisition, construction, renovation, improvement, or expansion of public water systems, wastewater, or stormwater collection treatment systems. In SFY 2021, the Authority entered into two Drinking Water WAF State Agreements and four Clean Water WAF State Agreements, totaling \$18,581,000.**

ST7 Goal: Promote regional solutions for drinking water issues.

**Result: The Authority has worked in SFY 2021 to continue to promote regional solutions for drinking water issues in many proactive ways:**

- **Indiana’s Scoring system continues to give additional points to regional solutions and gives deductive points for proposed projects that involve disconnection from an active regional wastewater system.**
- **Preliminary Engineering Report guidance continues to require that projects discuss regionalization potential in their evaluation of alternatives.**
- **A Regionalization Assistance Program was continued to offer State grant funds to communities to investigate the challenges, benefits and implications of regionalization for all entities.**
- **Conducted eleven Regional Planning Meetings throughout the State.**

ST8 Goal: Ensure that Participants completed non-revenue water audits as required by IC 8-1-30.8 and participate in regional study area activities as required by IC 5-1.2-11.5.

**Result: The Authority is ensuring Participants are aware of the non-revenue water audit requirement and the regional study requirement through Project Planning Meetings and Preliminary Engineering Report response letters.**

## **B. Long-Term Goals and Objectives**

LT1 Goal: Provide financial assistance to current and future Participants, by providing low-cost financing commensurate with prudent fiscal and credit standards.

**Result: In SFY 2021, 18 DWSRF loans were closed with 14 Participants. See Exhibit H, Summary of Closed Loans for SFY 2021.**

LT2 Goal: Maintain the long-term financial integrity of the DWSRF Loan Program by judiciously managing its assets in order to realize a rate of return that will sustain the DWSRF Loan Program in perpetuity.

**Result: The SRF Loan Programs continue to manage the investment and programmatic use of its funds to maintain its financial integrity. See Exhibit I, Expedient and Timely Use of Funds.**

LT3 Goal: Monitor all outstanding loans and the financial capability of Participants through the use of an in-house monitoring system and, in conjunction with the Bank of New York Mellon Trust Company, ensure the DWSRF Loan Program continues to avoid loan defaults. In particular, review the financial statements for Participants receiving a State Board of Accounts examination report in the current calendar year. Require new Participants to utilize paying agent agreements and offer all prior Participants the opportunity to enter into a paying agent agreement. Conduct financial on-site visits as warranted.

**Result: The SRF Loan Programs monitor all Participants. For those Participants with a Paying Agent Agreement, the SRF Loan Programs monitor both the debt service reserve accounts and the bond and interest accounts on a monthly basis. For Participants without a Paying Agent Agreement, the SRF Loan Programs annually monitor the reserve balances through its Debt Service Reserve project by requesting the reserve balance and a copy of each Participant’s bank statement. If any deficiencies are found, the Authority works with the Participant to correct the deficiencies.**

LT4 Goal: Leverage EPA Capitalization Grants to generate loans that exceed two-times the awarded grant amounts.

**Result: The SRF Loan Programs continue to access the public debt market to leverage EPA Capitalization Grants. This leveraging structure allows the SRF Loan Programs to close loans in an aggregate amount of over two-times the awarded grant amounts.**

LT5 Goal: Monitor Participant’s draws of funds to assure loans are being drawn within two years. Work with Participants to spend down remaining funds. Assure that any un-drawn funds are returned to the DWSRF loan pool and made available to other Participants, to minimize un-liquidated obligations.

**Result: In order to minimize un-liquidated obligations, the SRF Loan Programs continue to monitor Participants’ expenditure rate. As loans are closed out and reamortized, unused loan funds are made available to other Participants on the Project Priority List. Participants with funds remaining following substantial completion are contacted to determine if they are interested in using remaining funds to finance a new project, or if they wish to close out their loan. In addition, the Financial Assistance Agreement contains “non-use fee” language which allows the Authority to charge a fee to a Participant who has not drawn their loan funds in a timely manner.**

LT6 Goal: Report all uses of DWSRF Loan Program funds in the Drinking Water Project Benefits Reporting (PBR) database and the Drinking Water SRF National Information Management System (NIMS) as required by the EPA and the Federal Funding Accountability and Transparency Act (FFATA). Submit required reports to EPA in a well-prepared and timely manner.

**Result: The Authority reports uses of DWSRF Loan Program funds in PBR on a monthly basis and NIMS on an annual basis, as required by EPA. Intended Use Plans, Annual Reports, National Infrastructure Management System data, and FFATA reports are well-prepared and submitted to EPA in a timely manner.**

LT7 Goal: Periodically publish an SRF Loan Program newsletter.

**Result: A newsletter for SFY 2021 and 2022 is under review, and will be published in the first quarter of 2022.**

LT8 Goal: Continue to look for co-funding opportunities between the Brownfields Program and the SRF Loan Program. Continue to look for co-funding opportunities between the USDA Rural Development and the SRF Loan Programs.

**Result: The Authority continues to partner with the Brownfields Program to assist communities addressing their brownfield redevelopment needs by pairing Brownfield Loan Program Funds with project components eligible for the DWSRF Loan Program. Although staff discussed potential co-funding opportunities, a co-funded project with the DWSRF Loan Program has not come to fruition. Additionally, the DWSRF Loan Program staff discussed potential projects with the USDA Rural Development staff on a regular basis, but no co-funded projects resulted in SFY 2021.**

LT9 Goal: Ensure that the DWSRF Loan Program and its Participants comply as required with Disadvantaged Business Enterprise fair share objectives, Federal environmental cross cutters and the Single Audit Act.

**Result: Through various reports, audits, and comment periods, the Authority ensures that the DWSRF Loan Program and its Participants comply as required with Disadvantaged Business Enterprise, Federal environmental cross-cutters, and the Single Audit Act (2 CFR 200 Subpart F “Super Circular”).**

LT10 Goal: Provide interest rate breaks to Participants which include the removal of lead service lines, Green components and Climate Resiliency projects.

**Result: The Authority utilizes the Green Project Reserve (GPR) Sustainability Incentive Program to encourage Participants to include green project components in their SRF projects. The GPR Sustainability Incentive Program provides two main benefits:**

- 1) **Up to 0.50% interest rate discount over the entire loan; and**
- 2) **Improved ranking on the SRF Project Priority List.**

**In SFY 2021, green projects accounted for 2%, or \$330,540, of the 2021 Capitalization Grant. See Exhibit B, Green Project Reserve by Capitalization Grant Year.**

LT11 Goal: Monitor DWSRF Set-Aside uses and activities and reconcile balances to EPA Set-Aside account balances. Continue the transfer of unused balances to the DWSRF Loan Program, thereby increasing the DWSRF Set-Aside spending rate and reducing un-liquidated obligations. Coordinate with the Indiana Department of Environmental Management and/ or the IFA Water Resources and Infrastructure Planning Program to develop new Set-Aside programs as needed.

**Result: In order to reduce un-liquidated obligations, the Authority continues to reconcile Set-Aside balances and close out Capitalization Grants when appropriate. The Authority meets with the IDEM Drinking Water Branch as needed to discuss potential Set-Aside programs.**

LT12 Goal: Provide at least 15% of the DWSRF Loan Program to systems serving fewer than 10,000 persons.

**Result: In SFY 2021, 56% of DWSRF Loan Program funds went to systems serving fewer than 10,000 persons. Cumulatively, the DWSRF Loan Program has provided 41% of its funds to small systems.**

LT13 Goal: Complete continuing education courses to ensure that all SRF Loan Program technical reviewers remain aware of innovations in the wastewater and drinking water industry and can review both wastewater and drinking water projects.

**Result: In SFY 2021, the Authority’s technical reviewers continued with drinking water technical training by conducting on-site inspections of water main installation/replacement projects and water facility improvement projects, attending drinking water technical sessions at the Indiana Section of the American Water Works Association conference and the Indiana Rural Water Association Conference.**

LT14 Goal: Coordinate with the Indiana Department of Environmental Management’s Drinking Water Branch to identify public water systems with Enforcement Targeting Tool (ETT) scores of 11 or greater that may benefit from DWSRF Loan Program funding.

**Result: The Authority coordinates with the IDEM’s Drinking Water Branch and Enforcement Program by soliciting comments on Participants’ applications, approval letters, and DWSRF Loan Program Project Priority Lists. In addition, the DWSRF Loan Program reviews the Drinking Water Branch’s Enforcement Targeting Tool data quarterly and provides input on potential projects as needed.**

LT15 Goal: Ensure that DWSRF Loan Program assistance is provided to public water systems with an ETT score greater than or equal to 11, only when the conditions delineated in the SDWA section 1452(a)(3)(B) and (C) are met.

**Result: The DWSRF Loan Program compares DWSRF applications to data from the Drinking Water Branch's Enforcement Targeting Tool on a quarterly basis to ensure that any DWSRF assistance is provided to public water systems with an ETT score greater than or equal to 11, only when the conditions delineated in the SDWA section 1452(a)(3)(B) and (C) are met.**

**Indiana DWSRF Loan Program**  
**Exhibit B - Green Project Reserve in SFY 2021**

**FY 2021 Capitalization Grant** \$16,815,000  
**SFY 2021 GPR Amount** \$330,540 2%

Community	Project Description	Total SRF Loan and Principal Forgiveness Amount	Green Project Description	Category 1: Green Infrastructure	Category 2: Water Efficiency	Category 3: Energy Efficiency	Category 4: Environmentally Innovative	Total Eligible GPR Cost (sum of Categories 1-4 plus engineering)	Closing Date
<b>Topeka</b>	Supply and Plant Improvements	\$4,392,000	VFDs, SCADA	\$ -	\$ -	\$ 330,540	\$ -	\$ 330,540	3/31/2021

Indiana DWSRF Loan Program  
Exhibit C- Additional Subsidization by Capitalization Grant

**Summary of Additional Subsidy by Capitalization Grant:**

<b>CAP Grant Year</b>	<b>CAP Grant Amount</b>	<b>Minimum Required DWSRF Additional Subsidy</b>	<b>Maximum Required DWSRF Additional Subsidy</b>	<b>Additional Subsidy Total Under CAP Grant as of June 30, 2021</b>
2010	22,638,000	\$ 6,791,400	\$ 22,638,000	\$ 7,000,000
2011	15,709,000	\$ 4,712,700	\$ 15,709,000	\$ 5,000,000
2012	14,970,000	\$ 2,994,000	\$ 4,491,000	\$ 3,000,000
2013	14,046,000	\$ 2,809,200	\$ 4,213,800	\$ 3,000,000
2014	14,348,000	\$ 2,869,600	\$ 4,304,400	\$ 3,000,000
2015	14,253,000	\$ 2,850,600	\$ 4,275,900	\$ 3,000,000
2016	13,484,000	\$ 2,696,800	\$ 6,742,000	\$ 4,125,000
2017	13,368,000	\$ 2,673,600	\$ 6,684,000	\$ 3,000,000
2018	16,978,000	\$ 3,395,600	\$ 8,489,000	\$ 3,861,000
2019	16,819,000	\$ 4,372,940	\$ 9,250,450	\$ 9,250,450
2020	16,830,000	\$ 3,366,000	\$ 8,246,700	\$ 2,412,550
2021	16,815,000	\$ 3,363,000	\$ 8,239,350	\$ -

**Summary of Additional Subsidy Provided to DWSRF Loan Program Participants in SFY 2021:**

<b>Participant</b>	<b>Closing Date</b>	<b>SRF Loan</b>	<b>Principal Forgiveness</b>	<b>Total Loan and Principal Forgiveness</b>	<b>Disadvantaged yes/no</b>	<b>CAP Grant</b>
Monroe	9/29/2020	\$ 1,292,000	2,439,000	\$ 3,731,000	yes	2019
Crown Point	11/24/2020	\$ 6,819,535	1,000,000	\$ 7,819,535	yes	2019
North Salem	10/28/2020	\$ 460,000	1,010,000	\$ 1,470,000	yes	2019
LaCrosse	12/4/2020	\$ 2,714,458	1,500,000	\$ 4,214,458	yes	2019
Galveston	12/15/2020	\$ 1,715,080	2,576,450	\$ 4,291,530	yes	2019
Galveston	12/15/2020	\$ -	1,673,550	\$ 1,673,550	yes	2020
Universal	12/28/2020	\$ 166,000	72,000	\$ 238,000	yes	2020
Topeka	3/31/2021	\$ 3,725,000	667,000	\$ 4,392,000	yes	2020

Indiana Drinking Water SRF Loan Program  
 Exhibit D - Equivalency Projects

**DWSRF Loan Program 2021 Capitalization Grant**

\$16,815,000

Community	Project Description	Total Equivalency Amount	will submit DBE report	complied with federal cross-cutters	will comply with the single audit act 2 CFR 200 Subpart F	complied with signage requirement	reported to FSRS to meet FFATA requirements
Martinsville	Improvements to the distribution system and well field.	\$6,026,000	Yes	Yes	Yes	Yes Press Release 9/25/2020	Yes Submitted July 26, 2021
Crown Point	Rehab tanks, booster station improvements, chlorine dosing stations, and looping.	\$7,819,535	Yes	Yes	Yes	Yes Press Release 11/24/2020	Yes Submitted July 26, 2021
Nappanee	Improvements to the distribution and storage systems.	\$2,969,465	Yes	Yes	Yes	Yes Press Release 12/18/2020	Yes Submitted July 26, 2021

<b>Equivalency Project Cost Total:</b>	<b>\$16,815,000</b>
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Exhibit E  
SFY 2021 DWSRF Loan Program Project Descriptions

<b>DWSRF Participant: Martinsville</b>			
SRF Project #:	DW19125502	DWSRF Traditional Loan:	\$ 6,026,000
DWSRF Loan Closed:	September 24, 2020	Principal Forgiveness:	\$ 0
Affected Population:	15,000	Total Loan and Principal Forgiveness:	\$ 6,026,000
Loan Term:	20 years	NIMS Categories:	
Interest Rate:	2.00%	Treatment:	\$ 2,929,371
		Transmission & Distribution:	\$ 3,096,629
Equivalency Amount:	\$ 6,026,000	Estimated SRF Savings:	\$ 1,110,000
This Project: Assists a compliant system to maintain compliance.			
<p>Project Description:</p> <p>The existing wellfield in the City of Martinsville was contaminated with perchloroethylene and is not meeting standards. Further, all existing wells and the Water Treatment Plant are approaching the end of their useful life and leading to operational issues. The Hacker Creek booster station is near the end of useful life and requires multiple repairs to keep it in service. The City’s distribution system suffers frequent water main breaks and leaks, and a significant percentage of the system’s hydrants are inoperable.</p> <p>The Water System Improvements project includes:</p> <ul style="list-style-type: none"> <li>• Redevelopment of existing wellfield with the installation of three new groundwater wells, along with associated site piping, site electrical and SCADA system;</li> <li>• Decommissioning of existing wells;</li> <li>• Improvements to the existing water treatment building, including a new sanitary lift station;</li> <li>• Construction of new office and lab building; and</li> <li>• Distribution system improvements, including: <ul style="list-style-type: none"> <li>○ Replacement of aging water mains, along with associated appurtenances;</li> <li>○ Replacement of the Hacker Creek Booster Station; and</li> <li>○ Replacement of approximately 142 service connections, ¾ inch service lines, and installation of new water meter assemblies.</li> </ul> </li> </ul> <p>The project replaces the existing wells, reducing maintenance needs and increasing the raw water capacity. The project addresses the City’s distribution system problems by replacing aging water mains and a booster station. Overall, the project provides an adequate volume of finished water to the distribution system and provides operational flexibility for maintenance and reliability.</p>			

**DWSRF Participant: Monroe**

SRF Project #:	DW19010101	DWSRF Traditional Loan A:	\$ 472,000
		DWSRF Traditional Loan B:	\$ 820,000
DWSRF Loan Closed:	September 29, 2020	Principal Forgiveness:	\$ 2,439,000
Affected Population:	872	Total Loan and Principal Forgiveness:	\$ 3,731,000
Loan Term A:	20 years	NIMS Categories:	
Loan Term B:	35 years		
Interest Rate A:	2.00%		Treatment:
Interest Rate B:	2.30%	Transmission & Distribution:	\$ 952,329
		Storage:	\$ 42,722
Equivalency Amount:	n/a	Estimated SRF Savings:	\$ 3,196,000

This Project: Assists a noncompliant system to achieve compliance.

**Project Description:**

The Town of Monroe’s water system has aging components that are causing increased operation and maintenance costs and water quality concerns. At the water treatment plant, the filter has surpassed its useful service life, and an inspection revealed the steel structure was severely corroded and needed to be repaired or replaced. Further, the roof of the Water Treatment Plant and clear well were leaking, and components were in need of rehabilitation. The distribution system experiences leaks, many water mains within the town are undersized, and valves and hydrants are at the end of their useful life. There are also concerns over stagnant water within the Town’s elevated water tank.

To correct these issues the Water System Improvements Project includes:

- Replacement of Transfer Pump No. 2;
- Replacement of High Service Pump No. 1;
- Replacement of the Aeralater System;
- Upgrade of the Chlorine Feed System;
- Upgrade of the Water Treatment Plant electrical and SCADA systems with standby generator addition;
- Water Treatment Plant building improvements with roof replacement and room addition;
- Water Treatment Plant pipe alterations and upgrades;
- Well house improvements, including building, electrical, and piping;
- Clear well improvements;
- Distribution system improvements: Replacements/ repairs of valves, hydrants, and water mains; and
- Elevated storage tank improvements.

The Water System Improvements Project replaces aging components, reduces water quality concerns and operations costs for the system, and allows the Town to continue to provide safe drinking water to its customers efficiently, reliably, and cost effectively.

**DWSRF Participant: Carlisle**

SRF Project #:	DW19097701	DWSRF Traditional Loan:	\$ 3,140,000
DWSRF Loan Closed:	September 30, 2020	Principal Forgiveness:	\$ 0
Affected Population:	3,270	Total Loan and Principal Forgiveness:	\$ 3,140,000
Loan Term:	20 years	NIMS Categories:	
Interest Rate:	2.00%	Treatment:	\$ 2,405,156
		Source:	\$ 734,844
Equivalency Amount:	n/a	Estimated SRF Savings:	\$ 197,000

This Project: Assists a compliant system to maintain compliance.

**Project Description:**

The Town of Carlisle operates an aging treatment plant which includes two filter structures. The small filter is only able to serve the system during low demand conditions. The larger filter structure is deteriorated with numerous leaks and patches on the filter vessel. The system, however, cannot meet peak demands if the large filter structure is out of service impacting the Town's ability to maintain the system. The treatment facility also lacks backup power, leading to additional concerns of consistent operation.

The Carlisle Water System Improvements project includes:

- The construction of a new well at the existing wellfield, and abandonment of three existing, smaller wells;
- Installation of an emergency generator at the wellfield to serve the entire wellfield;
- Improvements to the electrical controls at the wellfield to conform with the utility's existing SCADA system;
- Replacement of the existing package treatment units with two new treatment units, including associated piping, valves and meters;
- Rehabilitation of the high service pumps, including new flow control valves, replacing the existing motors, and installing variable frequency drives;
- Construction of building improvements, including a new HVAC system and relocation of the lab area;
- Installation of a new emergency generator at the treatment plant and automatic transfer switch; and
- Upgrades to the electrical and controls systems.

The proposed project updates the water supply and treatment facilities to replace equipment that has reached the end of its useful life. In addition, the project provides better redundancy in operation and emergency back-up power at the wellfield and treatment plant.

<b>DWSRF Participant: North Salem</b>			
SRF Project #:	DW19033201	DWSRF Traditional Loan:	\$ 460,000
DWSRF Loan Closed:	October 28, 2020	Principal Forgiveness:	\$ 1,010,000
Affected Population:	504	Total Loan and Principal Forgiveness:	\$ 1,470,000
Loan Term:	20 years	NIMS Categories:	
		Treatment:	\$ 378,733
		Transmission & Distribution:	\$ 186,233
Interest Rate:	2.00%	Source:	\$ 62,688
		Storage:	\$ 842,347
Equivalency Amount:	n/a	Estimated SRF Savings:	\$ 1,358,000
This Project: Assists a noncompliant system to achieve compliance.			
<p><b>Project Description:</b></p> <p>The Town of North Salem’s drinking water system components, including the filter unit, aerator, electrical system, high service pumps, and the water storage tank are nearing the end of their useful life and require replacement. Furthermore, water quality tests showed an increasing trend in the levels of arsenic in the groundwater source, which the existing treatment unit is not able to reduce to safe levels to meet regulatory requirements.</p> <p>The proposed Town of North Salem’s Drinking Water System Improvements project includes:</p> <ul style="list-style-type: none"> <li>• Construction of a new water treatment plant building and new packaged water treatment system;</li> <li>• Installation of SCADA instrumentation;</li> <li>• Installation of a new 75,000 gallon elevated tank;</li> <li>• Well rehabilitation and improvements;</li> <li>• Installation of finished water distribution main;</li> <li>• Installation of raw water transmission main; and</li> <li>• Demolition of existing water storage tank, and water treatment plant.</li> </ul> <p>The new water treatment plant ensures that the drinking water system meets the Safe Drinking Water Act water quality requirements by removing the rising levels of arsenic and other inorganic contaminants and protect public health. SCADA and instrumentation improvements ensure that the new plant is reliably operated and monitored and that processes are properly controlled and measured. The new water storage tank provides drinking water at adequate quantity and pressure to meet current and future demand.</p>			

**DWSRF Participant: Crown Point**

SRF Project #:	DW18044503	DWSRF Traditional Loan:	\$ 6,819,535
DWSRF Loan Closed:	November 24, 2020	Principal Forgiveness:	\$ 1,000,000
Affected Population:	30,000	Total Loan and Principal Forgiveness:	\$ 7,819,535
Loan Term:	20 years	NIMS Categories:	
Interest Rate:	0.00%	Transmission & Distribution:	\$ 7,819,535
Equivalency Amount:	\$ 7,819,535	Estimated SRF Savings:	\$ 3,419,535

This Project: Assists a compliant system to maintain compliance.

**Project Description:**

The City of Crown Point increased storage capacity in the system in a previous project. The increased storage capacity, necessary to meet the needs of the community, also increased the hydraulic retention time in the storage tanks, resulting in a decrease in chloramine residual. The installation of new chloramine dosing stations are required to allow the system to maintain acceptable levels of disinfectant residual in the City’s drinking water. The distribution system in the area of Ellendale Farms suffers from deficient pressures, and several areas throughout the City have been identified and prioritized for the potential presence of lead and galvanized pipe. The City is also in need of a water fill station to better control the purchase of bulk water and reduce potential water loss.

The City’s project includes:

- Construction of one booster station and pressure relief valves in the Ellendale Farms area;
- Construction of chloramination stations at the 96<sup>th</sup> Place Tank and the Kaiser Park Tank;
- Construction of one water fill station; and
- The replacement of lead service lines in areas of the community.

The project assists the City in maintaining acceptable levels of disinfectant residuals in the City’s drinking water, alleviates the deficient pressure issues in the Ellendale Farms area and removes lead service lines from the community. The project ensures the City is able to continue to provide consistent quantity and quality of water, and further protect the public health of residents and businesses in the Crown Point service area.

**DWSRF Participant: LaCrosse**

SRF Project #:	DW20024601	DWSRF Traditional Loan:	\$ 2,714,458
DWSRF Loan Closed:	December 4, 2020	Principal Forgiveness:	\$ 1,500,000
Affected Population:	540	Total Loan and Principal Forgiveness:	\$ 4,214,458
Loan Term:	20 years	NIMS Categories:	
Interest Rate:	0.00%	Treatment:	\$ 2,676,676
		Transmission & Distribution:	\$ 1,171,114
		Source:	\$ 366,668
Equivalency Amount:	n/a	Estimated SRF Savings:	\$ 3,216,218

This Project: Assists a compliant system to maintain compliance.

**Project Description:**

The Town of LaCrosse operates a drinking water treatment plant and distribution system installed in the early 1950s. The water treatment plant has had no major renovations since initial construction, and suffers frequent issues with freezing and leaking pipes. The filter unit is welded to one of the plant walls and cannot be properly inspected. The plant cannot currently meet anticipated capacity needs. The Town's two raw water wells were installed in 1978 and 1987. The older well was inspected and found to be operating at 43% of rated design conditions. The majority of the distribution system was installed in the early 1950s, as well and suffers from low pressure issues. The system commonly experiences water main breaks, and most hydrants and valves are in poor condition. The age of the distribution system indicates it is likely that lead service lines exist in the system.

To meet the needs of the system, the project includes:

- Upgrade of existing wells, including variable frequency drives, associated piping and valves, electrical work, and installation of flow meters;
- Replacement of the existing water treatment plant with a new water treatment plant, including the construction of a new block building, installation of new package gravity filter unit, backwash sump, high service pumps, chemical feed equipment, SCADA system, emergency generator, and miscellaneous piping and systems associated with the operation of the treatment plant;
- Installation of transmission main for existing wells;
- Replacement of aging water main, and associated valves and hydrants;
- Replacement of approximately 282 customer meters;
- Replacement of service lines, in an effort to reduce the risk of lead exposure and improve the overall operation of the system by reducing water loss.

This project is needed to replace aging water system components, to meet the expected future need for the community, and to provide safe and reliable water to the customers.

**DWSRF Participant: Fountain City**

SRF Project #:	DW19118901	DWSRF Traditional Loan:	\$ 202,000
DWSRF Loan Closed:	December 15, 2020	Principal Forgiveness:	\$ 0
Affected Population:	735	Total Loan and Principal Forgiveness:	\$ 202,000
Loan Term:	20 years	NIMS Categories:	
Interest Rate:	2.00%	Transmission & Distribution:	\$ 202,000
Equivalency Amount:	n/a	Estimated SRF Savings:	\$ 3,344,156

This Project: Assists a compliant system to maintain compliance.

**Project Description:**

The Town of Fountain City owns and operates a distribution system that was installed in the 1950s and mostly consists of undersized cast iron mains. Many areas in Town do not have adequate water pressure for daily flows or fire protection. The distribution system has documented a 31% water loss, and has water quality and pressure issues due to dead end mains. The system does not have a facility to accurately meter and safely provide bulk loading.

The Waterworks Improvements Project includes the replacement of approximately 21,720 linear feet of water mains, 67 valves, 31 hydrants, 327 individual service meters, and re-connections of the associated services. The project also includes the installation of a metered bulk loading station and the painting of the exterior detention tanks.

The purpose of the project is to improve aging facilities in need of repair, as aged systems contribute to water loss. The improved system meets the Town's existing water flow and pressure demands and reduces water loss.

**DWSRF Participant: Galveston**

SRF Project #:	DW19070901	DWSRF Traditional Loan:	\$ 1,715,080
DWSRF Loan Closed:	December 15, 2020	Principal Forgiveness:	\$ 4,250,000
Affected Population:	1,258	Total Loan and Principal Forgiveness:	\$ 5,965,080
Loan Term:	35 years	NIMS Categories:	
Interest Rate:	0.00%	Treatment:	\$ 1,907,761
		Transmission & Distribution:	\$ 3,672,317
		Storage:	\$ 385,002
Equivalency Amount:	n/a	Estimated SRF Savings:	\$ 7,382,000

This Project: Assists a compliant system to maintain compliance.

**Project Description:**

The Town of Galveston owns and operates an aging waterworks utility that requires rehabilitation. The distribution system consists of undersized cast iron mains and the community has experienced numerous water main breaks causing disruption in service. Many areas do not have adequate water pressure for daily flows. The existing water treatment plant is over 40 years old, and major components are beyond useful life. One softener is no longer in operation and high service pumps can only be operated one at a time. The Town's only elevated water tower needs rehabilitated.

Galveston's Waterworks Improvement project includes the following:

- Water main replacement, which consists of the installation of water main, along with associated hydrants, valves, and other appurtenances;
- Approximately 366 water service re-connections;
- New Water Treatment Plant, including an Aeralater Package System, a new building, chemical feed equipment, high service pumps, a backup generator and softeners; and
- Water Tower rehabilitation and installation of a mixer.

Replacement and upsizing of failing pipes reduces service disruptions and repair costs, improves operational efficiency, maintains adequate water pressure in the system, and minimizes the potential of contamination, thereby protecting public health. The new treatment plant provides upgraded components to reliably meet the needs of the community. The rehabilitation of the water tower extends the life of the tower, and the installation of a mixer prevents stagnation and freezing during the winter months.

<b>DWSRF Participant: Nappanee</b>				
SRF Project #:	DW20092002	DWSRF Traditional Loan A:	\$ 1,185,000	
		DWSRF Traditional Loan B:	\$ 4,487,000	
DWSRF Loan Closed:	December 17, 2020	Principal Forgiveness:	\$ 0	
Affected Population:	6,800	Total Loan and Principal Forgiveness:	\$ 5,672,000	
Loan Term A:	20 years	NIMS Categories:		
Loan Term B:	35 years			
Interest Rate A:	2.00%		Transmission & Distribution:	\$ 3,186,210
Interest Rate B:	0.00%		Source:	\$ 2,485,790
Equivalency Amount:	\$ 5,672,000	Estimated SRF Savings:	\$ 2,315,500	
This Project: Assists a compliant system to maintain compliance.				
Project Description:				
<p>The City of Nappanee identified four segments of water main for replacement in the City's distribution system. These water mains were installed around the early 1900's, are undersized and require increased repairs and maintenance to address the recurring main breaks. These project areas likely also include lead service lines. The INDOT proposes to rehabilitate the road in the project area, and the City intends to relocate the water main out of the street prior to this work occurring. One of the City's three elevated storage tanks is often taken out of service due to water quality concerns resulting from inadequate water turnover. When this occurs, the storage in the system is insufficient to meet the needs of the system.</p> <p>The selected project includes improvements to the distribution and storage systems, which are described as follows:</p> <ul style="list-style-type: none"> <li>• Relocation of a water main segment along U.S. 6;</li> <li>• Relocation of a water main segment along S.R. 19;</li> <li>• Replacement of a water main segment along Locke Street;</li> <li>• Replacement of a water main segment along Centennial Street;</li> <li>• Construction of a 600,000 gallon elevated water storage tank;</li> <li>• Rehabilitation and improvements of an existing 250,000 gallon elevated water storage tank;</li> <li>• Replacement of altitude control valves at each of the existing water storage tanks; and</li> <li>• Replacement of lead service lines in the vicinity of the projects</li> </ul> <p>These projects address aging water system components, provide safe and reliable water to the customers, while providing for current and future growth water demands. The project also reduces the risk of lead exposure and improves the overall operation of the system by reducing water loss.</p>				

<b>DWSRF Participant: Lewisville</b>			
SRF Project #:	DW20033302	DWSRF Traditional Loan:	\$ 433,000
DWSRF Loan Closed:	December 18, 2020	Principal Forgiveness:	\$ 0
Affected Population:	392	Total Loan and Principal Forgiveness:	\$ 433,000
Loan Term:	20 years	NIMS Categories:	
Interest Rate:	2.00%	Treatment:	\$ 137,511
		Transmission & Distribution:	\$ 263,744
		Source:	\$ 31,745
Equivalency Amount:	n/a	Estimated SRF Savings:	\$ 1,101,044
This Project: Assists a noncompliant system to achieve compliance.			
Project Description:			
<p>The Lewisville Water Works existing water treatment plant has been out of operation since the end of 2017 and the system is utilizing untreated water. The Town has two active raw water production wells with well pumps that have exceeded their useful life. Additionally, portions of the distribution system include dead ends that adversely affect water quality, fire flows, pressures and flushing operations. The 6-inch main serving South Henry County Tri Junior Senior High School experiences leaks and is undersized, causing inadequate water pressure and fire protection. The water meters throughout the distribution system are in poor condition and have exceeded their useful life.</p> <p>To correct these issues, the Water Facilities Improvements Project includes:</p> <ul style="list-style-type: none"> <li>• Two replacement well pumps with VFDs;</li> <li>• Modified ground storage tank piping and pumping;</li> <li>• Improved treatment plant components, including control building foundation piers and roof modifications, replacement filtration, disinfection and SCADA systems, replacement master flow meter, and associated electrical and piping modifications;</li> <li>• New booster pump station, two water meters, and a new water main to supply South Henry County's Tri Junior Senior High School;</li> <li>• New 6- and 8-inch water main throughout the distribution system; and</li> <li>• Approximately 188 replacement water meters.</li> </ul> <p>Replacing the submersible pumps with VFDs provide reliable pumping with remote monitoring and the ability to adjust pump speed for efficient operation. Modifying the ground storage tank piping allows the ground storage tank to be taken off-line from the distribution system, to be used by the fire department when needed, and to take the high service pumps out of service, which eliminates double pumping. Water treatment plant improvements provide a fully functional treatment plant, addressing many inoperable and underperforming components. The new booster station, meters, and water main to the school provides the necessary increased pressure to serve the school. New water main throughout the distribution system eliminates dead ends and improves water quality and pressure. Replacement water meters allow for efficient water use and management.</p>			

<b>DWSRF Participant: Universal</b>			
SRF Project #:	DW20058303	DWSRF Traditional Loan:	\$ 166,000
DWSRF Loan Closed:	December 28, 2020	Principal Forgiveness:	\$ 72,000
Affected Population:	472	Total Loan and Principal Forgiveness:	\$ 238,000
Loan Term:	20 years	NIMS Categories:	
Interest Rate:	2.25%	Treatment:	\$ 50,352
		Transmission & Distribution:	\$ 136,406
		Source:	\$ 51,243
Equivalency Amount:	n/a	Estimated SRF Savings:	\$ 126,947
This Project: Assists a compliant system to maintain compliance.			
<p><b>Project Description:</b></p> <p>The Town's current groundwater well casing is in danger of developing a hole, which could allow surface water contamination. In addition, there is no backup power to supply the water plant or wells. The filter media at the water plant is at the end of its useful life. Many hydrants in the system are leaking, and the west end of Town suffers from low pressure and flow.</p> <p>The Town of Universal's Drinking Water Improvement Projects includes:</p> <ul style="list-style-type: none"> <li>• Construction of a new groundwater well;</li> <li>• Installation of backup power to supply the water plant and wells;</li> <li>• Replacement of the filter media at the Water Treatment Plant;</li> <li>• Installation of a new booster pump station; and</li> <li>• Replacing existing hydrants within the distribution system.</li> </ul> <p>A generator installed near the water treatment plant will provide power for the wells and water treatment plant during power outages. The filter media replacement restores the efficiency of the existing iron filter and improves the treated water quality. The hydrant replacements help reduce water loss in the distribution system. The new booster pump station increases the pressure to the west end of Town to resolve existing pressure and flow issues.</p>			

**DWSRF Participant: Frankfort**

SRF Project #:	DW19141201	DWSRF Traditional Loan A:	\$ 10,835,000
		DWSRF Traditional Loan B:	\$ 2,795,000
DWSRF Loan Closed:	March 16, 2021	Principal Forgiveness:	\$ 0
Affected Population:	16,422	Total Loan and Principal Forgiveness:	\$ 13,630,000
Loan Term A:	20 years	NIMS Categories:	
Loan Term B:	35 years	Treatment:	\$ 6,246,605
Interest Rate A:	2.00%	Transmission & Distribution:	\$ 4,310,599
Interest Rate B:	2.30%	Source:	\$ 1,730,236
		Storage:	\$ 1,342,560
Equivalency Amount:	n/a	Estimated SRF Savings:	\$ 1,134,872

This Project: Assists a compliant system to maintain compliance.

**Project Description:**

The City of Frankfort is experiencing increasing demand and the existing water system is at capacity and is unable to support this continued level of growth. Frankfort currently operates two wells which are in poor condition. The City’s West Storage Tank is in need of repair to meet current standards, and the Jefferson Tank experiences low turnover. Finally, the distribution system needs various improvements, including water meter replacement, water main extensions and water main relocations that are required by INDOT because of multiple roadwork improvement projects planned in the City of Frankfort.

The City of Frankfort’s Waterworks Improvement project includes the following:

- Armstrong Road Wellfield expansion and improvements, including the installation of two new wells and a raw water transmission main in the wellfield;
- Armstrong Road Water Treatment Plant expansion and improvements;
- Conversion of disinfection method from chlorine gas to on-site sodium hypochlorite generation;
- Installation of control valves at the East and West Tanks;
- Demolition of the McKinley water treatment plant, along with proper abandonment and capping of Well Nos. 16 and 17;
- West Tank rehabilitation, including improvements of the West Tank and repair of failing interior coatings;
- CR00 Water Main extension with the installation of new 12- and 18-inch water main, including all associated appurtenances, in order to connect the dead ends on CR00 and CR450;
- SR28 and SR75 INDOT Water Main Relocation, with the relocation of water mains in INDOT project areas to address conflicts and update aged mains, including water service line replacements; and
- Water Meter Replacement, including the installation of new meters throughout the distribution system.

The improvements projects ensure that the City of Frankfort continues to provide a safe and reliable drinking water supply to the area and meets the needs of future demand.

**DWSRF Participant: Topeka**

SRF Project #:	DW20104401	DWSRF Traditional Loan:	\$ 3,725,000
DWSRF Loan Closed:	March 31, 2021	Principal Forgiveness:	\$ 667,000
Affected Population:	1,022	Total Loan and Principal Forgiveness:	\$ 4,392,000
Loan Term:	20 years	NIMS Categories:	
Interest Rate:	2.00%	Treatment:	\$ 4,109,962
		Source:	\$ 282,038
Equivalency Amount:	n/a	Estimated SRF Savings:	\$ 850,700

This Project: Assists a compliant system to maintain compliance.

**Project Description:**

The original Topeka Water Treatment Plant was built and put into service in 1979 and expanded in 1992. Due to the age of components, it is necessary to replace existing equipment. The Town also needs to increase capacity to address industrial and residential growth.

Topeka's Water Treatment Plant Improvement Project includes:

- Building expansion and improvements to existing Water Treatment Plant building;
- New high service pumps;
- New pressure filters;
- New chemical feed rooms and infrastructure;
- Electrical and mechanical upgrades;
- New SCADA and I&C systems;
- New backup power generator;
- New finished water connection;
- New raw water tank and aeration;
- New backwash line;
- New raw water sample lines;
- New VFD and electrical upgrades; and
- New instrument and control infrastructure.

This project increases the capacity of the water treatment plant to a firm capacity of 0.72 MGD, which matches the capacity of the existing water supply, and allows the Town to meet both current and projected demands. The electrical and SCADA improvements increase system reliability and efficiency, while reducing operational costs. This project allows the Town of Topeka to continue to supply sufficient and safe water to its customers.

<b>DWSRF Participant: Northwest Jasper RWD</b>				
SRF Project #:	DW19173701	DWSRF Traditional Loan A:	\$ 2,685,000	
		DWSRF Traditional Loan B:	\$ 3,445,000	
DWSRF Loan Closed:	May 27, 2021	Principal Forgiveness:	\$ 0	
Affected Population:	3,815	Total Loan and Principal Forgiveness:	\$ 6,130,000	
Loan Term A:	20 years	NIMS Categories:		
Loan Term B:	35 years			
Interest Rate A:	2.00%		Transmission & Distribution:	\$ 3,445,000
Interest Rate B:	2.30%		Storage:	\$ 2,685,000
Equivalency Amount:	n/a	Estimated SRF Savings:	\$ 260,000	
This Project: Assists a compliant system to maintain compliance.				
Project Description:				
<p>The Northwest Jasper RWD system operates a wellfield that experiences high ammonia levels. While Well No. 2 is capable of meeting the current peak demands of the system, there is no pumping redundancy within the system.</p> <p>The project will be constructed in three phases:</p> <ul style="list-style-type: none"> <li>• <b>Phase I - State Road 10 Water Main Extension Project:</b> extends water main from the Kersey well field and treatment plant to the existing distribution system.</li> <li>• <b>Phase II - Kersey Well Field and Treatment Plant Project:</b> The Kersey well field and treatment project includes the installation of a new treatment unit, a treatment plant building, the construction of three new wells, and the site design for the wellfield, together with all associated site work to connect the treatment plant to the existing sanitary sewer system.</li> <li>• <b>Phase III - Kankakee Valley High School Water Main Extension Project:</b> extends water main from the Kersey well field to the Kankakee Valley High School.</li> </ul> <p>Installing a new well field and treatment plant will allow NORWEJ to reliably meet system demands. The project will reduce water quality issues, provide redundancy, connect the new water source to the existing system, and extend service to the Kankakee Valley High School.</p>				

Exhibit F  
Cumulative History of Federal DWSRF Capitalization Grants

FFY 1997 Federal Capitalization Grant	\$ 25,371,806
FFY 1998 Federal Capitalization Grant	\$ 8,687,500
FFY 1999 Federal Capitalization Grant	\$ 9,105,300
FFY 2000 Federal Capitalization Grant	\$ 8,989,850
FFY 2001 Federal Capitalization Grant	\$ 9,159,460
FFY 2002 Federal Capitalization Grant	\$ 8,955,100
FFY 2003 Federal Capitalization Grant	\$ 9,398,200
FFY 2004 Federal Capitalization Grant	\$ 9,749,300
FFY 2005 Federal Capitalization Grant	\$ 11,201,850
FFY 2006 Federal Capitalization Grant	\$ 12,166,734
FFY 2007 Federal Capitalization Grant	\$ 11,484,000
FFY 2008 Federal Capitalization Grant	\$ 11,367,000
FFY 2009 Federal Capitalization Grant	\$ 11,367,000
American Recovery and Reinvestment Act of 2009 Grant	\$ 27,212,000
FFY 2010 Federal Capitalization Grant	\$ 22,638,000
FFY 2011 Federal Capitalization Grant	\$ 15,709,000
FFY 2012 Federal Capitalization Grant	\$ 14,970,000
FFY 2013 Federal Capitalization Grant	\$ 14,046,000
FFY 2014 Federal Capitalization Grant	\$ 14,348,000
FFY 2015 Federal Capitalization Grant	\$ 14,253,000
FFY 2016 Federal Capitalization Grant	\$ 13,484,000
FFY 2017 Federal Capitalization Grant	\$ 13,368,000
FFY 2018 Federal Capitalization Grant	\$ 16,978,000
FFY 2019 Federal Capitalization Grant	\$ 16,819,000
FFY 2019 Federal Capitalization Grant reallocation	\$ 154,000
FFY 2020 Federal Capitalization Grant	\$ 16,830,000
FFY 2021 Federal Capitalization Grant	\$ 16,815,000
<b>TOTAL GRANTS</b>	<b>\$ 364,627,100</b>
<b>TOTAL GRANTS REQUIRED TO MATCH</b>	<b>\$ 337,415,100</b>

Exhibit G  
Cumulative History of the State Match

The State deposited no additional State Match in the DWSRF Loan Program during SFY 2021. To date, the DWSRF State Match has aggregated in excess of 20 percent of the awarded \$337,415,100 Capitalization Grants the State is required to match through June 30, 2021, as demonstrated in the table below:

\$6,860,000	State Revolving Fund Program Bond, Subordinate Series 1, net proceeds representing a State Match (September 1999)*
5,640,000	State Revolving Fund Program Bond, Subordinate Series 2, net proceeds representing a State Match (December 2001)*
3,823,000	Series 2001A State Revolving Fund Program Bond net proceeds representing a State Match allocation (November 2001 & July 2002)
1,949,860	Series 2004B State Revolving Fund Program Bond net proceeds representing a State Match allocation (April 2004)
2,000,000	Series 2004B State Revolving Fund Program Bond net proceeds representing a State Match allocation (February 2005)
2,100,000	Series 2006A State Revolving Fund Program Bond net proceeds representing a State Match allocation (April 2006)
2,493,109	Series 2006B State Revolving Fund Program Bond net proceeds representing a State Match allocation (December 2006)
2,400,000	Series 2007B State Revolving Fund Program Bond net proceeds representing a State Match allocation (December 2007)
7,000,000	Series 2009A State Revolving Fund Program Bond net proceeds representing a State Match allocation (November 2009)
4,437,000	Series 2010B State Revolving Fund Program Bond net proceeds representing a State Match allocation (October 2010)
1,567,051	Series 2011A State Revolving Fund Program Bond net proceeds representing a State Match allocation (October 2011)
2,788,000	Series 2012B State Revolving Fund Program Bond net proceeds representing a State Match allocation (August 2012)
5,554,400	Series 2014A State Revolving Fund Program Bond net proceeds representing a State Match allocation (April 2014)
7,000,000	Series 2016A State Revolving Fund Program Bond net proceeds representing a State Match allocation (April 2016)
5,000,000	Series 2017B State Revolving Fund Program Bond net proceeds representing a State Match allocation (November 2017)
7,001,090	Series 2019E State Revolving Fund Program Bond net proceeds representing a State Match allocation (October 2019)
<b>\$67,613,510</b>	<b>TOTAL</b>

\* Source restructured in SFY 2002 vis-à-vis Series 2001A State Revolving Fund Program Bond net proceeds representing a State Match allocation (November 2001)

As a result of the foregoing, the State has deposited State Match in excess of that required based on grants awarded as of the end of SFY 2021 by \$130,490 (also known as over-match), which is banked toward future capitalization grants that are expected to be awarded in SFY 2022. This over-match is intended to permit, and will allow, the State to immediately begin to convert its next capitalization grant (upon award expected in SFY 2022) to cash (and deposit it in the DWSRF) based upon incurred costs paid by Program Participants.

State Match has been provided from State Revolving Fund Program Bonds, the net proceeds of which are allocated between 4 distinct purposes – (1) DWSRF’s State Match; (2) DWSRF’s leveraged loans; (3) Clean Water (CW) SRF’s State Match; and (4) CWSRF’s leveraged loans. These bonds are repaid semi-annually and at the time of each payment the State tracks, allocates, and records their payment *first* between CWSRF and DWSRF purposes (with the percentage paid from DWSRF being equal to the proportion of the net bond proceeds originally deposited in DWSRF from those bonds as compared to their total net bond proceeds) and *second* between State Match and leveraged loans purposes (with the payment allocated as a State Match repayment computed and tracked to be no more than the amount of the total DWSRF earnings applied on each payment date toward that bond payment). Set forth in the attached Exhibit G-1 is the principal amount of the State Revolving Fund Program Bonds allocated to State Match purposes for the DWSRF and the principal amount repaid as of the end SFY 2021.

The State annually designates whether principal maturities of the State Revolving Fund Program Bonds retired in a State Fiscal Year relate to State Match or leveraged bonds. Generally, it anticipates retiring State Match related bonds first, leaving primarily program bonds allocated to the leveraged loans purposes outstanding. Once all State Revolving Fund Program Bonds allocated to the DWSRF State Match purposes are retired (and/or the number of series with outstanding State Match bonds are reduced), this policy will simplify the tracking of funds, reporting, bond disclosure, and allocation of semi-annual debt service.

Exhibit G - Schedule-1

<b>DRINKING WATER</b>									
Revenue Bonds	Original Par Amount of Bonds Designated as State Match	Par Amount retired during SFY Ending June 30						All Prior SFYs	Remaining Par Amount of Bonds Designated as State Match
		2021	2020	2019	2018	2017			
2001A	\$ 15,680,000							15,680,000	\$ -
2004B	3,625,835							3,625,835	-
2006A	1,988,671							1,988,671	-
2006B	2,359,076							2,359,076	-
2007B	2,087,648							2,087,648	-
2009A	6,610,905			900,000	710,000	680,000		4,320,905	-
2010B	4,083,672							4,083,672	-
2011A	1,413,300							1,413,300	-
2012B	2,390,013			1,620,013	-	-		770,000	-
2014A	5,520,000							5,520,000	-
2015B $\Delta$	785,000	-	785,000	-	-	-		-	-
2016A	5,960,000	700,000	670,000	455,000	435,000	340,000		-	3,360,000
2017B	4,210,000	400,000	380,000	-	-	-		-	3,430,000
2019E	5,810,000	365,000	-	-	-	-		-	5,445,000
<b>Total</b>	<b>\$ 62,524,120</b>	<b>\$ 1,465,000</b>	<b>\$ 1,835,000</b>	<b>\$ 2,975,013</b>	<b>\$ 1,145,000</b>	<b>\$ 1,020,000</b>	<b>\$ 41,849,107</b>	<b>\$</b>	<b>12,235,000</b>

**Notes:**

$\Delta$  2015B refinanced a portion of the 2009A Bonds; only the part retired before issuance of 2015B (together with the unrefunded February 1, 2016 maturity of the 2009A Bonds) are shown under 2009A heading.

Indiana DWSRF Loan Program  
Exhibit H - Summary of DWSRF Loan Program Loans Closed in SFY 2021

Participant Name	Closing Date	Term	Interest Rate	SRF Loan Amount	SRF Principal Forgiveness Amount	SRF Pooled Loan Amount	State Loan Amount	State Principal Forgiveness Amount	Total Loan & Principal Forgiveness	SFY 2021 Savings
Lanesville*	07/08/2020	20	2.00%	\$ -	\$ -		\$ 1,200,000	\$ -	\$ 1,200,000	\$ 446,883
Martinsville	09/24/2020	20	2.00%	\$ 6,026,000	\$ -		\$ -	\$ -	\$ 6,026,000	\$ 1,110,000
Monroe	09/29/2020	20;35	2.0%;2.3%	\$ 1,292,000	\$ 2,439,000		\$ -	\$ -	\$ 3,731,000	\$ 3,196,000
Carlisle	09/30/2020	20	2.00%	\$ -	\$ -	\$ 3,140,000	\$ -	\$ -	\$ 3,140,000	\$ 197,000
North Salem	10/28/2020	20	2.00%	\$ 460,000	\$ 1,010,000		\$ -	\$ -	\$ 1,470,000	\$ 1,358,000
Crown Point	11/24/2020	20	0.00%	\$ 6,819,535	\$ 1,000,000		\$ -	\$ -	\$ 7,819,535	\$ 3,419,535
LaCrosse	12/04/2020	20	0.00%	\$ 2,714,458	\$ 1,500,000		\$ -	\$ -	\$ 4,214,458	\$ 3,216,218
Fountain City	12/15/2020	20	2.00%	\$ 202,000	\$ -		\$ -	\$ 2,350,000	\$ 2,552,000	\$ 3,344,156
Galveston	12/15/2020	35	0.00%	\$ 1,715,080	\$ 4,250,000		\$ -	\$ -	\$ 5,965,080	\$ 7,382,000
Nappanee	12/17/2020	20;35	2.0%;0.0%	\$ 5,672,000	\$ -		\$ -	\$ -	\$ 5,672,000	\$ 2,315,500
Lewisville	12/18/2020	20	2.00%	\$ 433,000	\$ -		\$ -	\$ 700,000	\$ 1,133,000	\$ 1,101,044
Universal	12/28/2020	20	2.25%	\$ 166,000	\$ 72,000		\$ -	\$ -	\$ 238,000	\$ 126,947
Frankfort	03/16/2021	20;35	2.0%;2.3%	\$ 13,630,000	\$ -		\$ -	\$ -	\$ 13,630,000	\$ 1,134,872
Topeka	03/31/2021	20	2.00%	\$ 3,725,000	\$ 667,000		\$ -	\$ -	\$ 4,392,000	\$ 850,700
Warren*	04/26/2021	20	2.00%	\$ -	\$ -		\$ 1,355,000	\$ -	\$ 1,355,000	\$ 260,000
Northwest Jasper RWD	05/27/2021	20;35	2.0%;2.3%	\$ 6,130,000	\$ -		\$ -	\$ -	\$ 6,130,000	\$ -
LaGrange*	06/24/2021	20	2.00%	\$ -	\$ -		\$ 7,232,000	\$ -	\$ 7,232,000	\$ -
<b>DWSRF Loan Totals SFY 2021:</b>				<b>\$ 48,985,073</b>	<b>\$ 10,938,000</b>	<b>\$ 3,140,000</b>	<b>\$ 9,787,000</b>	<b>\$ 3,050,000</b>	<b>\$ 75,900,073</b>	<b>\$ 29,458,855</b>

\* Project financed through state programs only

Exhibit I  
Expeditious and Timely Use of Funds

This Exhibit identifies the intended uses of the funds held in various accounts of the DWSRF, and how those uses support the goals of the DWSRF. This Exhibit also demonstrates how the Authority meets the requirements of 40 CFR 35.3550(1) by using all of the funds in the DWSRF in an expeditious and timely manner.

**Sources, Uses and Available Balances in SRF Accounts**

The following accounts have been created and exist under the Authority's Drinking Water Trust Indenture and comprise its DWSRF. Set forth on the attached Schedule 1 (the "Use Schedule") is detail on what funds are held in the DWSRF and how they were expeditiously and timely used in SFY 2021 and will continue to be in perpetuity.

**Drinking Water Purchase Account**

*Sources of Funds:* Funds held in this account<sup>1</sup> come from proceeds of Program Bonds<sup>2</sup> issued by the Authority. The Authority expects to cause additional Program Bonds to be issued at times and in amounts sufficient to meet the funding requirements for loans presently closed as of the end of the SFY 2021 as well as loans anticipated to be closed in SFY 2022 and after.

*Uses of Funds:* These funds are used to make loans for qualified Proposed Projects as permitted by 40 CFR 35.3525(a). This use directly furthers the primary purpose of the DWSRF Loan Program by financing qualified Proposed Projects that facilitate compliance with the Safe Drinking Water Act and protect public health.

*Available Balance:* As of July 1, 2021, the aggregate amount of closed and committed loans exceeded the balance in this account ("Excess Commitments"). As additional loans are closed in SFY 2022, such committed amounts will contribute to additional Excess Commitments. The aggregate amount held in this account as of July 1, 2021 is shown in the Use Schedule. Accordingly, none of the funds presently on deposit in this account are available for other SRF Loan Program purposes except to finance closed and committed loans related to qualified Proposed Projects.

<sup>1</sup> Pursuant to SRF Indenture modification, the former State Match Loan Account was consolidated into this Account effective May 30, 2007.

<sup>2</sup> These bonds are revenue bonds within the meaning of 40 CFR 35.3525(e), the net proceeds of which were deposited in the DWSRF. To date, the Authority (or its predecessor issuer) has issued multiple series of bonds including several refunding series (the "Program Bonds"), a portion of which are issued for the DWSRF. An allocated portion of the Program Bonds were deposited in the Purchase Account (with such bonds being referred to as the "Guarantee Revenue Bonds" in this Report) to make loans from the DWSRF and a further allocated portion of the Program Bonds were deposited in the Purchase Account (or the former State Match Loan Account) as State Match (with such bonds being referred to as the "State Match Revenue Bonds" in this Report) to make loans or for other permitted purposes; their proceeds (together with other match sources) have matched all capitalization grants awarded to date as well as the not-yet-available FFY 2022 (FFY refers to the Federal Fiscal Year ending September 30 of the year listed) grant by reason of over-match.

### **Drinking Water Participant Loan Principal Account**

*Sources of Funds:* Funds held in this account come from principal payments on loans made from the Purchase Account and the former State Match Loan Account.

*Uses of Funds:* These funds are used to make payments on the outstanding Guarantee Revenue Bonds as permitted by 40 CFR 35.3525(e) and the Authority's Operating Agreement with EPA. This use indirectly furthers the primary purpose of the SRF by making loan proceeds available to finance qualified Proposed Projects that facilitate compliance with the Safe Drinking Water Act and protect public health.

*Available Balance:* Approximately annually, this account is fully depleted to make payments on Program Bonds. Accordingly, none of the funds presently on deposit in this account are available for other SRF purposes.

### **Drinking Water Participant Loan Interest Account**

*Sources of Funds:* Funds held in this account come from interest payments on loans made from the Purchase Account and the former State Match Loan Account.

*Uses of Funds:* These funds are used to make payments on the outstanding Guarantee Revenue Bonds and outstanding State Match Revenue Bonds as permitted by 40 CFR 35.3525(e) and 40 CFR 35.3550(g)(3), respectively. This use indirectly furthers the primary purpose of the SRF by making loan proceeds available to finance qualified Proposed Projects that facilitate compliance with the Safe Drinking Water Act and protect public health.

*Available Balance:* Approximately annually, this account is fully depleted to make payments on Program Bonds. Accordingly, none of the funds presently on deposit in this account are available for other SRF purposes.

**DRINKING WATER RESERVE**<sup>3</sup> contains the following accounts:

### **Drinking Water Reserve Earnings Account**

*Sources of Funds:* Funds held in this account come from interest payments on loans made from the Purchase Account and the State Match Loan Account together with other earnings on invested Reserve accounts.

*Uses of Funds:* These funds are *first* used to make payments on the outstanding Guarantee Revenue Bonds and outstanding State Match Revenue Bonds as permitted by 40 CFR

<sup>3</sup> Pursuant to SRF Indenture modification, effective May 30, 2007, the following Reserve accounts are pledged to particular series of Program Bonds by means of subaccounts therein. Such pledged accounts serve as the Reserve for only one Series of Program Bonds (a "Series Reserve") and are held at a fixed amount (a "Series Reserve Requirement") subject to annual reductions as principal on such Series of Program Bonds are repaid as required by the SRF indenture. While not labeled under this Reserve group of accounts, amounts held in Equity serve as security for the payment of Program Bonds, and thus, are part of the "reserve" for the purposes of this Report and the federal Safe Drinking Water Act, as amended.

35.3525(e) and 40 CFR 35.3550(g)(3), respectively, and *secondly* transferred to the Reserve Deficiency Account, as described below.

*Available Balance:* Approximately annually, this account is fully depleted to make payments on Program Bonds, with any excess available balances to be transferred to the Reserve Deficiency Account. Accordingly, none of the funds presently on deposit<sup>4</sup> in this account are available for other SRF purposes.

### **Drinking Water Reserve Grant Account**

*Sources of Funds:* Funds held in this account<sup>5</sup> come from federal capitalization grants drawn when funds are loaned, up to the amount therein (and in the Equity Grant Account) that equals the perpetuity amount, and any amounts in excess thereof come from State Match.<sup>6</sup>

*Uses of Funds:* These funds are used (i) as security<sup>7</sup> for outstanding Guarantee Revenue Bonds as permitted by 40 CFR 35.3525(e) and (ii) as a source of payment for the outstanding Guarantee Revenue Bonds and outstanding State Match Revenue Bonds as permitted by 40 CFR 35.3525(e) and 40 CFR 35.3550(g)(3), respectively. This use both directly and indirectly furthers the primary purpose of the DWSRF Loan Program by making financing for qualified Proposed Projects that facilitate compliance with the Safe Drinking Water Act and protect public health.

*Available Balance:* The aggregate amount held in this account (as of July 1, 2021 and as anticipated in SFY 2022) is shown in the Use Schedule.<sup>8</sup> In furtherance of these purposes, the funds in this account are invested with certain short-term investments, State and Local Government Series (SLGS) securities, and treasury and/or agencies obligations.

### **Drinking Water Reserve Deficiency Account**

*Sources of Funds:* Funds held in this account, if any, will come from other Reserve accounts discussed above when the amounts held in the group of accounts serving as the Reserve any

<sup>4</sup> And before any transfers to the CWSRF as discussed elsewhere in this Exhibit.

<sup>5</sup> Pursuant to SRF Indenture modification, the former State Match Account was consolidated into this Account effective May 30, 2007.

<sup>6</sup> State Match in this account came from State Match Revenue Bonds, and is from principal on loan repayments funded from such proceeds. As of July 1, 2021, such amounts related to State Match on deposit in this account have not been applied to Guarantee Revenue Bonds but may be so applied to make any regularly scheduled payments on the outstanding Guarantee Revenue Bonds as permitted by 40 CFR 35.3525(e) and the Authority's Operating Agreement with EPA.

<sup>7</sup> Pursuant to the financing indentures related to the cross-collateralized outstanding Program Bonds, the Authority is presently required to maintain reserves of at least \$59.4 million, which is to be held in the Reserve accounts and is not anticipated to be used to make loans to Participants. A portion of the reserves have been allocated to the DWSRF for purpose of this Annual Report (as shown in the amount set out in the Use Schedule). This is a minimum invested funds requirement. However, the Authority views invested amounts in excess of the foregoing minimum requirement as security and as a source of payment for the outstanding Program Bonds. Further, the Authority expects that the foregoing minimum requirement will increase as additional Program Bonds are issued in SFY 2022 and beyond. Such excess purposes are served by the Equity accounts to the extent that they are not anticipated to be used to make loans to Participants.

<sup>8</sup> And before any transfers to the CWSRF as discussed elsewhere in this Exhibit.

Series of Program Bonds (a “Series Reserve”) exceeds its Series Reserve Requirement.

*Uses of Funds:* These funds are used to fund each Series Reserve by immediately transferring them as necessary (the *first* possible use) to each Series Reserve that is below its Series Reserve Requirement on each February 1 and August 1 and secondly (if not required for such *first* use) shall be transferred to an Equity account (the *secondary* use; which is expected to occur). Any such transfer is either made to a Grant Account or Earnings Account depending on the source of the funds transferred to the Reserve Deficiency Account.

*Available Balance:* No amounts were held in this account as of July 1, 2021 nor are any so anticipated in SFY 2022.

**DRINKING WATER EQUITY**<sup>9</sup> contains the following accounts:

**Drinking Water Equity Grant Account**

*Sources of Funds:* Funds held in this account come from federal capitalization grants drawn when funds are loaned, up to the amount therein (and in the Reserve Grant Account) that equals the perpetuity amount, and any amounts in excess thereof come from State Match.

*Uses of Funds:* These funds are used (i) as security<sup>10</sup> and as a source of payment for the outstanding Guarantee Revenue Bonds as permitted by 40 CFR 35.3525(e), (ii) to fund any transfers to the Authority's CWSRF as permitted by law including Section 302 of the Safe Drinking Water Act, and (iii) to fund that portion of any loans closed but not presently on deposit in the Purchase Account<sup>11</sup> in the event additional leveraged Guarantee Revenue Bonds could not be issued for any reason to meet such commitments. This use both directly and indirectly furthers the primary purpose of the DWSRF Loan Program by making financing for qualified Proposed Projects that facilitate compliance with the Safe Drinking Water Act and protect public health.

<sup>9</sup> While funds held in these Equity accounts are not pledged to the payment of Program Bonds, the SRF Program Representative may, but is not required to, direct that they be used to pay Program Bonds. Further, the Authority would expect such to occur if it was necessary to pay such bonds and, thus, while not labeled under as Reserve in this Report, the DWSRF treats it as part of the “reserve” for the purposes of this Report and the federal Safe Drinking Water Act, as amended.

<sup>10</sup> Pursuant to the financing indentures, the Authority may use these funds if the Reserve Grant Account were insufficient to pay outstanding Program Bonds. Further, the Authority expects that the foregoing minimum requirement of Reserve accounts will increase as additional Program Bonds are issued in SFY 2022 and will result in a transfer of any uncommitted amounts in the Equity Grant Account to the Reserve Grant Account inclusive of any Capitalization Grants drawn into the SRF after July 1, 2021.

<sup>11</sup> In addition to meeting any Excess Commitments as of July 1, 2021, additional Excess Commitments will occur before additional Guarantee Revenue Bonds are issued. This will result from closing new loans for qualified Proposed Projects with (a) approved preliminary engineering reports (PERs) as of July 1, 2021, (b) PERs submitted and under review by the DWSRF as of July 1, 2021 and (c) additional PERs to be submitted (including as set in the new PPL in SFY 2022), each as detailed in the Use Schedule.

*Available Balance:* The aggregate amount held in this account (as of July 1, 2021 and as anticipated in SFY 2022) is shown in the Use Schedule.<sup>12</sup> In furtherance of these purposes, the funds in this account are invested with certain short-term investments and State and Local Government Series (SLGS) securities.

### **Drinking Water Equity Earnings Account**

*Sources of Funds:* Funds held in this account come from (a) transfers from the Reserve Earnings Account and the Participant Loan Interest Account undertaken approximately annually or at the time of an issuance of additional Program Bonds and (b) earnings on amounts invested in the Equity accounts.

*Uses of Funds:* These funds are used (i) as security and as a source of payment for the outstanding Guarantee Revenue Bonds and outstanding State Match Revenue Bonds as permitted by 40 CFR 35.3525(e) and 40 CFR 35.3550(g)(3), respectively, like the Equity Grant Account and (ii) to fund that portion of any loans closed but not on deposit in the Purchase Account in the event additional leveraged Guarantee Revenue Bonds could not be issued for any reason to meet such commitments. This use both directly and indirectly furthers the primary purpose of the SRF by making financing for qualified Proposed Projects that facilitate compliance with the Safe Drinking Water Act and protect public health.

*Available Balance:* The aggregate amount held in this account as of July 1, 2021 is shown in the Use Schedule.<sup>13</sup>

### **Additional Information Concerning Expected Uses of SRF Funds**

**Use of Available Balances to Meet Closed Loan Commitments.** Under its existing practices, the Authority closes DWSRF loans with Participants without the necessity of having available balances in its Purchase Account to fully fund those loan commitments on the date a DWSRF loan is closed. As of July 1, 2021, there were Excess Commitments. By closing new loans for qualified Proposed Projects with (a) approved PERs as of July 1, 2021, (b) PERs submitted and under review by the DWSRF as of July 1, 2021 and (c) additional PERs to be submitted (including as set in the new PPL in SFY 2022), the aggregate amount of Excess Commitments would become as shown in the Use Schedule.

The Authority expects to cause additional Program Bonds to be issued at times and in amounts sufficient to meet the funding requirements for loans presently closed and those anticipated to be closed in SFY 2022. Additionally, certain amounts held in the Equity Grant Account and Equity Earnings Account are available and would be used to meet a portion of the projected funding requirements for loans presently closed (and those anticipated to be closed in SFY 2022) in the event additional Guarantee Revenue Bonds could not to be issued.

<sup>12</sup> And before any transfers to the CWSRF as discussed elsewhere in this Exhibit.

<sup>13</sup> And before any transfers to the CWSRF as discussed elsewhere in this Exhibit.

**Use of Available Balances as a Reserve and Source of Payment for Guarantee Revenue Bonds.** Amounts held in the Reserve Deficiency Account, Equity Grant Account, Reserve Grant Account Reserve Earnings Account and Equity Earnings Account secure, and are a source of payment, for Guarantee Revenue Bonds as permitted by 40 CFR 35.3525(e). In addition to this use, a portion of these funds are also held to meet (a) Excess Commitments in SFY 2021 in the event additional Guarantee Revenue Bonds could not to be issued and (b) any transfers to the CWSRF as permitted by law.

**Use of Available Balances as a Source of Payment for State Match Revenue Bonds.** All SRF earnings including amounts held in the Reserve Earnings Account and Equity Earnings Account secure, and are a source of payment, for State Match Revenue Bonds as permitted by 40 CFR 35.3550(g)(3). In addition to this use, a portion of these funds are held to meet (a) Excess Commitments in SFY 2021 in the event additional Guarantee Revenue Bonds could not to be issued and (b) any transfers to the CWSRF as permitted by law.

**Use of Available Balances to Possibly Transfer Funds to the Wastewater SRF.** As of July 1, 2021, about \$23.6 million has been transferred to DWSRF. As of July 1, 2021, the cumulative transfer amount available for additional transfers from CWSRF to the DWSRF could result in up to approximately \$111.3 million of allowable transfers which includes 33% of the FFY 2021 grant. The full amount of any such potential transfers is banked.

Further, transfers can be made from DWSRF to the CWSRF up to the cumulative amount made from CWSRF to DWSRF to date, together with an amount equal to 33 percent of aggregate Drinking Water Capitalization Grants awarded. The full amount of any such potential transfers is banked.

Since the inception of the DWSRF, the Authority (or its predecessor) has banked transfers up to maximum permitted limit and continues to do so; funds held in the Equity Grant Account might be used for this purpose. Such transfer may be effectuated by a transfer of an invested balance from one or more of the Authority's investments. These invested funds would then be used to support the issuance of Guarantee Revenue Bonds, the proceeds of which would be used to make Program loans. Any such determination would be based on whether the DWSRF or CWSRF program is more in need of funds (when considering their respective priorities) than the other. While a transfer from DWSRF to the CWSRF is not expected, it is also banked to reserve the Authority's discretion.

Exhibit I-Schedule 1

	Account Balances* as of:	
	30-Jun-2021 (Actual)	Future Deposits in SFY
<b><u>A. Funds Committed to Projects by DWSRF</u></b>		
Purchase Account	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>
<b><u>B. Other Funds Held in DWSRF</u></b>		
Reserve Grant Account	\$ 6,900,000	\$ -
Reserve Earnings Account	-	-
Reserve Support Account	-	-
Reserve Deficiency Account	-	-
Equity Grant Account	53,100,000	\$ 29,000,000
Equity Earnings Account	18,600,000	-
	<u>\$ 78,600,000</u>	<u>\$ 29,000,000</u>
<b>Total Available Funds (A. and B. above)</b>	<u>\$ 78,600,000</u>	<u>\$ 29,000,000</u>

**Proof of Timely & Expedious Use of Above Funds Held in DWSRF\***

Closed Loan (Undrawn loan amounts covered by on-hand Purchase A/C Funds)	\$ -
Closed Loan Excess Commitments (after Application of above Purchase A/C **)	10,900,000
Closed Loan to be funded directly from Equity (undrawn portion of loan)	<u>400,000</u>
PERs In-house (approved & under-review) Awaiting Loan Closing	601,900,000
Other Projects on new SFY's PPL, Requesting Loan Funding	<u>15,100,000</u>
1. Use: to cover Loan Demand***	<u>628,300,000</u>
2. Use: to cover Series Reserve Requirement	<u>6,800,000</u>
<b>Possible Uses of Funds (1 &amp; 2 above without considering other secondary purposes for holding them in the DWSRF) # are as follows:</b>	<u>\$ 635,100,000</u>

<b>Uses of Funds (1 &amp; 2 above):</b>	\$ 635,100,000
<b>Less: Total Available Funds (A. and B. above)</b>	107,600,000
<b>Amount by which "Possible Uses of Funds" EXCEED "Total Available Funds"</b>	<u>\$ 527,500,000</u>

Notes:

- \* Amounts are approximate & rounded to nearest \$100,000
- \*\* This amount is a net unfunded amount of closed loans after application of the June 30th on-hand balance.
- \*\*\* While use will likely be met with future Program Bonds, possible that on-hand funds could be used. When covered by issuance of Program Bonds used to make subsidized loan, a reserve of 40% to 50% is funded from Equity and additional Program Bonds are used to make pooled loan at a market rate. Such Program Bonds would not be sufficient to meet all needs.

Exhibit J  
SFY 2021 DWSRF Loan Program Quarterly Interest Rates<sup>1</sup>

State Fiscal Year (SFY) By Quarter (Qtr)	User Rates (Over \$45)	User Rates (\$25 to \$45)	User Rates (Under \$25)
Tier III (Median Household Income <sup>2</sup> : under \$43,460)			
1 <sup>st</sup> Qtr SFY 2021	2.00%	2.00%	2.00%
2 <sup>nd</sup> Qtr SFY 2021	2.00%	2.00%	2.00%
3 <sup>rd</sup> Qtr SFY 2021	2.00%	2.00%	2.00%
4 <sup>th</sup> Qtr SFY 2021	2.00%	2.00%	2.00%
Tier II (Median Household Income: \$43,461 to \$54,324)			
1 <sup>st</sup> Qtr SFY 2021	2.00%	2.00%	2.00%
2 <sup>nd</sup> Qtr SFY 2021	2.00%	2.00%	2.00%
3 <sup>rd</sup> Qtr SFY 2021	2.00%	2.00%	2.00%
4 <sup>th</sup> Qtr SFY 2021	2.00%	2.00%	2.00%
Tier I (Median Household Income: over \$54,325)			
1 <sup>st</sup> Qtr SFY 2021	2.00%	2.00%	2.00%
2 <sup>nd</sup> Qtr SFY 2021	2.00%	2.00%	2.00%
3 <sup>rd</sup> Qtr SFY 2021	2.00%	2.00%	2.00%
4 <sup>th</sup> Qtr SFY 2021	2.00%	2.00%	2.00%

<sup>1</sup> Up to an additional .50 percent reduction is possible if a project is financed that includes green/sustainable, including climate resiliency, components. The SRF interest rate may also be reduced if a project includes lead line replacement.

<sup>2</sup> Median Household Income reflected in the 2014-2018 ACS 5-year Estimate data.

Exhibit K

Summary of Drinking Water Program Fee Sources and Uses

<b><u>Total Fees Collected</u></b> \$ 13,000,000
---

<b>Participant/ Project</b>	<b>Description</b>	<b>Allocated Amount</b>	<b>Expenses</b>	<b>Participant/ Project Balance</b>
<b>WhyFi Water Admin</b>	Senate Enrolled Act No. 347 (Act) requires all public water utilities in the State of Indiana to provide to the Indiana Finance Authority (IFA) a Non-Revenue Water Audit as identified in the American Water Works Association Manual of Water Supply Practices M-36.	495,270	(495,270)	-
<b>Jonesboro</b>	To provide the Town of Jonesboro funding to purchase remote water metering equipment. Original loan amount was \$129,000; undrawn balance re-amortized on 2/27/20.	88,936	(88,936)	-
<b>Lead Sampling Program</b>	<p>To complete the public health goal of ensuring safe drinking water for Indiana public schools, the Authority will implement a lead sampling program. The goal of the program is to fund a voluntary lead sampling program for interested public schools in the state. The program will offer drinking water sampling and testing of Indiana public school buildings to ensure Indiana’s public schools are aware of any lead exceedances.</p> <p>The Authority will work with IDEM and any necessary third-party contractors who can assist in the development, implementation, training, sampling, and reporting of data. Allocation reduced.</p>	4,000,000	(3,269,355)	730,645
<b>Delphi BAN</b>	The project will install water main, a raw water main, a new booster station, a new ground storage tank, and rehabilitation of two other storage tanks.	1,000,000	-	1,000,000
<b>Lanesville Loan</b>	The project is to refund the outstanding RD bonds. The bonds funded the installation of watermain and a new 200,000-gallon water tower.	1,200,000	(1,161,551)	38,449
<b>Lewisville BAN</b>	The project will replace well pumps, improve treatment plant components, install new water main, a new booster station, and new meters.	700,000	(575,305)	124,695

<b>Fountain City</b>	The project includes replacing water mains and appurtenances to reduce water loss in the distribution system. The project will also install a bulk loading station.	2,350,000	(1,116,798)	1,233,202
<b>TOTAL</b>		<b>9,834,206</b>	<b>(6,707,215)</b>	<b>3,126,991</b>
<b>Loan Repayments</b>				68,189
<b>Interest Earned</b>				351,690
		<b><u>Unallocated Funds</u></b> \$ 3,585,672		<b><u>Account Balance</u></b> \$ 6,712,662

Exhibit L  
Summary of DWSRF Transfers

Consistent with its Intended Use Plans and EPA Policy Statement (FRL-6884-7, 65 FR 199, 10/13/00, pg. 60940), the State is reporting on transfers between the CWSRF and the DWSRF. In its Intended Use Plans, the State retained the flexibility to make transfers of grants (and other funds) held in or allocable to such funds to the extent permitted by the Clean Water Act and the Safe Drinking Water Act. As of June 30, 2021, an amount of up to 33 percent of the Safe Drinking Water Act grants for FFYs 1997 through 2021 could be so transferred on a net cumulative basis. Based on the State's award of Safe Drinking Water Act related funds for FFY 1997 through 2021, to date, approximately \$23.6 million has been transferred to the DWSRF from the CWSRF. The following transfers were made from the 1998 Restricted Subaccount of the Wastewater Equity Account held under the Wastewater Indenture, which represents federal grants previously converted to cash and deposited in that account, to the Drinking Water Trustee for deposit in the 1998 Restricted Subaccount of the Drinking Water Equity Account held under the Drinking Water Indenture:

<u>Transfer Dates</u>	<u>Transfer Amounts</u>
August 25, 2000	\$17,479,407
February 15, 2001	2,985,491
May 1, 2002	<u>3,120,183</u>
<b>Total</b>	<b>\$23,585,081</b>

Such transfers did not negatively affect the capacity of the CWSRF to finance proposed projects during SFY 2021.



**STATE REVOLVING FUND LOAN PROGRAMS  
(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)**

COMBINED FINANCIAL STATEMENTS

June 30, 2021 and 2020

**STATE REVOLVING FUND LOAN PROGRAMS  
(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)  
Indianapolis, Indiana**

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## *Independent Auditors' Report*

Members of the Indiana Finance Authority  
State Revolving Fund Loan Programs

### **Report on the Financial Statements**

We have audited the accompanying combined financial statements of State Revolving Fund Loan Programs, an enterprise fund of the Indiana Finance Authority, which comprise the combined statements of net position as of June 30, 2021 and 2020, and the related combined statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the notes to the combined financial statements.

### ***Management's Responsibility for the Combined Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

1.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of State Revolving Fund Loan Programs at June 30, 2021 and 2020, and the changes in their financial position and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 be presented to supplement the basic combined financial statements. Such information, although not a part of the basic combined financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic combined financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic combined financial statements, and other knowledge we obtained during our audits of the basic combined financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Report on Other Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the basic combined financial statements as a whole. The combining schedules of statements of net position information, statements of revenues, expenses and changes in net position information, and statements of cash flows information are presented for purposes of additional analysis and are not a required part of the basic combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic combined financial statements or to the basic combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic combined financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2021, on our consideration of State Revolving Fund Loan Programs' internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of State Revolving Fund Loan Programs' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering State Revolving Fund Loan Programs' internal control over financial reporting and compliance.

*Katz, Sapper & Miller, LLP*

Indianapolis, Indiana  
September 28, 2021

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

**STATE REVOLVING FUND LOAN PROGRAMS**  
**(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A") (UNAUDITED)**  
**June 30, 2021**

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As management of the State Revolving Fund Loan Programs (SRF Programs), we offer readers of the SRF Programs' combined financial statements this narrative overview (Management's Discussion and Analysis (MD&A)) of the financial activities of the SRF Programs for the fiscal year ended June 30, 2021. All amounts, unless otherwise indicated, are expressed in thousands of dollars and are approximate.

**Financial Highlights:** The SRF Programs' total net position increased by \$23.7 million during the current fiscal year from \$1,504.6 million to \$1,528.3 million. Nonoperating revenues consisted of \$31.1 million of capital contributions (grants) from the U.S. Environmental Protection Agency (EPA) during fiscal year 2021. SRF Programs' net position is restricted for water pollution and drinking water projects and related purposes of SRF Programs.

During the current fiscal year, the SRF Programs' liabilities decreased by \$262.5 million. The primary decrease in liabilities is a result of scheduled principal payments and defeased bonds. The SRF Programs defeased \$171.3 million of the partial Series 2012C, 2015A, 2016A, 2016D, 2016E, 2017C, 2018A, and 2019E bonds.

The SRF Programs disbursed \$382.8 million to participants during the current year to fund wastewater and drinking water infrastructure project expenses. Loans receivable can be found in Note 4 to the combined financial statements starting on page 20 of this report.

### **BASIC COMBINED FINANCIAL STATEMENTS**

This MD&A is intended to serve as an introduction to the SRF Programs' basic combined financial statements (Report). The accompanying report only provides information on the financial activities associated with the SRF Programs which are an enterprise fund of the Indiana Finance Authority, where financial transactions are reported as business-type activities. The basic combined financial statements do not represent a comprehensive annual financial report of the Indiana Finance Authority.

Enterprise funds are used to report any activities for which income fees are charged to external users for goods and services. In addition, enterprise funds must be used in situations where debt is backed solely by fees and charges. An enterprise fund is accounted for in a manner similar to a commercial enterprise on the accrual basis of accounting.

**STATE REVOLVING FUND LOAN PROGRAMS  
(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)  
MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A") (UNAUDITED)  
June 30, 2021**

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The SRF Programs' basic combined financial statements include statements of net position, statements of revenues, expenses and changes in net position, statements of cash flows, and the notes to the combined financial statements. These combined financial statements can be found on pages 9-11 of this report and are summarized below:

- The *combined statements of net position* present information on all of the SRF Programs' assets, deferred outflows of resources, and liabilities, with the difference reported as net position.
- The *combined statements of revenues, expenses and changes in net position* present information showing how the SRF Programs' net position changed during each year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.
- In contrast, the *combined statements of cash flows* are concerned solely with flows of cash and cash equivalents. Transactions are recorded when cash is received or exchanged, without concern of when the underlying event causing the transactions occurred.

The notes to the combined financial statements provide additional information that is essential to a full understanding of the data provided in the combined financial statements. The notes to the combined financial statements can be found on pages 12-36 of this report.

In addition to the basic combined financial statements and accompanying notes, this report also presents other supplementary information on pages 37-39. These combining schedules are not a required part of the basic combined financial statements, but they provide detailed financial statement information for each individual program. The combining schedules are included to provide other useful information for the readers of the basic combined financial statements.

**STATE REVOLVING FUND LOAN PROGRAMS  
(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)  
MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A") (UNAUDITED)  
June 30, 2021**

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**FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the government enterprise's financial position. In the case of the SRF Programs, net position is \$1,528.3 million at the close of the most recent fiscal year.

**State Revolving Fund Loan Programs' Net Position  
(In Thousands of Dollars)**

	2021	June 30, 2020	2019
Current assets	\$ 382,926	\$ 709,361	\$ 701,215
Noncurrent assets	<u>2,989,361</u>	<u>2,898,741</u>	<u>2,543,212</u>
Total Assets	<u>3,372,287</u>	<u>3,608,102</u>	<u>3,244,427</u>
 Deferred Outflows of Resources	 <u>7,968</u>	 <u>10,969</u>	 <u>15,138</u>
 Current liabilities	 151,272	 170,883	 152,023
Long-term liabilities	<u>1,700,677</u>	<u>1,943,570</u>	<u>1,683,732</u>
Total Liabilities	<u>1,851,949</u>	<u>2,114,453</u>	<u>1,835,755</u>
 Net Position			
Restricted	<u>1,528,306</u>	<u>1,504,618</u>	<u>1,423,810</u>
 Total Net Position	 <u>\$1,528,306</u>	 <u>\$1,504,618</u>	 <u>\$1,423,810</u>

As new and existing projects are undertaken and completed, additional bonds on behalf of the SRF Programs are issued in order to fund the projects.

In fiscal year 2021, participant needs were met with EPA grants, the WIFIA Loan, and funds on hand.

**STATE REVOLVING FUND LOAN PROGRAMS**  
**(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A") (UNAUDITED)**  
**June 30, 2021**

**State Revolving Fund Loan Programs' Changes in Net Position**  
(In Thousands of Dollars)

	Years Ended June 30,		
	2021	2020	2019
Operating Revenues			
Interest income-investments	\$ 1,388	\$ 13,495	\$ 18,906
Interest income-participants	78,106	75,249	60,461
Other	<u>1,423</u>	<u>1,754</u>	<u>803</u>
Total operating revenues	<u>80,917</u>	<u>90,498</u>	<u>80,170</u>
Operating Expenses			
Interest	59,888	53,056	45,262
Bond issuance costs	-	2,102	3,505
Trustee fees	111	93	74
Other program and administrative	<u>4,626</u>	<u>6,836</u>	<u>4,490</u>
Total operating expenses	<u>64,625</u>	<u>62,087</u>	<u>53,331</u>
Operating Income	16,292	28,411	26,839
Nonoperating Revenues and (Expenses)			
Capital contributions (EPA Grants)	31,124	76,420	54,619
Loan forgiveness	<u>(23,728)</u>	<u>(24,023)</u>	<u>(15,081)</u>
Total nonoperating revenues and (expenses)	<u>7,396</u>	<u>52,397</u>	<u>39,538</u>
Increase in Net Position	23,688	80,808	66,377
Net Position:			
Beginning of Year	<u>1,504,618</u>	<u>1,423,810</u>	<u>1,357,433</u>
End of Year	<u>\$1,528,306</u>	<u>\$1,504,618</u>	<u>\$1,423,810</u>

The SRF Programs' net position increased by \$23.7 million during the current fiscal year. Key elements of this increase are as follows:

- The SRF Programs received \$31.1 million in capital contributions (grants) from the EPA for qualified drinking water projects and related program purposes.
- Operating revenues exceeded operating expenses by \$16.3 million.
- The SRF Programs had \$23.7 million in loan forgiveness.

**STATE REVOLVING FUND LOAN PROGRAMS**  
**(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A") (UNAUDITED)**  
**June 30, 2021**

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**DEBT ADMINISTRATION**

Long-term Debt: At the end of the current fiscal year, the SRF Programs' debt, net of premium/discount was \$1.8 billion. The amount due represents bonds issued solely for the State Revolving Fund Loan Programs.

**State Revolving Fund Loan Programs' Outstanding Debt**  
(In Thousands of Dollars)

	2021	2020	2019
Net Bond Indebtedness	<u>\$1,821,398</u>	<u>\$2,078,198</u>	<u>\$1,803,942</u>

During the current fiscal year, the SRF Programs' debt decreased by \$262.5 million. The primary decrease in liabilities is a result of scheduled principal payments and defeased bonds. The SRF Programs defeased \$171.3 million of the partial Series 2012C, 2015A, 2016A, 2016D, 2016E, 2017C, 2018A, and 2019E bonds.

Additional information on the SRF Programs' long-term debt can be found in Notes 7 and 8 to the combined financial statements on pages 22-35 of this report.

**REQUESTS OF INFORMATION**

This financial report is designed to provide a general overview of the SRF Programs' finances for all those with an interest in the SRF Programs' finances. Questions concerning any of the information should be addressed to the Director of Environmental Programs, c/o State Revolving Fund Wastewater and Drinking Water Loan Programs, 100 N. Senate Avenue, Room 1275, IGCN - 12th Floor, Indianapolis, IN 46204.

## **COMBINED FINANCIAL STATEMENTS**

**STATE REVOLVING FUND LOAN PROGRAMS**  
**(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)**  
**COMBINED STATEMENTS OF NET POSITION**  
**June 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Current Assets:		
Cash and equivalents	\$ 206,932,169	\$ 439,146,794
Interest receivable	33,825,018	35,505,002
Due from EPA	65,218	130,039
Accounts receivable	3,000	2,000
Loans receivable-current, net	142,100,840	234,577,160
Total Current Assets	382,926,245	709,360,995
Noncurrent Assets:		
Investments	38,083,448	65,805,170
Loans receivable, net	2,951,171,607	2,832,829,088
Equipment, net	105,792	106,253
Total Noncurrent Assets	2,989,360,847	2,898,740,511
Total Assets	3,372,287,092	3,608,101,506
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Loss on debt refunding	7,967,457	10,969,366
Total Deferred Outflows of Resources	7,967,457	10,969,366
<b>LIABILITIES</b>		
Current Liabilities:		
Interest payable	29,959,215	35,591,049
Accounts payable	394,027	591,977
Amount due to federal government	125,263	-
Bonds/Notes payable-current, net	120,793,100	134,700,300
Total Current Liabilities	151,271,605	170,883,326
Long-term Liabilities:		
Amount due to federal government	72,146	71,429
Bonds/Notes payable, net	1,700,605,223	1,943,497,895
Total Long-term Liabilities	1,700,677,369	1,943,569,324
Total Liabilities	1,851,948,974	2,114,452,650
<b>NET POSITION</b>		
Restricted for water pollution and drinking water projects and other related program purposes	\$ 1,528,305,575	\$ 1,504,618,222

*See accompanying notes.*

**STATE REVOLVING FUND LOAN PROGRAMS**  
**(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)**  
**COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**Years Ended June 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>OPERATING REVENUES</b>		
Interest income-investments	\$ 1,388,110	\$ 13,495,005
Interest income-loan participants	78,105,854	75,248,860
Administration and premium fees	44,002	48,663
Other	<u>1,378,598</u>	<u>1,706,063</u>
Total Operating Revenues	<u>80,916,564</u>	<u>90,498,591</u>
<b>OPERATING EXPENSES</b>		
Interest	59,887,506	53,055,666
Bond issuance costs	-	2,102,446
Trustee fees	111,400	92,900
Other program and administrative	<u>4,626,177</u>	<u>6,836,047</u>
Total Operating Expenses	<u>64,625,083</u>	<u>62,087,059</u>
<b>OPERATING INCOME</b>	16,291,481	28,411,532
<b>NONOPERATING REVENUES AND (EXPENSES)</b>		
Capital contributions (EPA Grants)	31,124,389	76,419,893
Loan forgiveness	<u>(23,728,517)</u>	<u>(24,023,278)</u>
Total Nonoperating Revenues and (Expenses)	<u>7,395,872</u>	<u>52,396,615</u>
<b>INCREASE IN NET POSITION</b>	23,687,353	80,808,147
<b>NET POSITION</b>		
Beginning of Year	<u>1,504,618,222</u>	<u>1,423,810,075</u>
End of Year	<u>\$ 1,528,305,575</u>	<u>\$ 1,504,618,222</u>

*See accompanying notes.*

**STATE REVOLVING FUND LOAN PROGRAMS**  
**(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)**  
**COMBINED STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash payments for salaries, administrative and other expenses	\$ (3,431,488)	\$ (5,593,805)
Administration fee	44,002	48,663
Net Cash Used by Operating Activities	<u>(3,387,486)</u>	<u>(5,545,142)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Maturities of loans to participants	356,885,578	219,900,208
Issuance of loans to participants	(382,751,777)	(707,046,645)
Change in investments	27,721,722	39,687,509
Interest received on loans and investments	81,173,948	83,827,511
Net Cash Provided (Used) by Investing Activities	<u>83,029,471</u>	<u>(363,631,417)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Proceeds from debt issuance	110,000,000	485,607,143
Principal payments to reduce indebtedness including refunding	(341,668,558)	(175,390,578)
Payment of debt issuance costs, net of refunding	-	(2,102,446)
Interest paid on debt	(87,648,745)	(80,002,517)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(319,317,303)</u>	<u>228,111,602</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Capital contributions (EPA grants)	31,189,210	76,674,356
Issuance of forgivable loans to participants	(23,728,517)	(24,023,278)
Net Cash Provided by Capital Financing Activities	<u>7,460,693</u>	<u>52,651,078</u>
<b>NET DECREASE IN CASH AND EQUIVALENTS</b>	(232,214,625)	(88,413,879)
<b>CASH AND EQUIVALENTS</b>		
Beginning of Year	<u>439,146,794</u>	<u>527,560,673</u>
End of Year	<u>\$ 206,932,169</u>	<u>\$ 439,146,794</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 16,291,481	\$ 28,411,532
Adjustments to reconcile operating income to net cash used by operating activities:		
Depreciation	461	461
Interest income	(79,493,964)	(88,743,865)
Interest expense	59,887,506	53,055,666
Bond issuance costs	-	2,102,446
Changes in assets and liabilities:		
Accounts receivable	(1,000)	31,500
Accounts payable	(197,950)	(474,311)
Amount due to federal government	125,980	71,429
Net Cash Used by Operating Activities	<u>\$ (3,387,486)</u>	<u>\$ (5,545,142)</u>

*See accompanying notes.*

**STATE REVOLVING FUND LOAN PROGRAMS**  
**(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**Years Ended June 30, 2021 and 2020**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Wastewater State Revolving Fund Loan Program (WSRF) and the Drinking Water State Revolving Fund Loan Program (DWSRF), collectively known as State Revolving Fund Loan Programs (SRF Programs), conform to generally accepted accounting principles as applicable to governmental units in the United States of America. The following is a summary of significant policies:

Reporting Entity: The accompanying combined financial statements report only on the financial activities associated with the SRF Programs, which are an enterprise fund of the Indiana Finance Authority (Authority). The combined financial statements do not represent a comprehensive annual financial report of the Authority.

Principles of Combination: The combined financial statements of the SRF Programs include the accounts of the WSRF and the DWSRF. All significant intra-entity accounts and transactions between the individual programs have been eliminated.

Basis of Presentation and Accounting: The SRF Programs are accounted for as Enterprise Funds. An Enterprise Fund is used to account for an operation where periodic determination of revenues earned, expenses incurred, and net income on an accrual basis is appropriate (accrual method). Accordingly, the SRF Programs recognize revenues in the period earned and expenses in the period incurred. Financial transactions are reported as business-type activities.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The SRF Programs follow GASB pronouncements.

The Wastewater State Revolving Fund Loan Program and Drinking Water State Revolving Fund Loan Program: The federal Water Quality Act of 1987 as amended in 1996, and further amended by the Water Resources and Development Act (WRRDA) of 2014 authorized the United States Environmental Protection Agency (EPA) to award capitalization grants to states for public drinking water system programs and water pollution control revolving fund programs. Pursuant to Indiana Code 13-18-13 (WSRF Act), as replaced by Indiana Code 5-1.2-10 effective July 1, 2018, the State of Indiana (State) originally established a water pollution control revolving fund program to provide financial assistance, essentially, to make loans, to political subdivisions for eligible projects. A variety of political subdivisions and other eligible borrowers may receive loans from the WSRF Program, including municipal sewage works, sanitary districts, regional sewer districts and conservancy districts. Pursuant to Indiana Code 13-18-21 (DWSRF Act), as replaced by Indiana Code 5-1.2-10 effective July 1, 2018, the State also has established a public drinking water system program to provide financial assistance for eligible projects. The SRF Programs provide both loans and forgivable loans to public water systems for eligible projects.

**STATE REVOLVING FUND LOAN PROGRAMS**  
**(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**Years Ended June 30, 2021 and 2020**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

By operation of law, effective May 15, 2005, all assets and liabilities of the SRF Programs (including the outstanding bonds of the Indiana Bond Bank related to the SRF Programs) became the assets and liabilities of the Indiana Finance Authority instead of the State or the Indiana Bond Bank. For years ending on, or before, June 30, 2005, these assets and liabilities of the SRF Programs were previously reported as part of the respective financial statements of the State and/or the Indiana Bond Bank.

The Authority has capitalized its WSRF and DWSRF Programs with payments made under capitalization grants and with required state matching funds. Payments under, and the use of capitalization grants, are subject to federal law and regulated by the federal government, acting through the EPA.

Under the WSRF and DWSRF Acts, the Authority has responsibility for the administration and management of the WSRF and DWSRF Programs. The Authority has entered into Trust Indentures with The Bank of New York Mellon Trust Company, N.A., successor to J.P. Morgan Trust Company, N.A., to establish a series of separate funds and accounts for operation of the SRF Programs. The indentures create state revolving funds (the Funds) and govern the use of certain bond proceeds and capitalization grants under the WSRF Act and the DWSRF Act. The SRF Programs are being operated initially as leveraged programs, whereby the earnings on certain moneys deposited in the Funds, including payments on loans made from the Funds, are applied to pay debt service on bonds issued to finance the SRF Programs.

If necessary, the capitalization grants are deposited into the SRF Programs accounts and are available to pay scheduled debt service on the Revenue Bonds. SRF Programs participant loan repayments and interest earned on the SRF Programs investments are used to meet the debt service obligations for the Revenue Bonds. States are required to provide an additional 20 percent of the federal capitalization grant as matching funds in order to receive a grant. SRF Programs matching funds have been provided through the issuance of revenue bonds payable from the interest portion of the SRF Program participant loan repayments and the earnings on the funds. Federal contributions are funded and recognized as capital contributions when amounts are received. The Authority may use amounts of up to 4 percent of the federal capitalization grant to pay salaries and administrative costs incurred in the management of the SRF Programs.

The Authority issued Series 2004B, 2006A, 2009A, 2010A, 2010B, 2010C, 2011A, 2012A, 2012B, 2012C, 2013A, 2014B, 2015A, 2015B, 2016A, 2016B, 2016D, 2016E, 2017B, 2017C, 2018A, 2019A, 2019C, 2019D, 2019E, 2019F Bonds, and WIFIA 17114IN Loan in respect of the SRF Programs. Such liabilities are summarized in Note 7 and are secured by a common trust estate supported in part by participant loan repayments.

**STATE REVOLVING FUND LOAN PROGRAMS**  
**(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**Years Ended June 30, 2021 and 2020**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Estimates: Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from those estimates.

Restricted Net Position: Restricted net position is available for providing financial assistance related to water pollution control and drinking water projects and other purposes of the SRF Programs.

Cash and Equivalents: Cash and equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments: Investments are recorded at fair value, based on quoted market prices of the investment or similar investments. Changes in the fair value of investments are included in the combined statements of revenues, expenses and changes in net position.

Allowance for Doubtful Accounts: Management's estimate of the allowance for doubtful accounts is determined by the forgivable loans closed by the SRF Programs, and by a review of individual loan balances' collectability. The allowance for doubtful accounts was \$68,312,830 and \$46,084,313 at June 30, 2021 and 2020, respectively.

Bond Discounts, Premiums, and Bond Issuance Costs: Bond discounts and premiums are amortized using the interest method over the varying terms of the bonds issued. Bond issuance costs are recorded as expenses when incurred.

Operating Revenues and Expenses: Operating revenues and expenses generally result from providing services. Operating expenses include the cost of providing services and interest on debt. For enterprise funds, revenue and expense transactions normally classified as other than operating cash flows are classified as operating revenues and expenses if those transactions constitute principal ongoing operations. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses, and include capital contributions.

Subsequent Events: The Authority has evaluated the combined financial statements for subsequent events occurring through September 28, 2021, the date the combined financial statements were available to be issued. See Note 12.

**STATE REVOLVING FUND LOAN PROGRAMS  
(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)  
NOTES TO COMBINED FINANCIAL STATEMENTS  
Years Ended June 30, 2021 and 2020**

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**NOTE 2 - CASH AND EQUIVALENTS AND INVESTMENTS**

All cash and equivalents and investments are held by, or in the name of, The Bank of New York Mellon Trust Company, N.A., as trustee under certain indentures of trusts (Trust Indentures) pertaining to the SRF Programs and the bonds issued in connection with the SRF Programs. Pursuant to enabling statutes, the investments permitted by the Trust Indentures represent investment policy choices that make the generally applicable provisions of Indiana Code 5-13 inapplicable to the SRF Programs' investments.

A summary of cash and equivalents and investments as of June 30, 2021 and 2020 follows:

	<u>2021</u>		
	<u>Wastewater</u>	<u>Drinking Water</u>	<u>Total</u>
Money market funds	\$ 108,636,736	\$ 70,381,002	\$ 179,017,738
Government obligations	<u>47,132,996</u>	<u>18,864,883</u>	<u>65,997,879</u>
	<u>\$ 155,769,732</u>	<u>\$ 89,245,885</u>	<u>\$ 245,015,617</u>
	<u>2020</u>		
	<u>Wastewater</u>	<u>Drinking Water</u>	<u>Total</u>
Money market funds	\$ 231,108,713	\$ 98,619,075	\$ 329,727,788
Government obligations	<u>121,650,130</u>	<u>53,574,046</u>	<u>175,224,176</u>
	<u>\$ 352,758,843</u>	<u>\$ 152,193,121</u>	<u>\$ 504,951,964</u>

**STATE REVOLVING FUND LOAN PROGRAMS  
(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)  
NOTES TO COMBINED FINANCIAL STATEMENTS  
Years Ended June 30, 2021 and 2020**

**NOTE 2 - CASH AND EQUIVALENTS AND INVESTMENTS (CONTINUED)**

Investment Type and Interest Rate Risk Disclosure: As of June 30, 2021, the SRF Programs had the following investments and maturities (amounts are in thousands):

	<b>Wastewater</b>				
	<b>Investment Maturities (in years)</b>				
Fair Value	< 1	1 - < 5	5 - < 10	> 10	
Money market funds	\$108,637	\$ 108,637	\$ -	\$ -	\$ -
Government obligations	<u>47,133</u>	<u>21,040</u>	<u>17,436</u>	<u>8,657</u>	<u>-</u>
	<u>\$155,770</u>	<u>\$ 129,677</u>	<u>\$ 17,436</u>	<u>\$ 8,657</u>	<u>\$ -</u>

	<b>Drinking Water</b>				
	<b>Investment Maturities (in years)</b>				
Fair Value	< 1	1 - < 5	5 - < 10	> 10	
Money market funds	\$ 70,381	\$ 70,381	\$ -	\$ -	\$ -
Government obligations	<u>18,865</u>	<u>6,874</u>	<u>10,690</u>	<u>1,301</u>	<u>-</u>
	<u>\$ 89,246</u>	<u>\$ 77,255</u>	<u>\$ 10,690</u>	<u>\$ 1,301</u>	<u>\$ -</u>

Credit Risk Disclosure: The following table (in thousands of dollars) provides information on the credit ratings associated with the SRF Programs' investments in debt securities at June 30, 2021:

	<b>S&amp;P</b>	<b>Fitch</b>	<b>Moody's</b>	<b>Fair Value</b>
Money market funds	AAAm	N/A	Aaa-mf	\$ 129,081
	AAAm	AAAmmf	Aaa-mf	49,937
Government obligations	AA+	AAA	Aaa	<u>65,998</u>
Total Rated Investments				<u>\$ 245,016</u>

**STATE REVOLVING FUND LOAN PROGRAMS**  
**(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**Years Ended June 30, 2021 and 2020**

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**NOTE 2 - CASH AND EQUIVALENTS AND INVESTMENTS (CONTINUED)**

Custodial Credit Risk: The SRF Programs have no custodial credit risk. The investments are secured by government securities held pursuant to securities or repurchase contracts or otherwise secured by perfected security interest in the same. Such government securities are either issued or guaranteed by the U.S. Government, including United States Treasury obligations and any other obligations, the timely payment of principal and interest of which, are guaranteed by the U.S. Government and bonds, notes, debentures, obligations or other evidence of indebtedness issued and/or guaranteed by Fannie Mae, Federal Home Loan Mortgage Corporation, Government National Mortgage Association or any other agency or instrumentality of the United States, including, but not limited to, mortgage participation certificates, mortgage pass-through certificates, collateralized mortgage obligations and other mortgage-backed securities.

Concentration of Credit Risk: The SRF Programs place no limit on the amount that may be invested in any one issuer. The following table shows investments in issuers that represent 5% or more of the total investments at June 30, 2021:

Dreyfus Government	25%
Goldman FS Government	23%
US Treasury	20%
Federal Governmental Agency Debt	7%
Invesco Government	7%
JP Morgan Government	7%
Morgan Stanley Government	7%

**NOTE 3 - FAIR VALUE MEASUREMENTS**

The SRF Programs have categorized their assets and liabilities that are measured at fair value into a three-level fair value hierarchy. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy are described as follows:

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

**STATE REVOLVING FUND LOAN PROGRAMS  
(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)  
NOTES TO COMBINED FINANCIAL STATEMENTS  
Years Ended June 30, 2021 and 2020**

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**NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)**

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

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

Following is a description of the valuation methodologies used by the SRF Programs for assets that are measured at fair value on a recurring basis. There have been no changes in the methodologies used at June 30, 2021 and 2020.

*Money Market Fund Shares:* Valued at the daily closing price as reported by the funds. These funds are required to publish their daily net asset value (NAV) and to transact at that price. These funds are deemed to be actively traded.

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

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

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

**STATE REVOLVING FUND LOAN PROGRAMS  
(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)  
NOTES TO COMBINED FINANCIAL STATEMENTS  
Years Ended June 30, 2021 and 2020**

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**NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)**

Following is a summary, within each level of the fair value hierarchy, of the SRF Programs' assets that are measured at fair value on a recurring basis as of June 30, 2021 and 2020:

<b>2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
<b>Assets</b>			
Cash Equivalents:			
Money Market Fund Shares	\$179,017,738	\$ -	\$179,017,738
Government Obligations	-	27,914,431	27,914,431
Investments:			
Government Obligations	<u>-</u>	<u>38,083,448</u>	<u>38,083,448</u>
Total Assets at Fair Value	<u>\$179,017,738</u>	<u>\$ 65,997,879</u>	<u>\$245,015,617</u>
<b>2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
<b>Assets</b>			
Cash Equivalents:			
Money Market Fund Shares	\$329,727,788	\$ -	\$329,727,788
Government Obligations	-	109,419,006	109,419,006
Investments:			
Government Obligations	<u>-</u>	<u>65,805,170</u>	<u>65,805,170</u>
Total Assets at Fair Value	<u>\$329,727,788</u>	<u>\$175,224,176</u>	<u>\$504,951,964</u>

At June 30, 2021 and 2020, the SRF Programs had no other assets and no liabilities that are measured at fair value on a recurring basis.

**STATE REVOLVING FUND LOAN PROGRAMS  
(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)  
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**NOTE 4 - LOANS RECEIVABLE**

The net proceeds from the issuance of the Revenue Bonds were deposited in the SRF Programs Account and are used primarily to fund loans to participants for eligible projects. The State's current intended use plans include a list of publicly-owned wastewater treatment works, a list of drinking water systems, and other projects proposed by eligible participants, which the State anticipates will be eligible for financial assistance.

The loans receivable balance at June 30, 2021 and 2020 includes actual advances for construction and related costs on eligible projects net of principal payments from participants as follows:

	<b>Loans Receivable as of June 30, 2021</b>	<b>Loans Receivable as of June 30, 2020</b>	<b>Actual Loan Available Less Principal Repayments as of June 30, 2021</b>
Wastewater Fund	\$2,535,102,864	\$2,538,541,357	\$2,656,828,155
Drinking Water Fund	<u>58,169,583</u>	<u>528,864,891</u>	<u>589,202,635</u>
Total All Loans	<u>\$3,093,272,447</u>	<u>\$3,067,406,248</u>	<u>\$3,246,030,790</u>

These amounts represent projects that have been submitted and approved by the SRF Programs, and the loans have been closed. Loans receivable includes current portions of \$142,100,840 at June 30, 2021 and \$234,577,160 at June 30, 2020.

**STATE REVOLVING FUND LOAN PROGRAMS  
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**NOTE 4 - LOANS RECEIVABLE (CONTINUED)**

As of June 30, 2021, the outstanding balances of closed loans exceeding 50 percent of the total loans receivable and representing the Programs' largest borrowers are summarized below:

Name of Participant	Loans Receivable as of June 30, 2021	Loans Receivable as of June 30, 2020	Actual Loan Available Less Principal Repayments as of June 30, 2021
<b>Wastewater Fund</b>			
Citizens Water Authority	\$ 411,367,681	\$ 348,616,713	\$ 411,367,681
City of Fort Wayne	395,490,831	312,855,342	402,179,592
City of Evansville	297,730,551	329,716,251	299,651,000
City of Terre Haute	176,042,000	193,748,000	176,042,000
<b>Drinking Water Fund</b>			
City of Evansville	\$ 74,421,697	\$ 77,220,000	\$ 74,421,697
City of Fort Wayne	47,884,019	49,524,508	50,196,000
City of East Chicago	37,925,175	40,291,722	38,048,000
City of Greensburg	27,728,123	29,214,623	27,728,123
City of Crown Point	20,744,034	11,602,324	21,703,700
City of Batesville	18,770,000	18,770,000	18,770,000
Town of Bargersville	13,955,000	14,620,000	13,955,000
City of Bluffton	13,779,000	13,789,000	13,779,000
City of Frankfort	13,630,000	-	13,630,000
City of Mishawaka	12,845,000	13,000,000	12,845,000

**NOTE 5 - INTEREST RECEIVABLE**

Interest receivable consists of accrued interest on investments and loans to participants as follows:

Interest receivable at June 30, 2021:

	Investments	Loans	Total
Wastewater	\$ 325,248	\$ 28,073,796	\$ 28,399,044
Drinking Water	<u>86,373</u>	<u>5,339,601</u>	<u>5,425,974</u>
	<u>\$ 411,621</u>	<u>\$ 33,413,397</u>	<u>\$ 33,825,018</u>

Interest receivable at June 30, 2020:

	Investments	Loans	Total
Wastewater	\$ 373,881	\$ 29,623,112	\$ 29,996,993
Drinking Water	<u>106,390</u>	<u>5,401,619</u>	<u>5,508,009</u>
	<u>\$ 480,271</u>	<u>\$ 35,024,731</u>	<u>\$ 35,505,002</u>

**STATE REVOLVING FUND LOAN PROGRAMS**  
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**NOTE 6 - ARBITRAGE REBATE AND YIELD REDUCTION PAYMENTS TO U.S. TREASURY**

Several series of bonds issued by the Indiana Bond Bank, succeeded by the Authority, in connection with the SRF Programs were the subject of legal opinions as of the date of their issuance to the effect that interest on such bonds was excludable from gross income for purposes of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"). Under the Code, such exclusion is conditioned on continuing compliance with certain tax covenants including payment of certain earnings in excess of the bond yield to the U.S. Treasury as rebate or yield reduction payments. Any estimated liabilities, which were calculated as of January 31, 2021, are recorded in both the general short-term debt group for the current portion and the general long-term debt account group for the long-term portion. With respect to such bonds, as of June 30, 2021, the SRF Programs had the following liabilities:

	<b>Yield Reduction</b>	<b>Due Date</b>
<b>2012C</b>		
Wastewater Fund	\$113,628	January 31, 2022
Drinking Water Fund	<u>11,635</u>	January 31, 2022
	<u>\$125,263</u>	
<b>2019C</b>		
Wastewater Fund	\$ 21,194	January 31, 2024
Drinking Water Fund	<u>13,360</u>	January 31, 2024
	<u>\$ 34,554</u>	
<b>2019F</b>		
Wastewater Fund	\$ 32,067	January 31, 2024
Drinking Water Fund	<u>5,525</u>	January 31, 2024
	<u>\$ 37,592</u>	

**NOTE 7 - BONDS AND NOTES PAYABLE**

The SRF Programs are structured to provide cross-collateralization in accordance with Federal Environmental Law, the bond indenture and SRF indentures, generally by providing a mechanism for pledged funds from either of the SRF Programs to be made available to the other. To effect such cross-collateralization, the SRF indentures allow the SRF trustee to disburse certain assets in the trust estate from either SRF Program and at the written direction of the program representative to collateralize, fund, or secure the other SRF Program, including transfers between the Drinking Water Fund and the Wastewater Fund, subject to provisions of State Environmental Law and Federal Environmental Law. However, under Federal Environmental Law, the bond indenture, and SRF indentures, cross-collateralization may not be used to provide for payment of debt service on bonds.

**STATE REVOLVING FUND LOAN PROGRAMS  
(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)  
NOTES TO COMBINED FINANCIAL STATEMENTS  
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**NOTE 7 - BONDS AND NOTES PAYABLE (CONTINUED)**

Bonds and Notes payable at June 30, 2021 and 2020 for bonds issued on behalf of the SRF Programs are summarized as follows:

	2021	2020
<b><u>Wastewater Fund:</u></b>		
<b>Series 2019F Bonds</b> issued November 21, 2019 for the aggregate amount of \$53,445,000, to refund the callable portion of Series of 2010A and 2010C Bonds maturing from February 1, 2021 to February 1, 2022 at an interest rate of 5.00%. Of this, \$45,590,000 was allocated to the WSRF Program based upon the percentage of the original bond proceeds allocated to each program.	\$ 16,115,000	\$ 45,590,000
<b>Series 2019E Bonds</b> issued October 10, 2019 for the aggregate amount of \$215,000,000, maturing from February 1, 2021 to February 1, 2047 at an interest rate of 5.00%. Of this, \$135,820,000 was allocated to the WSRF Program based upon the percentage of the original bond proceeds allocated to each program. In May 2021, \$11,000,000 was cash defeased.	124,820,000	135,820,000
<b>WIFIA 17114IN Loan</b> dated September 6, 2019 for the aggregate amount up to \$436,000,000 maturing from January 15, 2021 to January 15, 2054 at an interest rate of 1.78%. A \$164,000,000 disbursement of funds occurred on October 9, 2019 with the entire amount allocated to the WSRF Program. A \$110,000,000 disbursement occurred on May 19, 2021 with the entire amount allocate to the WSRF Program.	264,868,900	164,000,000
<b>Series 2019C Bonds</b> issued June 4, 2019 for the aggregate amount of \$81,275,000, maturing from February 1, 2023 to February 1, 2036 at an interest rate of 5.00%. Of this, \$49,850,000 was allocated to the WSRF Program based upon the percentage of the original bond proceeds allocated to each program.	49,850,000	49,850,000

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**STATE REVOLVING FUND LOAN PROGRAMS  
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**NOTE 7 - BONDS AND NOTES PAYABLE (CONTINUED)**

	2021	2020
<b>Series 2019A Bonds</b> issued January 24, 2019 for the aggregate amount of \$266,740,000, maturing from February 1, 2026 to February 1, 2039 at an interest rate of 5.00%. The whole amount was allocated to the WSRF Program.	\$ 266,740,000	\$ 266,740,000
<b>Series 2018A Bonds</b> issued October 24, 2018 for the aggregate amount of \$153,195,000, maturing from February 1, 2020 to February 1, 2035 at an interest rate of 5.00%. Of this, \$110,000,000 was allocated to the WSRF Program based upon the percentage of the original bond proceeds allocated to each program. In May 2021, \$10,000,000 was cash defeased.	100,000,000	110,000,000
<b>Series 2017C Refunding Bonds</b> issued November 1, 2017 for the aggregate amount of \$124,495,000 to refund the callable portion of Series 2010B, 2011A, and 2012B Bonds, maturing from February 1, 2018 to February 1, 2031 at an interest rate of 5.00%. Of this, \$82,415,000 was allocated to the WSRF Program based upon the percentage of the original bond proceeds allocated to each program. In May 2021, \$1,615,000 was cash defeased.	76,820,000	81,765,000
<b>Series 2017B Bonds</b> issued November 1, 2017 for the aggregate amount of \$21,045,028, maturing from February 1, 2020 to February 1, 2028 at an interest rate of 5.00%. Of this, \$16,835,000 was allocated to the WSRF Program based upon the percentage of the original bond proceeds allocated to each program.	13,705,000	15,310,000

**STATE REVOLVING FUND LOAN PROGRAMS  
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**NOTE 7 - BONDS AND NOTES PAYABLE (CONTINUED)**

	2021	2020
<p><b>Series 2016E Refunding Bonds</b> issued October 12, 2016 for the aggregate amount of \$85,930,000 to refund the callable portion of Series 2010B and 2012B Bonds, maturing from February 1, 2022 to February 1, 2030 at interest rates ranging from 3.00% to 5.00%. Of this, \$78,400,000 was allocated to the WSRF Program based upon the percentage of the original bond proceeds allocated to each program. In May 2021, \$11,245,000 was cash defeased.</p>	\$ 67,155,000	\$ 78,400,000
<p><b>Series 2016D Refunding Bonds</b> issued October 12, 2016 for the aggregate amount of \$164,445,000, maturing from February 1, 2020 to August 1, 2046 at interest rates ranging from 3.00 % to 5.00%. The whole amount was allocated to the WSRF Program. In May 2021, \$86,070,000 was cash defeased.</p>	71,845,000	161,440,000
<p><b>Series 2016B Refunding Bonds</b> issued April 7, 2016 for the aggregate amount of \$53,115,000 to refund the callable portion of Series 2006B and 2009A Bonds, maturing from February 1, 2020 to February 1, 2028 at an interest rate of 5.00%. Of this, \$48,240,000 was allocated to the WSRF Program based upon the percentage of the original bond proceeds allocated to each program.</p>	34,570,000	41,660,000
<p><b>Series 2016A Bonds</b> issued April 7, 2016 for the aggregate amount of \$62,675,000, maturing from February 1, 2017 to February 1, 2036 at interest rates ranging from 4.00% to 5.00%. Of this, \$56,715,000 was allocated to the WSRF Program based upon the percentage of the original bond proceeds allocated to each program. In May 2021, \$11,855,000 was cash defeased.</p>	39,350,000	52,455,000

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**STATE REVOLVING FUND LOAN PROGRAMS  
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**NOTE 7 - BONDS AND NOTES PAYABLE (CONTINUED)**

	2021	2020
<p><b>Series 2015B Refunding Bonds</b> issued March 19, 2015 for the aggregate amount of \$139,715,000 to refund the callable portion of Series 2007A, 2007B, 2009A, and 2012B Bonds, maturing from February 1, 2016 to February 1, 2025 at interest rates ranging from 2.00% to 5.00%. Of this, \$118,531,184 was allocated to the WSRF Program based upon the percentage of the original bond proceeds allocated to each program.</p>	\$ 93,572,637	\$ 101,006,522
<p><b>Series 2015A Bonds</b> issued February 11, 2015 for the aggregate amount of \$100,000,000, maturing from February 1, 2020 to February 1, 2035 at an interest rate of 5.00%. Of this, \$90,740,692 was allocated to the WSRF Program based upon the percentage of the original bond proceeds allocated to each program. In May 2021, \$24,422,857 was cash defeased.</p>	58,455,154	86,906,898
<p><b>Series 2014B Refunding Bonds</b> issued April 24, 2014 for the aggregate amount of \$68,350,000 to refund the callable portion of Series 2006B, 2007A, and 2007B Bonds, maturing from February 1, 2015 to February 1, 2022 at interest rates ranging from 2.00% to 5.00%. Of this, \$53,790,822 was allocated to the WSRF Program based upon the percentage of the original bond proceeds allocated to each program.</p>	7,871,734	20,500,671
<p><b>Series 2013A Refunding Bonds</b> issued February 26, 2013 for the aggregate amount of \$45,090,000 to refund the callable portion of Series 2004B, 2004C, 2005A, 2006A, and 2006B Bonds, maturing from February 1, 2019 to February 1, 2024 at interest rates ranging from 3.00% to 5.00%. Of this, \$32,210,000 was allocated to the WSRF Program based upon the percentage of the original bond proceeds allocated to each program.</p>	7,380,000	20,160,000

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**NOTE 7 - BONDS AND NOTES PAYABLE (CONTINUED)**

	<b>2021</b>	<b>2020</b>
<p><b>Series 2012C Bonds</b> issued December 13, 2012 for the aggregate amount of \$109,595,000, maturing from February 1, 2020 to February 1, 2032 at interest rates ranging from 3.00% to 5.00%. Of this, \$99,415,000 was allocated to the WSRF Program based upon the percentage of original bond proceeds allocated to each program. In April 2019, \$70,875,000 was cash defeased. In May 2021, \$5,125,000 was cash defeased.</p>	\$ 18,145,000	\$ 26,185,000
<p><b>Series 2012B Bonds</b> issued August 30, 2012 for the aggregate amount of \$139,255,000, maturing from February 1, 2013 to February 1, 2031 at interest rates ranging from 1.50% to 5.00%. Of this, \$122,110,000 was allocated to the WSRF Program based upon the percentage of original bond proceeds allocated to each program. In March 2015, \$23,595,000 was refunded. In October 2016, \$43,910,000 was refunded. In November 2017, \$43,035,000 was refunded.</p>	6,235,000	6,655,000
<p><b>Series 2012A Refunding Bonds</b> issued February 8, 2012 for the aggregate amount of \$137,945,000 to refund the callable portion of Series 2001A, 2004B, and 2004C Bonds, maturing from February 1, 2013 to February 1, 2026 at interest rates ranging from 2.00% to 5.00%. Of this, \$126,070,000 was allocated to the WSRF Program based upon the percentage of the original bond proceeds allocated to each program. In April 2019, \$29,565,000 was cash defeased.</p>	<u>58,525,000</u>	<u>75,845,000</u>
<b>Subtotal-Wastewater Fund</b>	<u>\$1,376,023,425</u>	<u>\$1,540,289,091</u>

**STATE REVOLVING FUND LOAN PROGRAMS  
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**NOTE 7 - BONDS AND NOTES PAYABLE (CONTINUED)**

	2021	2020
<b><u>Drinking Water Fund:</u></b>		
<b>Series 2019F Bonds</b> issued November 21, 2019 for the aggregate amount of \$53,445,000 to refund the callable portion of Series 2010A and 2010C Bonds maturing from February 1, 2021 to February 1, 2022 at an interest rate of 5.00%. Of this, \$7,855,000 was allocated to the DWSRF Program based upon the percentage of the original bond proceeds allocated to each program.	\$ -	\$ 7,855,000
<b>Series 2019E Bonds</b> issued October 10, 2019 for the aggregate amount of \$215,000,000 maturing from February 1, 2021 to February 1, 2047 at an interest rate of 5.00%. Of this, \$79,180,000 was allocated to the DWSRF Program based upon the percentage of the original bond proceeds allocated to each program.	78,180,000	79,180,000
<b>Series 2019D Bonds</b> issued June 4, 2019 for the aggregate amount \$18,570,000 maturing from February 1, 2023 to February 1, 2036 at an interest rate of 5.00%. The whole amount was allocated to the DWSRF Program.	18,570,000	18,570,000
<b>Series 2019C Bonds</b> issued June 4, 2019 for the aggregate amount of \$81,275,000 maturing from February 1, 2023 to February 1, 2036 at an interest rate of 5.00%. Of this, \$31,425,000 was allocated to the DWSRF Program based upon the percentage of the original bond proceeds allocated to each program.	31,425,000	31,425,000
<b>Series 2018A Bonds</b> issued October 24, 2018 for the aggregate amount of \$153,195,000 maturing from February 1, 2020 to February 1, 2035 at an interest rate of 5.00%. Of this, \$43,195,000 was allocated to the DWSRF Program based upon the percentage of the original bond proceeds allocated to each program. In May 2021, \$2,305,000 was cash defeased.	40,305,000	42,910,000

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**NOTE 7 - BONDS AND NOTES PAYABLE (CONTINUED)**

	2021	2020
<p><b>Series 2017C Refunding Bonds</b> issued November 1, 2017 for the aggregate amount of \$124,495,000 to refund the callable portion of Series 2010B, 2011A, and 2012B Bonds, maturing from February 1, 2018 to February 1, 2031 at an interest rate of 5.00%. Of this, \$42,080,000 was allocated to the DWSRF Program based upon the percentage of the original bond proceeds allocated to each program. In May 2021, \$5,180,000 was cash defeased.</p>	\$ 35,805,000	\$ 41,700,000
<p><b>Series 2017B Bonds</b> issued November 1, 2017 for the aggregate amount of \$21,045,000, maturing from February 1, 2020 to February 1, 2028 at an interest at interest rate of 5.00%. Of this, \$4,210,000 was allocated to the DWSRF Program based upon the percentage of the original bond proceeds allocated to each program.</p>	3,430,000	3,830,000
<p><b>Series 2016E Refunding Bonds</b> issued October 12, 2016 for the aggregate amount of \$85,930,000 to refund the callable portion of the Series 2010B Bonds, maturing from February 1, 2022 to February 1, 2030 at interest rates ranging from 3.00% to 5.00%. Of this, \$7,530,000 was allocated to the DWSRF Program based upon the percentage of the original bond proceeds allocated to each program.</p>	7,530,000	7,530,000
<p><b>Series 2016B Refunding Bonds</b> issued April 7, 2016 for the aggregate amount of \$53,115,000 to refund the callable portion of Series 2006B and 2009A Bonds, maturing from February 1, 2020 to February 1, 2028 at an interest rate of 5.00%. Of this, \$4,875,000 was allocated to the DWSRF Program based upon the percentage of the original bond proceeds allocated to each program.</p>	2,775,000	3,910,000

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**NOTE 7 - BONDS AND NOTES PAYABLE (CONTINUED)**

	2021	2020
<p><b>Series 2016A Bonds</b> issued April 7, 2016 for the aggregate amount of \$62,675,000, maturing from February 1, 2017 to February 1, 2036 at interest rates ranging from 4.00% to 5.00%. Of this, \$5,960,000 was allocated to the DWSRF Program based upon the percentage of the original bond proceeds allocated to each program.</p>	\$ 3,360,000	\$ 4,060,000
<p><b>Series 2015B Refunding Bonds</b> issued March 19, 2015 for the aggregate amount of \$139,715,000 to refund the callable portion of Series 2007A, 2007B, 2009A, and 2012B Bonds, maturing from February 1, 2016 to February 1, 2025 at interest rates ranging from 2.00% to 5.00%. Of this, \$21,183,816 was allocated to the DWSRF Program based upon the percentage of the original bond proceeds allocated to each program.</p>	16,577,363	18,553,478
<p><b>Series 2015A Bonds</b> issued February 11, 2015 for the aggregate amount of \$100,000,000, maturing from February 1, 2020 to February 1, 2035 at an interest rate of 5.00%. Of this, \$9,259,308 was allocated to the DWSRF Program based upon the percentage of the original bond proceeds allocated to each program. In May 2021, \$2,492,143 was cash defeased.</p>	5,964,846	8,868,102
<p><b>Series 2014B Refunding Bonds</b> issued April 24, 2014 for the aggregate amount of \$68,350,000 to refund the callable portion of Series 2006B, 2007A, and 2007B Bonds, maturing from February 1, 2015 to February 1, 2022 at interest rates ranging from 2.00% to 5.00%. Of this, \$14,559,178 was allocated to the DWSRF Program based upon the percentage of the original bond proceeds allocated to each program.</p>	703,266	4,079,329

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**NOTE 7 - BONDS AND NOTES PAYABLE (CONTINUED)**

	2021	2020
<p><b>Series 2013A Refunding Bonds</b> issued February 26, 2013 for the aggregate amount of \$45,090,000 to refund the callable portion of Series 2005A, 2006A, and 2006B Bonds, maturing from February 1, 2019 to February 1, 2024 at interest rates ranging from 3.00% to 5.00%. Of this, \$12,880,000 was allocated to the DWSRF Program based upon the percentage of the original bond proceeds allocated to each program.</p>	\$ 6,415,000	\$ 8,965,000
<p><b>Series 2012C Bonds</b> issued December 13, 2012 for the aggregate amount of \$109,595,000, maturing from February 1, 2021 to February 1, 2032 at interest rates ranging from 4.00% to 5.00%. Of this, \$10,180,000 was allocated to the DWSRF Program based upon the percentage of original bond proceeds allocated to each program. In April 2019, \$6,705,000 was cash defeased.</p>	2,775,000	3,475,000
<p><b>Series 2012B Bonds</b> issued August 30, 2012 for the aggregate amount of \$139,255,000, maturing from February 1, 2013 to February 1, 2031 at interest rates ranging from 1.50% to 5.00%. Of this, \$17,145,000 was allocated to the DWSRF Program based upon the percentage of original bond proceeds allocated to each program. In March 2015, \$6,085,000 was refunded. In November 2017, \$5,695,000 was refunded.</p>	-	75,000
<p><b>Series 2012A Refunding Bonds</b> issued February 8, 2012 for the aggregate amount of \$137,945,000 to refund the callable portion of Series 2001A, 2004B, and 2004C Bonds, maturing from February 1, 2013 to February 1, 2026 at interest rates ranging from 2.00% to 5.00%. Of this, \$11,875,000 was allocated to the DWSRF Program based upon the percentage of the original bond proceeds allocated to each program. In April 2019, \$150,000 was cash defeased.</p>	5,220,000	6,685,000

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**STATE REVOLVING FUND LOAN PROGRAMS  
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**NOTE 7 - BONDS AND NOTES PAYABLE (CONTINUED)**

	<b>2021</b>	<b>2020</b>
<b>Series 2011A Bonds</b> issued October 26, 2011 for the aggregate amount of \$191,385,000, maturing from February 1, 2012 to February 1, 2030 at interest rates ranging from 1.00% to 5.00%. Of this, \$50,870,000 was allocated to the DWSRF Program based upon the percentage of original bond proceeds allocated to each program. In November 2017, \$37,295,000 was refunded.	<u>\$ 2,240,000</u>	<u>\$ 4,135,000</u>
<b>Subtotal-Drinking Water Fund</b>	<u>261,275,475</u>	<u>295,805,909</u>
Total Principal	1,637,298,900	1,836,095,000
Net premium on bonds payable	<u>184,099,423</u>	<u>242,103,195</u>
Total Bonds Payable	1,821,398,323	2,078,198,195
Less: Current portion	<u>120,793,100</u>	<u>134,700,300</u>
Long-term Portion	<u><u>\$1,700,605,223</u></u>	<u><u>\$1,943,497,895</u></u>

In May 2021, the Authority legally cash defeased SRF Bonds from Series 2012C, 2015A, 2016A, 2016D, 2016E, 2017C, 2018A, and 2019E to their respective call dates. The Authority deposited \$206,710,599 with the trustee to fund the escrow to defease a par amount of \$171,310,000 plus additional funds needed until the call dates. This transaction produced a present value savings of \$14,223,493 or 8.3% of the refunded bonds.

In November 2019, the Authority issued \$53,445,000 Series 2019F Refunding Bonds. The bonds were sold at a premium and refunded \$54,825,000 par amount of prior debt. The refunding debt was used to refund callable portion of Series 2010A and 2010C Bonds. The cash flow savings was \$2,300,799 with a present value savings of \$2,308,502.

The bonds referred to above are considered to have been defeased and have been removed from the combined financial statements and in total the defeased balances outstanding are \$358,395,000 and \$279,725,000 as of June 30, 2021 and 2020, respectively.

**STATE REVOLVING FUND LOAN PROGRAMS  
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**NOTE 7 - BONDS AND NOTES PAYABLE (CONTINUED)**

The aggregate debt service requirements and premiums for all bonds and notes allocable to the SRF Programs as of June 30, 2021, are as follows:

	<u>Principal</u>			<u>Interest</u>			<u>Debt Service Total</u>
	<u>Wastewater Fund</u>	<u>Drinking Water Fund</u>	<u>Total</u>	<u>Wastewater Fund</u>	<u>Drinking Water Fund</u>	<u>Total</u>	
2022	\$ 97,476,875	\$ 23,316,225	\$ 120,793,100	\$ 59,264,070	\$ 12,925,024	\$ 72,189,094	\$ 192,982,194
2023	91,897,655	22,805,245	114,702,900	55,387,496	11,825,413	67,212,909	181,915,809
2024	94,707,899	21,107,801	115,815,700	51,057,677	10,718,200	61,775,877	177,591,577
2025	89,191,247	19,071,553	108,262,800	46,619,862	9,679,910	56,299,772	164,562,572
2026	104,135,860	19,279,540	123,415,400	42,367,355	8,745,133	51,112,488	174,527,888
2027-2031	366,517,771	81,100,929	447,618,700	144,793,363	29,858,092	174,651,455	622,270,155
2032-2036	282,038,518	63,719,182	345,757,700	75,159,588	11,486,622	86,646,210	432,403,910
2037-2041	166,562,000	10,875,000	177,437,000	21,378,435	1,293,000	22,671,435	200,108,435
2042-2046	43,984,600	-	43,984,600	5,798,387	-	5,798,387	49,782,987
2047-2051	32,200,300	-	32,200,300	2,111,390	-	2,111,390	34,311,690
2052-2054	7,310,700	-	7,310,700	234,051	-	234,051	7,544,751
	<u>1,376,023,425</u>	<u>261,275,475</u>	<u>1,637,298,900</u>	<u>504,171,674</u>	<u>96,531,394</u>	<u>600,703,068</u>	<u>2,238,001,968</u>
Premium	<u>145,556,608</u>	<u>38,542,815</u>	<u>184,099,423</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>184,099,423</u>
Total	<u>\$1,521,580,033</u>	<u>\$299,818,290</u>	<u>\$1,821,398,323</u>	<u>\$504,171,674</u>	<u>\$ 96,531,394</u>	<u>\$600,703,068</u>	<u>\$2,422,101,391</u>

**STATE REVOLVING FUND LOAN PROGRAMS  
(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)  
NOTES TO COMBINED FINANCIAL STATEMENTS  
Years Ended June 30, 2021 and 2020**

**NOTE 7 - BONDS AND NOTES PAYABLE (CONTINUED)**

The following is a summary of total debt service without premiums:

	<b>Interest Rates Ranges</b>	<b>Maturity Range</b>	<b>Annual Principal Payment Range</b>	<b>Principal</b>
Wastewater Fund	1.78% - 5.00%	2022-2054	\$ 1,462,400 - \$104,135,860	\$1,376,023,425
Drinking Water Fund	3.00% - 5.00%	2022-2040	2,315,000 - 23,316,225	<u>261,275,475</u>
Combined Programs	1.78% - 5.00%	2022-2054	1,462,400 - 123,415,400	1,637,298,900
Less: Current Portion				<u>(120,793,100)</u>
Total Long-term Portion				<u>\$1,516,505,800</u>

The bond agreements allow for remedies in case there is an event of default. An event of default can be (i) default in the due and punctual payment of any principal or interest on any bond (ii) any warranty, representation or other statement contained in the bond indenture or bonds that is false or misleading and not remedied in appropriate time (iii) default in the performance or observance of any other of the covenants, agreements, or conditions on the part of the SRF Programs contained in the bond indenture or in the bonds (iv) a petition is filed against the SRF Programs or the SRF Programs file a petition under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation of any jurisdiction and (v) the SRF Programs are generally not paying their debts as such debts become due.

The remedies include the following (i) the bond trustee may pursue any available remedy at law or in equity or by statute to enforce the payment of the principal of and interest on the bonds (ii) the bond trustee may by action or suit in equity require the Authority to account as if it were the trustee of an express trust for the holders of the bonds and may take such action with respect to the participant loans and the SRF Programs' indentures as the bond trustee deems necessary or appropriate and in the best interest of the bondholders (iii) upon the filing of a suit or other commencement of judicial proceedings to enforce any rights of the bond trustee and of the bondholders under the bond indenture, the bond trustee will be entitled to the appointment of a receiver or receivers of the trust estate and (iv) use the assets of the series trust estate for any series of bonds solely for payment of the principal and interest due on such series of bonds.

**STATE REVOLVING FUND LOAN PROGRAMS  
(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)  
NOTES TO COMBINED FINANCIAL STATEMENTS  
Years Ended June 30, 2021 and 2020**

**NOTE 8 - LONG-TERM LIABILITIES**

Long-term liability activity for the years ended June 30, 2021 and 2020 was as follows:

	<b>Balance Beginning of Year</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance End of Year</b>	<b>Amounts Due Within One Year</b>	<b>Amounts Due Thereafter</b>
June 30, 2021:						
Amount due to federal government	\$ 71,429	\$ 125,980	\$ -	\$ 197,409	\$ 125,263	\$ 72,146
Bonds/Notes payable	1,836,095,000	110,000,000	(308,796,100)	1,637,298,900	120,793,100	1,516,505,800
Net premium on bonds payable	<u>242,103,195</u>	<u>-</u>	<u>(58,003,772)</u>	<u>184,099,423</u>	<u>-</u>	<u>184,099,423</u>
	<u>\$2,078,269,624</u>	<u>\$110,125,980</u>	<u>\$(366,799,872)</u>	<u>\$1,821,595,732</u>	<u>\$120,918,363</u>	<u>\$1,700,677,369</u>
June 30, 2020:						
Amount due to federal government	\$ -	\$ 71,429	\$ -	\$ 71,429	\$ -	\$ 71,429
Bonds/Notes payable	1,578,685,000	432,445,000	(175,035,000)	1,836,095,000	134,700,300	1,701,394,700
Net premium on bonds payable	<u>225,256,542</u>	<u>53,162,143</u>	<u>(36,315,490)</u>	<u>242,103,195</u>	<u>-</u>	<u>242,103,195</u>
	<u>\$1,803,941,542</u>	<u>\$485,678,572</u>	<u>\$(211,350,490)</u>	<u>\$2,078,269,624</u>	<u>\$134,700,300</u>	<u>\$1,943,569,324</u>

**STATE REVOLVING FUND LOAN PROGRAMS  
(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)  
NOTES TO COMBINED FINANCIAL STATEMENTS  
Years Ended June 30, 2021 and 2020**

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**NOTE 9 - FUND TRANSFERS**

Consistent with its Intended Use Plans and EPA's related Policy Statement, the Authority is required to report on transfers between the DWSRF and the WSRF in its combined financial statements. In its Intended Use Plans, the SRF Programs retained the flexibility to make transfers of grants (and other funds) held in or allocable to such funds to the extent permitted by the Clean Water Act and the Safe Drinking Water Act. As of June 30, 2021, an amount up to 33% of the Safe Drinking Water Act grants for Federal Fiscal Years (FFY) 1997 through 2021 could be so transferred on a net cumulative basis between the two SRF Programs funds.

Based on the State's award of Safe Drinking Water Act related funds for FFY 1997 through 2021, to date, the following transfers were made:

2001	\$ 20,464,898
2002	3,120,183

**NOTE 10 - PROGRAM REVENUES**

For the years ended June 30, 2021 and 2020, program revenues consisted of the following:

	<b>2021</b>	<b>2020</b>
Interest and other income	\$ 80,916,564	\$ 90,498,591
Capital contributions (EPA Grants)	<u>31,124,389</u>	<u>76,419,893</u>
	<u>\$112,040,953</u>	<u>\$166,918,484</u>

**NOTE 11 - UNCERTAINTY RELATED TO CORONAVIRUS**

On January 30, 2020, the World Health Organization declared a global health emergency over the novel coronavirus known as COVID-19. The SRF Programs haven't seen a significant impact to date. The ultimate impact of the outbreak to the SRF Programs' financial results and operations cannot be determined at this time; however, management is taking actions to mitigate the impact of the outbreak to the SRF Programs.

**NOTE 12 - SUBSEQUENT EVENT**

On July 7, 2021, the Authority issued 2021A SRF Program Bonds for the aggregate amount of \$81,595,000, maturing from February 1, 2022 to February 1, 2032 at interest rates of 5%. Of this \$70,345,000 was allocated to the WSRF Program, and \$11,250,000 was allocated to the DWSRF Program, based upon the percentage of original bond proceeds allocated to each program.

## **OTHER SUPPLEMENTARY INFORMATION**

**STATE REVOLVING FUND LOAN PROGRAMS**  
**(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)**  
**COMBINING SCHEDULES - STATEMENTS OF NET POSITION INFORMATION**  
**June 30, 2021 and 2020**

	Wastewater Program		Drinking Water Program		Combined	
	2021	2020	2021	2020	2021	2020
<b>ASSETS</b>						
Current Assets:						
Cash and equivalents	\$ 129,677,432	\$ 305,731,995	\$ 77,254,737	\$ 133,414,799	\$ 206,932,169	\$ 439,146,794
Interest receivable-investments	325,248	373,881	86,373	106,390	411,621	480,271
Interest receivable-loans	28,073,796	29,623,112	5,339,601	5,401,619	33,413,397	35,024,731
Due from EPA	-	-	65,218	130,039	65,218	130,039
Accounts receivable	3,000	-	-	2,000	3,000	2,000
Loans receivable - current, net	109,928,719	204,386,689	32,172,121	30,190,471	142,100,840	234,577,160
Total Current Assets	<u>268,008,195</u>	<u>540,115,677</u>	<u>114,918,050</u>	<u>169,245,318</u>	<u>382,926,245</u>	<u>709,360,995</u>
Noncurrent Assets:						
Investments	26,092,300	47,026,848	11,991,148	18,778,322	38,083,448	65,805,170
Loans receivable, net	2,425,174,145	2,334,154,668	525,997,462	498,674,420	2,951,171,607	2,832,829,088
Equipment, net	105,792	106,253	-	-	105,792	106,253
Total Noncurrent Assets	<u>2,451,372,237</u>	<u>2,381,287,769</u>	<u>537,988,610</u>	<u>517,452,742</u>	<u>2,989,360,847</u>	<u>2,898,740,511</u>
Total Assets	<u>2,719,380,432</u>	<u>2,921,403,446</u>	<u>652,906,660</u>	<u>686,698,060</u>	<u>3,372,287,092</u>	<u>3,608,101,506</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Loss on debt refunding	6,692,782	9,181,775	1,274,675	1,787,591	7,967,457	10,969,366
Total Deferred Outflows of Resources	<u>6,692,782</u>	<u>9,181,775</u>	<u>1,274,675</u>	<u>1,787,591</u>	<u>7,967,457</u>	<u>10,969,366</u>
<b>LIABILITIES</b>						
Current Liabilities:						
Interest payable	24,573,786	29,522,738	5,385,429	6,068,311	29,959,215	35,591,049
Accounts payable	325,640	403,936	68,387	188,041	394,027	591,977
Amount due to federal government	113,628	-	11,635	-	125,263	-
Bonds/Notes payable-current, net	97,476,875	110,147,010	23,316,225	24,553,290	120,793,100	134,700,300
Total Current Liabilities	<u>122,489,929</u>	<u>140,073,684</u>	<u>28,781,676</u>	<u>30,809,642</u>	<u>151,271,605</u>	<u>170,883,326</u>
Long-term Liabilities:						
Amount due to federal government	53,261	52,385	18,885	19,044	72,146	71,429
Bonds/Notes payable, net	1,424,103,158	1,625,797,512	276,502,065	317,700,383	1,700,605,223	1,943,497,895
Total Long-term Liabilities	<u>1,424,156,419</u>	<u>1,625,849,897</u>	<u>276,520,950</u>	<u>317,719,427</u>	<u>1,700,677,369</u>	<u>1,943,569,324</u>
Total Liabilities	<u>1,546,646,348</u>	<u>1,765,923,581</u>	<u>305,302,626</u>	<u>348,529,069</u>	<u>1,851,948,974</u>	<u>2,114,452,650</u>
<b>NET POSITION</b>						
Restricted for water pollution and drinking water projects and other related program purposes	<u>\$ 1,179,426,866</u>	<u>\$ 1,164,661,640</u>	<u>\$ 348,878,709</u>	<u>\$ 339,956,582</u>	<u>\$ 1,528,305,575</u>	<u>\$ 1,504,618,222</u>

**STATE REVOLVING FUND LOAN PROGRAMS**  
**(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)**  
**COMBINING SCHEDULES - STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INFORMATION**  
**Years Ended June 30, 2021 and 2020**

	Wastewater Program		Drinking Water Program		Combined	
	2021	2020	2021	2020	2021	2020
<b>OPERATING REVENUE</b>						
Interest income-investments	\$ 1,036,720	\$ 10,359,090	\$ 351,390	\$ 3,135,915	\$ 1,388,110	\$ 13,495,005
Interest income-loan participants	64,740,048	61,585,596	13,365,806	13,663,264	78,105,854	75,248,860
Administration and premium fees	27,002	34,663	17,000	14,000	44,002	48,663
Other	-	-	1,378,598	1,706,063	1,378,598	1,706,063
Total Operating Revenue	<u>65,803,770</u>	<u>71,979,349</u>	<u>15,112,794</u>	<u>18,519,242</u>	<u>80,916,564</u>	<u>90,498,591</u>
<b>OPERATING EXPENSES</b>						
Interest	51,036,477	45,058,838	8,851,029	7,996,828	59,887,506	53,055,666
Bond issuance costs	-	1,402,708	-	699,738	-	2,102,446
Trustee fees	111,400	92,900	-	-	111,400	92,900
Other program and administrative	2,746,477	3,399,033	1,879,700	3,437,014	4,626,177	6,836,047
Total Operating Expenses	<u>53,894,354</u>	<u>49,953,479</u>	<u>10,730,729</u>	<u>12,133,580</u>	<u>64,625,083</u>	<u>62,087,059</u>
<b>OPERATING INCOME</b>	11,909,416	22,025,870	4,382,065	6,385,662	16,291,481	28,411,532
<b>NONOPERATING REVENUES AND (EXPENSES)</b>						
Capital contributions (EPA Grants)	19,333,047	57,256,953	11,791,342	19,162,940	31,124,389	76,419,893
Loan forgiveness	(16,477,237)	(19,184,117)	(7,251,280)	(4,839,161)	(23,728,517)	(24,023,278)
Total Nonoperating Revenues and (Expenses)	<u>2,855,810</u>	<u>38,072,836</u>	<u>4,540,062</u>	<u>14,323,779</u>	<u>7,395,872</u>	<u>52,396,615</u>
<b>INCREASE IN NET POSITION</b>	14,765,226	60,098,706	8,922,127	20,709,441	23,687,353	80,808,147
<b>NET POSITION</b>						
Beginning of Year	<u>1,164,661,640</u>	<u>1,104,562,934</u>	<u>339,956,582</u>	<u>319,247,141</u>	<u>1,504,618,222</u>	<u>1,423,810,075</u>
End of Year	<u>\$ 1,179,426,866</u>	<u>\$ 1,164,661,640</u>	<u>\$ 348,878,709</u>	<u>\$ 339,956,582</u>	<u>\$ 1,528,305,575</u>	<u>\$ 1,504,618,222</u>

**STATE REVOLVING FUND LOAN PROGRAMS**  
**(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)**  
**COMBINING SCHEDULES - STATEMENTS OF CASH FLOWS INFORMATION**  
**Years Ended June 30, 2021 and 2020**

	Wastewater Program		Drinking Water Program		Combined	
	2021	2020	2021	2020	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash payments for salaries, administrative and other expenses	\$ (2,824,208)	\$ (3,501,034)	\$ (607,280)	\$ (2,092,771)	\$ (3,431,488)	\$ (5,593,805)
Administration fee	27,002	34,663	17,000	14,000	44,002	48,663
Net Cash Used by Operating Activities	<u>(2,797,206)</u>	<u>(3,466,371)</u>	<u>(590,280)</u>	<u>(2,078,771)</u>	<u>(3,387,486)</u>	<u>(5,545,142)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Maturities of loans to participants	324,572,818	172,469,680	32,312,760	47,430,528	356,885,578	219,900,208
Issuance of loans to participants	(321,134,325)	(595,619,725)	(61,617,452)	(111,426,920)	(382,751,777)	(707,046,645)
Change in investments	20,934,548	30,868,723	6,787,174	8,818,786	27,721,722	39,687,509
Interest received on loans and investments	67,374,717	67,388,143	13,799,231	16,439,368	81,173,948	83,827,511
Net Cash Provided (Used) by Investing Activities	<u>91,747,758</u>	<u>(324,893,179)</u>	<u>(8,718,287)</u>	<u>(38,738,238)</u>	<u>83,029,471</u>	<u>(363,631,417)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>						
Proceeds from debt issuance	110,000,000	379,483,571	-	106,123,572	110,000,000	485,607,143
Principal payments to reduce indebtedness, including refunding	(304,935,982)	(144,858,664)	(36,732,576)	(30,531,914)	(341,668,558)	(175,390,578)
Payment of debt issuance costs, net of refunding	-	(1,402,708)	-	(699,738)	-	(2,102,446)
Interest paid on debt	(72,924,943)	(67,944,592)	(14,723,802)	(12,057,925)	(87,648,745)	(80,002,517)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(267,860,925)</u>	<u>165,277,607</u>	<u>(51,456,378)</u>	<u>62,833,995</u>	<u>(319,317,303)</u>	<u>228,111,602</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>						
Capital Contributions (EPA Grants)	19,333,047	57,256,953	11,856,163	19,417,403	31,189,210	76,674,356
Issuance of forgivable loans to participants	(16,477,237)	(19,184,117)	(7,251,280)	(4,839,161)	(23,728,517)	(24,023,278)
Net Cash Provided by Capital Financing Activities	<u>2,855,810</u>	<u>38,072,836</u>	<u>4,604,883</u>	<u>14,578,242</u>	<u>7,460,693</u>	<u>52,651,078</u>
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	<b>(176,054,563)</b>	<b>(125,009,107)</b>	<b>(56,160,062)</b>	<b>36,595,228</b>	<b>(232,214,625)</b>	<b>(88,413,879)</b>
<b>CASH AND EQUIVALENTS</b>						
Beginning of Year	305,731,995	430,741,102	133,414,799	96,819,571	439,146,794	527,560,673
End of Year	<u>\$ 129,677,432</u>	<u>\$ 305,731,995</u>	<u>\$ 77,254,737</u>	<u>\$ 133,414,799</u>	<u>\$ 206,932,169</u>	<u>\$ 439,146,794</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES</b>						
Operating income	\$ 11,909,416	\$ 22,025,870	\$ 4,382,065	\$ 6,385,662	\$ 16,291,481	\$ 28,411,532
Adjustments to reconcile operating income to net cash used by operating activities:						
Depreciation	461	461			461	461
Interest income	(65,776,768)	(71,944,686)	(13,717,196)	(16,799,179)	(79,493,964)	(88,743,865)
Interest expense	51,036,477	45,058,838	8,851,029	7,996,828	59,887,506	53,055,666
Bond issuance costs	-	1,402,708	-	699,738	-	2,102,446
Changes in assets and liabilities:						
Accounts receivable	(3,000)	33,500	2,000	(2,000)	(1,000)	31,500
Accounts payable	(78,296)	(95,447)	(119,654)	(378,864)	(197,950)	(474,311)
Amount due to federal government	114,504	52,385	11,476	19,044	125,980	71,429
Net Cash Used by Operating Activities	<u>\$ (2,797,206)</u>	<u>\$ (3,466,371)</u>	<u>\$ (590,280)</u>	<u>\$ (2,078,771)</u>	<u>\$ (3,387,486)</u>	<u>\$ (5,545,142)</u>

## **OTHER REPORT**

*Independent Auditors' Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards*

Members of the Indiana Finance Authority  
State Revolving Fund Loan Programs

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of State Revolving Fund Loan Programs (SRF Programs), an enterprise fund of the Indiana Finance Authority, which comprise the combined statement of net position as of June 30, 2021, and the related combined statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated September 28, 2021.

***Internal Control over Financial Reporting***

In planning and performing our audit of the combined financial statements, we considered the SRF Programs' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the SRF Programs' internal control. Accordingly, we do not express an opinion on the effectiveness of the SRF Programs' internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's combined financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the SRF Programs' combined financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Katy, Sappin & Miller, LLP*

Indianapolis, Indiana  
September 28, 2021

**INDIANA FINANCE AUTHORITY**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND  
INDEPENDENT AUDITORS' REPORTS

June 30, 2021

*Independent Auditors' Report on Compliance For Each Major Federal Program and  
on Internal Control Over Compliance and Schedule of Expenditures of Federal Awards  
as Required by the Uniform Guidance*

Members of Indiana Finance Authority

**Report on Compliance for Each Major Federal Program**

We have audited Indiana Finance Authority's, a component unit of the State of Indiana, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Indiana Finance Authority's major federal programs for the year ended June 30, 2021. Indiana Finance Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Indiana Finance Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Indiana Finance Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Indiana Finance Authority's compliance.

## ***Opinion on Each Major Federal Program***

In our opinion, Indiana Finance Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## **Report on Internal Control Over Compliance**

Management of Indiana Finance Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Indiana Finance Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Indiana Finance Authority's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Indiana Finance Authority, a component unit of the State of Indiana, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Indiana Finance Authority's basic financial statements. We issued our report thereon dated October 14, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Katz, Sapper & Miller, LLP*

Indianapolis, Indiana  
October 14, 2021

**INDIANA FINANCE AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2021**

	Federal Assistance Listing Number	Pass-through Entity Identifying/ Grant Number	Program or Award Amount	Federal Expenditures	Amount Provided to Subrecipients
<b>U.S. DEPARTMENT OF TRANSPORTATION:</b>					
Transportation Infrastructure Finance and Innovation Act (TIFIA) Program	20.223	None noted	\$ 162,000,000	\$ 129,019,511	
<b>U.S. DEPARTMENT OF TREASURY</b>					
Passed through Indiana State Budget Agency: COVID-19 - Coronavirus Relief Fund	21.019	Memorandum of Understanding dated 5/21/20	322,087,016	314,460,820	\$ 313,949,005
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY:</b>					
Clean Water State Revolving Fund Cluster: Capitalization Grants for Clean Water State Revolving Funds	66.458	CS18000120-0 DA	38,298,000	19,333,047	19,333,047
Drinking Water State Revolving Fund Cluster: Capitalization Grants for Drinking Water State Revolving Funds	66.468	FS98548619-0 DF	1,681,900	368,654	
	66.468	FS98548620-0 DA	14,473,800	11,317,071	11,317,071
	66.468	FS98548620-0 DD	673,200	502,426	
	66.468	FS98548620-0 DF	1,683,000	445,501	
	66.468	FS98548621-0 DD	672,600	7,488	
				<u>12,641,140</u>	<u>11,317,071</u>
State and Tribal Response Program Grants	66.817	RP00E14613-0	787,518	326,191	
	66.817	RP00E14614-0	787,518	569,230	
				<u>895,421</u>	
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreement	66.818	BF00E48101-D	6,484,204	233,714	233,714
Multipurpose Grants to States and Tribes	66.204	AA00E02780-0	71,865	49,647	49,647
Lead Testing in School and Child Care Program Drinking Water (SDWA 146(d))	66.444	M100E02762-0	1,168,000	528,800	
Water Infrastructure Finance and Innovation (WIFIA)	66.958	WIFIA-2019-N17114IN	436,000,000	<u>274,000,000</u>	<u>274,000,000</u>
				<u>\$ 751,162,100</u>	<u>\$ 618,882,484</u>

See accompanying notes to schedule of expenditures of federal awards.

# INDIANA FINANCE AUTHORITY

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2021

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Indiana Finance Authority (IFA). The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Expenditures** reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, or when not applicable the specific federal award agreement, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

### NOTE 2 - INDIRECT COST RATE

IFA has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

### NOTE 3 - LOAN PROGRAM

The accompanying schedule of expenditures of federal awards includes two federal loans each disbursed under the Transportation Infrastructure Finance and Innovation Act (TIFIA) and Water Infrastructure Finance and Innovation Act (WIFIA). The loan agreements for TIFIA and WIFIA provide for continuing compliance requirements through debt maturity or repayment, and therefore, IFA reports the prior year loan balances, plus any additional draws, on the schedule of expenditures of federal awards.

TIFIA funds were used to finance the East End Crossing, a component of the Ohio River Bridges Project. The bridge opened to the public in December 2016. There were no expenditures for the year ended June 30, 2020. During fiscal year 2021 the TIFIA loan was repaid in full.

WIFIA funds were used to finance two projects: the DigIndy Tunnel System (DigIndy) project and the Integrated Overflow Control Plan (IOCP) project being completed by CWA Authority, Inc. and Evansville Water and Sewer Utility, respectively. The DigIndy project was substantially completed in June 2019, and the IOCP project was in progress at June 30, 2021. WIFIA expenditures were \$110,000,000 during fiscal year 2021. The WIFIA loan balance outstanding was \$274,000,000 as of June 30, 2021.

**INDIANA FINANCE AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2021**

**Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_✓ no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_✓ none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes \_\_\_\_\_✓ no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_✓ no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_✓ none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? \_\_\_\_\_ yes \_\_\_\_\_✓ no

Identification of major programs:

CFDA Number	Agency	Title
21.019	U.S Department of Treasury	Coronavirus Relief Fund

**INDIANA FINANCE AUTHORITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**Year Ended June 30, 2021**

**Summary of Auditors' Results (Continued)**

Dollar threshold used to distinguish between  
type A and type B programs:

\$3,000,000

Auditee qualified as low-risk auditee?

  ✓   yes             no

**Financial Statement Findings**

None

**Federal Award Findings and Questioned Costs**

None



Exhibit O

**Indiana Finance Authority  
State Revolving Fund Loan Programs**

**Drinking Water Projects Closed State Fiscal Year 2021**

- **Drinking Water**  
\$ 63.0 Million  
18 Loans  
With 14 Participants

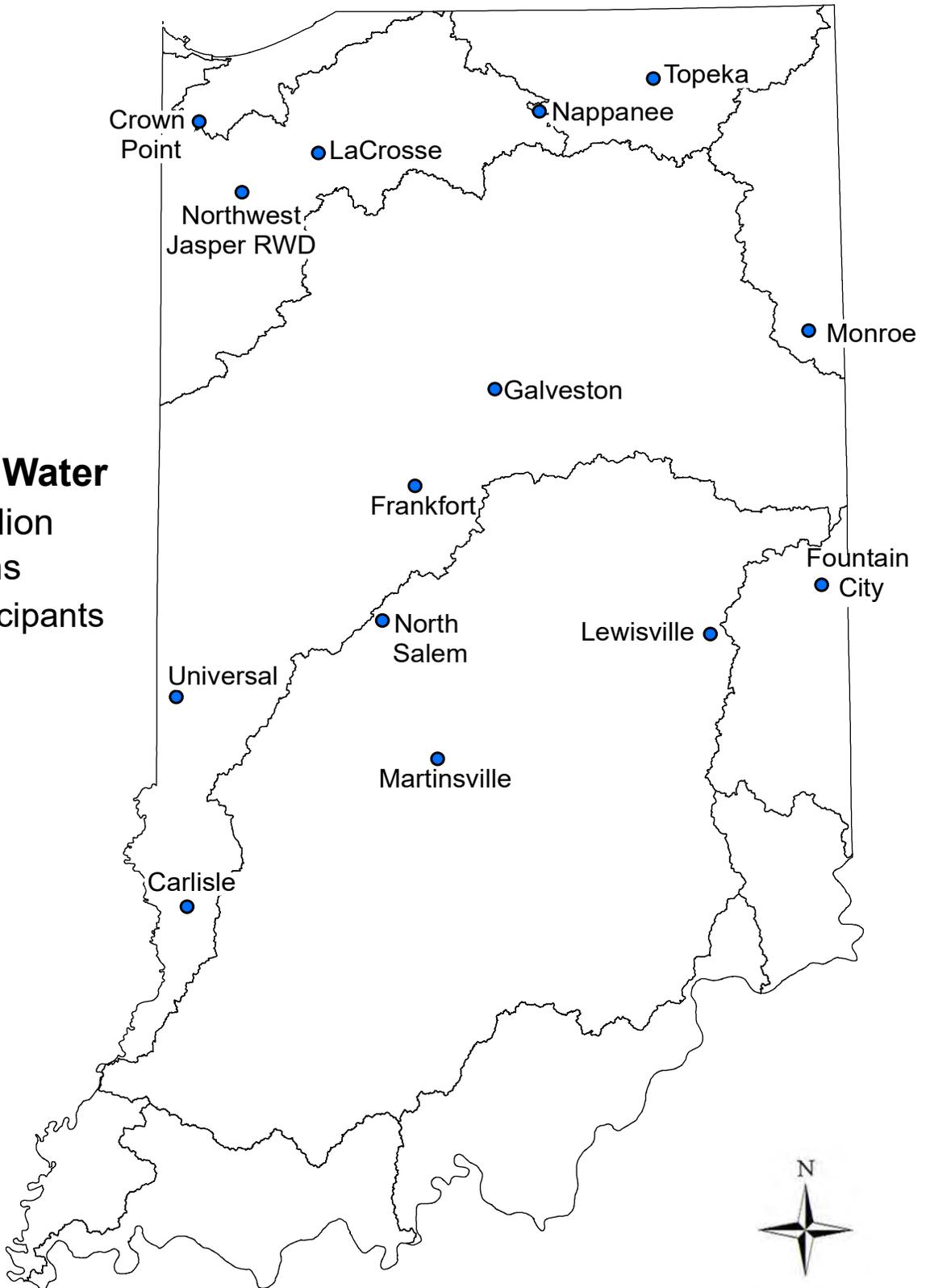


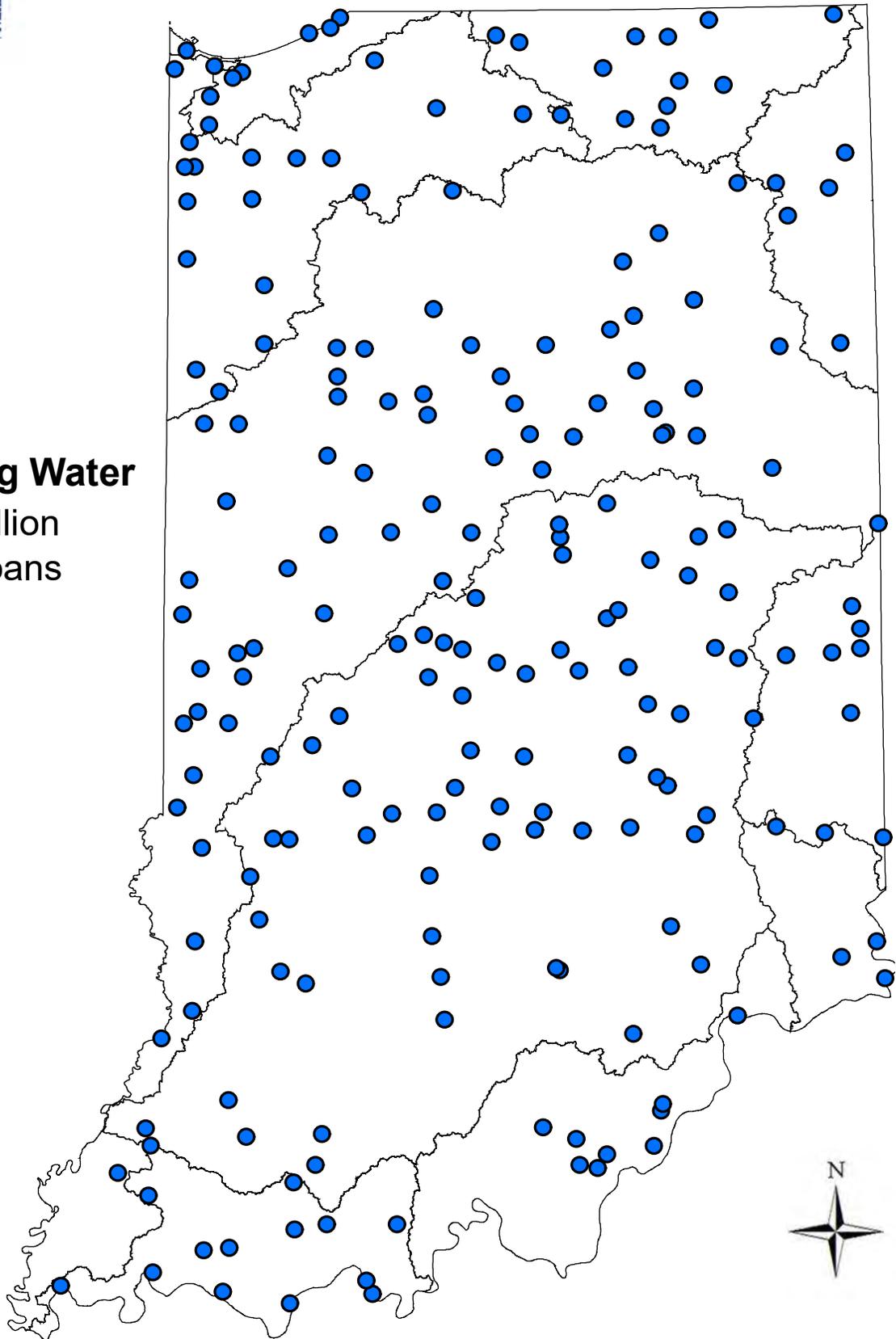


Exhibit P

**Indiana Finance Authority  
State Revolving Fund Loan Programs**

**All Drinking Water Projects Closed Since 1999**

● **Drinking Water**  
\$1.05 Billion  
299 Loans



Indiana DWSRF Loan Program  
Exhibit Q - Summary of Set-Aside Funds in SFY 2021

Capitalization Grant Year	Set-Aside	Award Amount	Balance on 7/1/2020	ASAP Activity Date (in SFY 2021)	Activity Amount	Description	Balance 7/1/2021
2019	Administrative	672,760.00	-				-
	State Program Management <sup>1</sup>	1,681,900.00	368,654.03	09/30/20	11,141.25	Central Indiana Water Study	357,512.78
				09/30/20	34,182.78	Water Loss	323,330.00
				12/30/20	7,113.75	Central Indiana Water Study	316,216.25
				03/31/21	145,086.50	Central Indiana Water Study	171,129.75
				03/31/21	152,700.00	Lead Sampling in Child Care Facilities	18,429.75
				06/30/21	18,429.75	Central Indiana Water Study	-
2020	Administrative	673,200.00	508,676.31	09/30/20	157,257.86	Administrative	351,418.45
				12/30/20	166,070.44	Administrative	185,348.01
				03/31/21	140,858.18	Administrative	44,489.83
				06/30/21	44,489.83	Administrative	-
	State Program Management <sup>2</sup>	1,683,000.00	1,443,532.50	09/30/20	240,206.50	Central Indiana Water Study	1,203,326.00
				09/30/20	110,581.00	Water Loss	1,092,745.00
				12/30/20	54,262.00	Central Indiana Water Study	1,038,483.00
				12/30/20	78,087.59	Water Loss	960,395.41
				06/30/21	27,972.75	Central Indiana Water Study	932,422.66
				06/30/21	450.00	Water Loss	931,972.66
2021	Administrative	672,600.00	-				672,600.00
	State Program Management <sup>3</sup>	1,681,500.00	-				1,681,500.00
<b>Total Set-Aside Balance 7/1/2021:</b>							<b>\$ 3,286,522.66</b>

1 - Public School Lead Sampling Program, Central IN Water Supply Study, Water Loss, & Daycare Lead Testing.

2 - Central Indiana Water Supply Study and Water Loss

3 - Public School Lead Sampling Program, Daycare Lead Testing, & Regional Water Planning

## Summary of Activities Completed Under the State Program Management Set-Aside

1. **Name of program:** Lead Sampling Program for Public Schools and Child Care Facilities
  - a. **Capitalization Grant Year:** 2019 and 2021
  - b. **Purpose:** To help Indiana public schools and child care facilities assess if there is a presence of lead in drinking water within their facilities
  - c. **Agency Responsibilities:** Per the eligibility requirements of the WIIN Act Section 2107, *Lead Testing in School and Child Care Program Drinking Water Grant*, the Authority will develop and initiate a lead sampling program for school and child care facilities, including developing an application, an application ranking matrix, and marketing materials. The Authority will work with IDEM to develop a sampling protocol and will engage a third-party contractor to help manage laboratory coordination and data management. The Authority has been allocated \$1,168,000 from the WIIN Act Section 2107 for FY 2018 through FY 2020.
  - d. **Achievements:** Third party contractors were engaged August 2019.
    - Third party contractors were engaged August 2019. Sampling protocols developed. Application, guidance documents, and marketing materials prepared.

The IFA has been collecting applications on a rolling basis since November 2019. Since that time the IFA has received over 215 applications. To date only 60 facilities have completed sampling, due to the impacts of the COVID-19 pandemic. (Samples cannot be collected when schools are closed or not operating at full capacity.) In total, the Authority estimates taking 44,000 samples at approximately 500 public school and child care facilities. More information can be found at: [www.in.gov/ifa/lead-sampling-program/phase-ii-2019-current](http://www.in.gov/ifa/lead-sampling-program/phase-ii-2019-current)

2. **Name of program:** Indiana Validated Water Loss Audit Program
  - a. **Capitalization Grant Year:** 2019 and 2020
  - b. **Purpose:** To help water utilities better understand the amount of non-revenue water in their systems and help address potential issues
  - c. **Agency Responsibilities:** The Authority will engage a third party contractor to conduct trainings and aid utilities in completing a water audit. In addition, the Authority will also engage the same third party contractor to conduct trainings to train validators, who will aid utilities in completing a validated water audit. For more information see: <https://www.in.gov/ifa/water-loss-audits/>  
**Achievements:** Contractors were engaged August 2019. Seven training sessions were held from November 2019 – March 2020 until COVID-19 closures and travel restrictions impacted the ability of utilities to attend in-person training. In June 2020, the training programs were revised to a virtual format. Six virtual and socially-distanced in-person trainings were held June – September 2020. The deadline to submit a validated audit to IFA was extended from August 1, 2020 to January 1, 2021 due to the COVID-19 pandemic. The 2020 Legislative report which summarizes the efforts of the state and the results of the program are available here: [www.in.gov/ifa/water-loss-audits](http://www.in.gov/ifa/water-loss-audits)

3. **Name of program:** Regional Water Planning Meetings
  - a. **Capitalization Grant Year:** 2019 and 2021
  - b. **Purpose:** The goal of the program is to increase communication and improve collaboration among utilities and other water users in local regions across the State. For more information see: <https://www.in.gov/ifa/regional-planning-meetings/>
  - c. **Agency Responsibilities:** The Authority will organize and conduct regional meetings, including setting the agendas and recruiting speakers, drafting region boundaries and invitation lists, and finding suitable regional locations for meetings. The Authority may engage a third-party contractor to assist with the implementation of this program.
  - d. **Achievements:** The IFA conducted eleven Regional Water Planning Meetings from January 2020 – February 2021. The Authority received over 550 responses from attendees at those meetings, which are summarized in the attached presentation. In the second year of the program, the IFA anticipates conducting another +/- ten Regional Planning Meetings throughout the state.

4. **Name of program:** Central Indiana Water Study

- a. **Capitalization Grant Year:** 2018, 2019, and 2020
- b. **Purpose:** The goal of the IFA’s Central Indiana Water Study is to provide the State and affected water utilities a better understanding of the supply and demand of water resources in the Central Indiana region. For more information see [www.in.gov/ifa/regional-water-studies/central-indiana-water-study](http://www.in.gov/ifa/regional-water-studies/central-indiana-water-study)
- c. **Agency Responsibilities:** The Authority will lead the planning effort, including drafting study scopes, engaging third party contractors, reviewing all deliverables, conducting public meetings.
- d. **Achievements:**

Contractors were engaged in 2019. The IFA hosted a public meeting on April 29, 2019 to kick-off the study with elected officials, utility personnel, and other interested parties. Several presentations have been made of the results and findings including at the 2020 and 2021 Indiana Water Summit.

Most deliverable have been completed and are available on the IFA website:

[Fact Sheet](#)

[Executive Summary Report](#)

[Regional Water Demand Forecast Report](#)

[Regional Supply Fact Sheet](#)

[Regional Water Availability Report](#)

[Regional Water Demand Forecast Presentation at the Indiana Water Summit 8-12-2020](#)

[Central Indiana Water Study Kick-Off Meeting Presentations 4-29-2019](#)

The final public education and outreach deliverable are still being completed.

5. **Name of program:** Indiana Regional Water Study

- a. **Capitalization Grant Year:** 2021

- b. **Purpose:** The Authority will work with the local planning group(s) to identify the water issues in the region that need to be studied, which might include: water supply and demand, water quality, infrastructure, public health, and public education/outreach. The goal of the study will be to find
- c. **Agency Responsibilities:** The Authority will lead the planning effort, including drafting study scopes, engaging third party contractors, and conducting public meetings.
- d. **Achievements:** Work on this project have not yet begun.



# Regional Utility Planning Meeting

Conducted by the Indiana Finance Authority (“IFA”)  
May 19, 2021

1

## IFA Environmental Programs

1. State Revolving Fund Loan Program
2. Indiana Brownfields Program
3. Water Resources and Infrastructure Planning Program
  - Water Loss Audits
  - Lead Sampling Program in Public Schools and Child Cares
  - DW/WW/SW Infrastructure Needs Survey
  - Regional Water Planning – Meetings and Studies
  - SWIF Grants



2

## Regional Planning Meetings requirements: IFA

- Senate Enrolled Act 4 (2019)
- **IFA conduct annual meetings with utilities in regions**
  - Community Water Systems
  - NPDES Municipal Major and Minor sanitary-type permit holders



3

## Results of 2020 IFA Regional Meetings

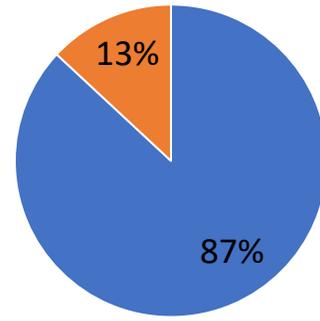
- 11 meetings
- January 2020 – February 2021
- Survey for attendance and feedback
  - Collected 550 unique responses



4

## Results of 2020 IFA Regional Meeting Surveys

Utility vs. Non-utility Response

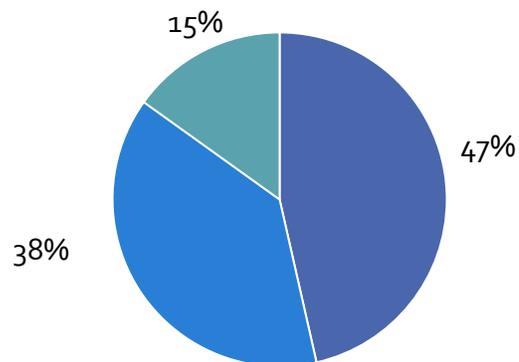


■ utility ■ non-utility

5

## Results of 2020 IFA Regional Meeting Surveys

Response by Utility Type

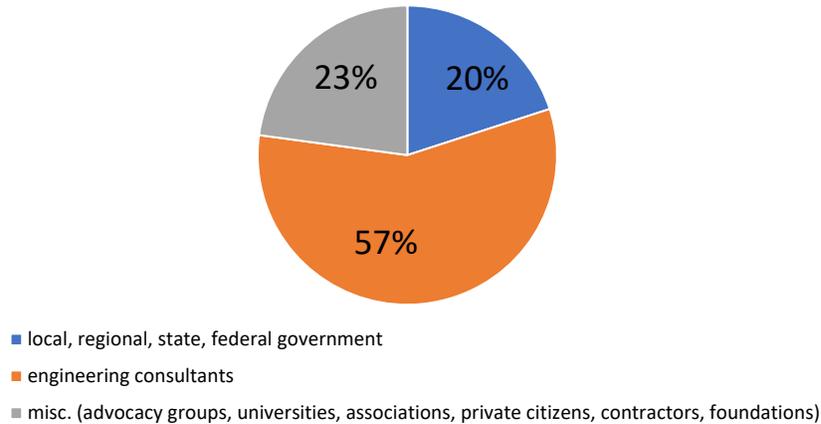


■ drinking water utilities ■ wastewater utilities ■ storm water utilities

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## Results of 2020 IFA Regional Meeting Surveys

### Non-utility Responses



7

## Regional Planning Meetings requirements: IFA

- Senate Enrolled Act 4 (2019)
- IFA conduct annual meetings with utilities in regions
  - Community Water Systems
  - NPDES Municipal Major and Minor sanitary-type permit holders
- **IFA divide state into Study Areas (i.e. regions)**
  - Based on watershed, water source, or other relevant factors



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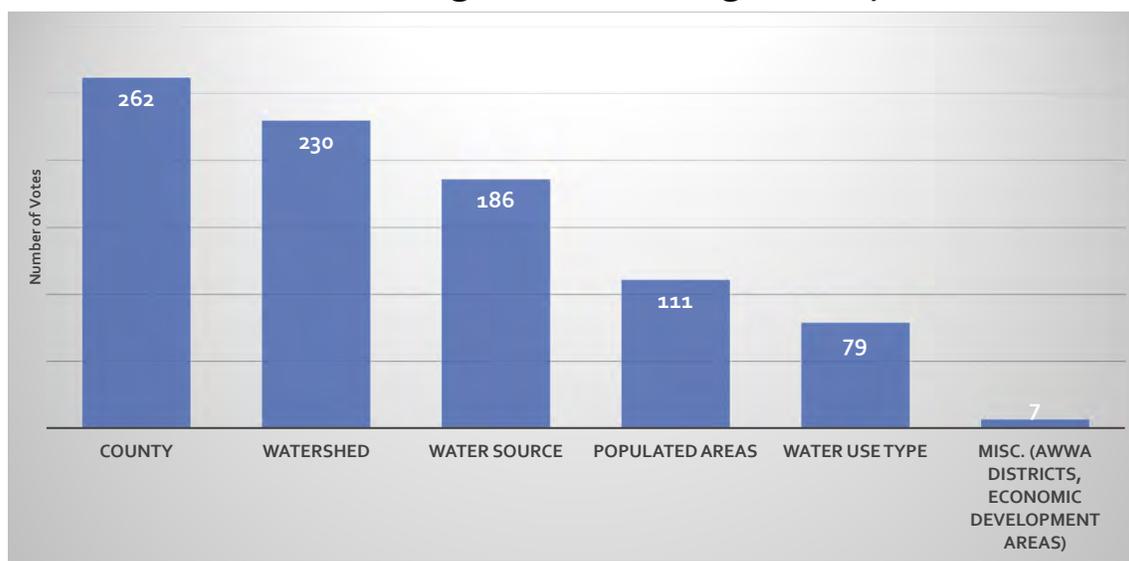
## How to Determine Regions for Water Planning?

- Hydrology (watersheds)
  - Great Lakes River Basin
- Socioeconomic (counties, economic areas, population)
- Type of water use
  - I.e., public water supply, industrial, agricultural
- Type of NPDES discharge limits/pollutants/receiving waters
- Existing service territories
- Existing regional groups of utilities
- Logistics for functioning as a group
- Combination of above or other criteria



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## Results of 2020 IFA Regional Meeting Surveys: Boundaries



10

## A suggestion

(Jack Wittman, 2018)



11

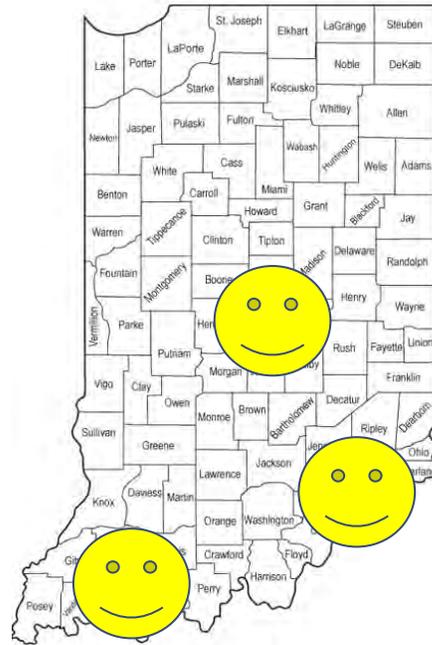
## Existing Regional Water Planning Groups

- Central Indiana Drinking Water Collaborative
  - Jeff Willman, Charles Gill
  - May 25, 2021, virtual
- Patoka Lake Regional Water & Sewer District
  - Doug Merkel, Shawn Kluesner
  - June 29, 2021 in Ferdinand
- Southern Indiana Water Professionals Association
  - Scott Ham, Bill Reedy
  - July 16, 2021 in Floyds Knobs



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Final version: TBD



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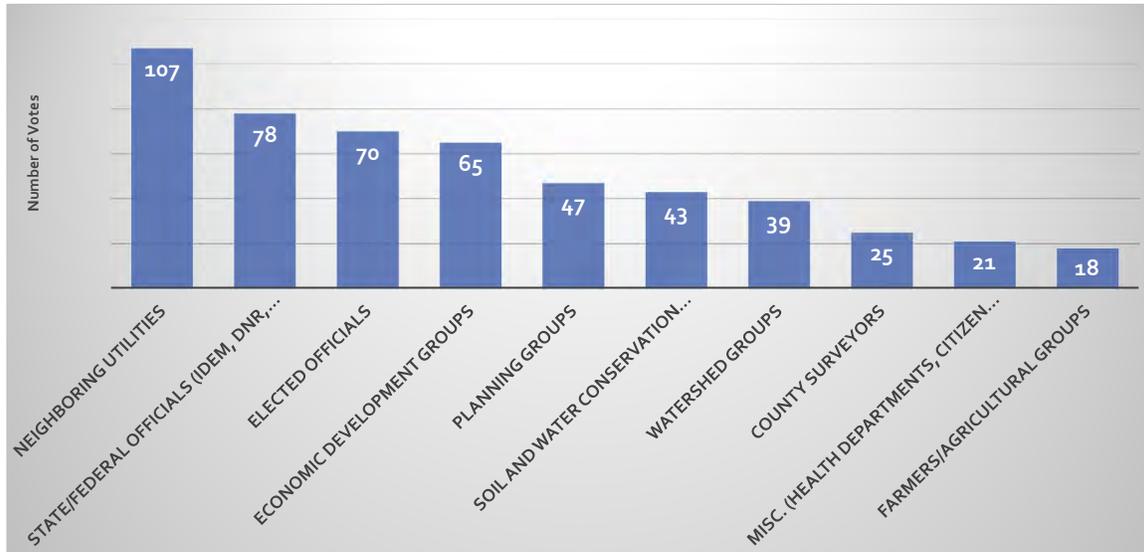
## Results of 2020 IFA Regional Meeting Surveys

- Current Planning Partners
- Current Planning Topics
- Future Planning Partners
- Future Planning Topics



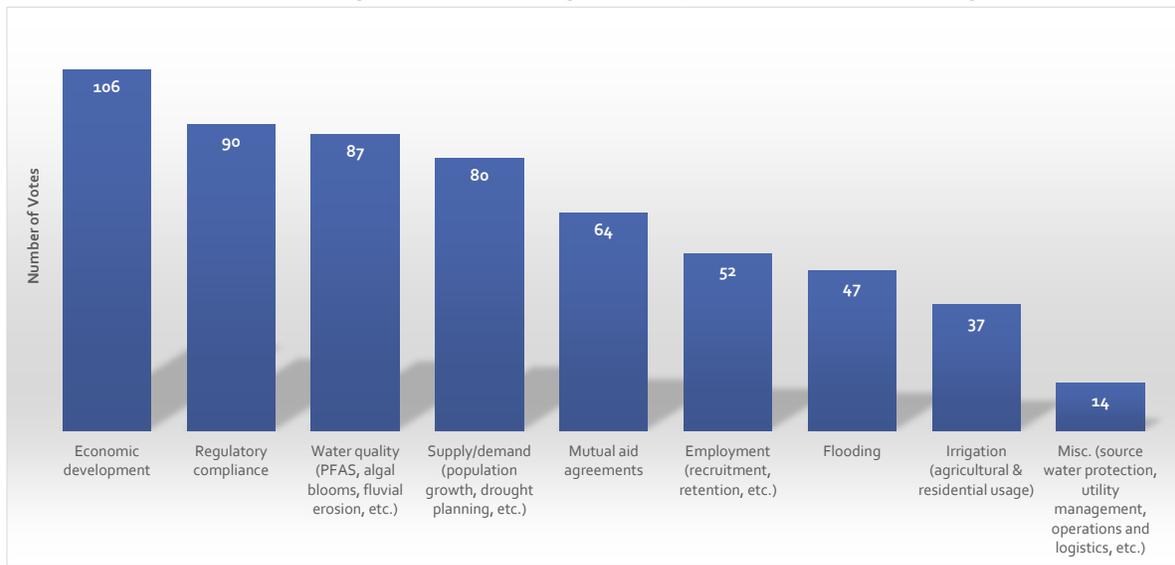
14

### Results of 2020 IFA Regional Meeting Surveys: Current Planning Partners



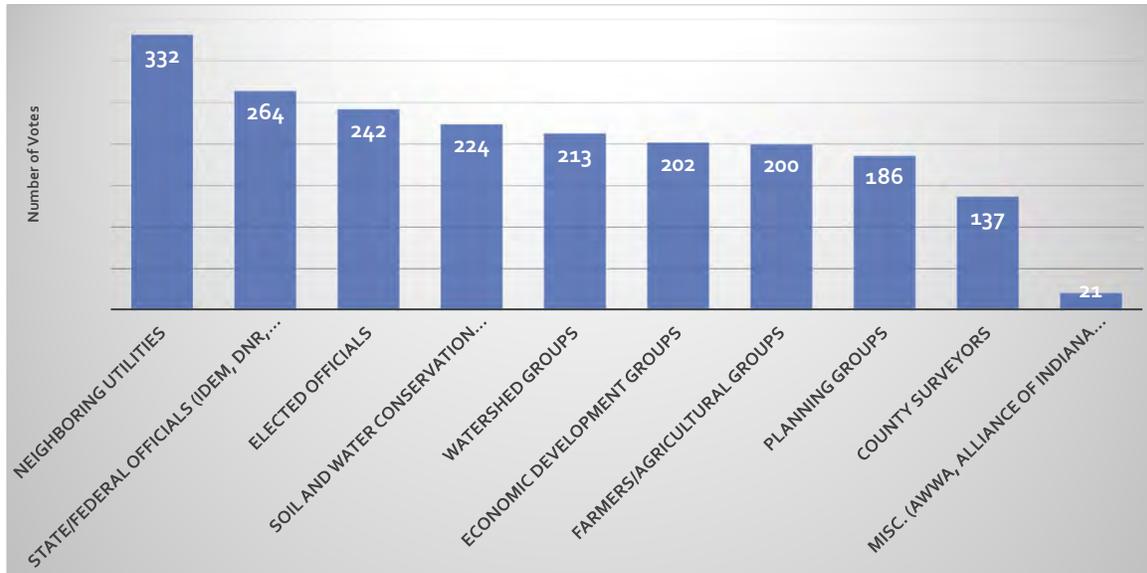
15

### Results of 2020 IFA Regional Meeting Surveys: Current Planning Topics



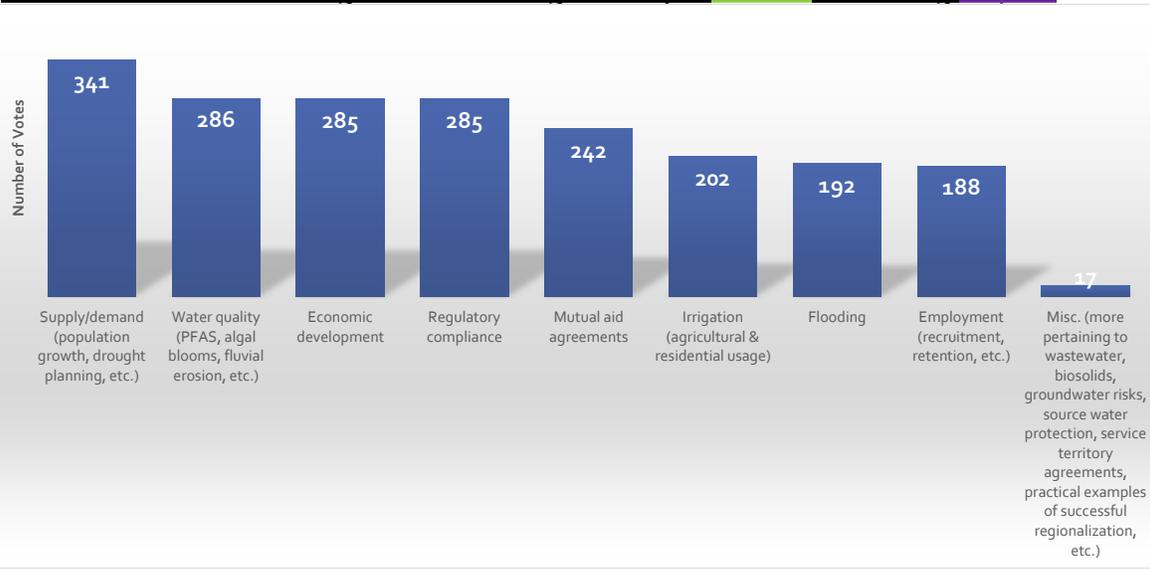
16

## Results of 2020 IFA Regional Meeting Surveys: **Future Planning Partners**



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## Results of 2020 IFA Regional Meeting Surveys: **Future Planning Topics**



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## Results of 2020 IFA Regional Meeting Surveys

- **Current Planning Partners**
  - Neighboring utilities, State/Fed Officials, Elected Officials
- **Current Planning Topics**
  - Economic Development, Regulatory Compliance, Water Quality, Supply/Demand
- **Future Planning Partners**
  - Neighboring utilities, State/Fed Officials, Elected Officials
- **Future Planning Topics**
  - Supply/Demand, Water Quality, Economic Development, Regulatory Compliance



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## Going forward

- Establishing regional boundaries (“Study Areas”)
- Utility-led, regional planning groups starting to form
  - Do not want to re-create the wheel; invite us to your meeting
- Annual IFA Regional Planning Meetings
  - Partner with existing organizations at existing meetings
- Continuation of Regional Water Studies
- Easy reporting; complete today



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## Regional Planning Meeting requirements: reporting

- Utilities report to IFA by March 1
- IFA reports to Legislature by November 1
- Required for assistance from IFA:
  - DW and WW SRF Loan Programs
  - SWIF Grants



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- IFA Regional Planning Meeting Survey link:
- Aim your phone's camera at QR code
- Go to website that pops up, "alchemer.com"
- You will receive an email confirming receipt of submittal
- The survey will be active for 30 minutes after today's meeting

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Indiana DW SRF Loan Program  
Exhibit R - Summary of All Associated Funds in SFY 2021

Applicant Name	Closing Date	SRF Funding*	Office of Community and Rural Affairs Grant	Fee Agreements	Supplemental Funds (State)	Local Funds
Martinsville	9/24/2020	\$ 6,026,000	\$ 700,000	\$ -	\$ -	\$ -
Monroe	9/29/2020	\$ 2,911,000	\$ -	\$ -	\$ 25,000	\$ 4,245
Monroe	9/29/2020	\$ 820,000	\$ -	\$ -	\$ -	\$ -
Carlisle	9/30/2020	\$ 3,140,000	\$ 600,000	\$ -	\$ 25,000	\$ -
North Salem	10/28/2020	\$ 1,470,000	\$ 700,000	\$ -	\$ 25,000	\$ -
Crown Point	11/24/2020	\$ 7,819,535	\$ -	\$ -	\$ -	\$ -
LaCrosse	12/4/2020	\$ 4,214,458	\$ 700,000	\$ -	\$ 25,000	\$ -
Fountain City	12/15/2020	\$ 202,000	\$ 700,000	\$ 2,350,000	\$ 25,000	\$ 56,000
Galveston	12/15/2020	\$ 5,965,080	\$ 600,000	\$ -	\$ 25,000	\$ -
Nappanee	12/17/2020	\$ 1,185,000	\$ -	\$ -	\$ -	\$ -
Nappanee	12/17/2020	\$ 4,487,000	\$ -	\$ -	\$ -	\$ 2,250,000
Lewisville	12/18/2020	\$ 433,000	\$ 700,000	\$ 700,000	\$ 25,000	\$ -
Universal	12/28/2020	\$ 238,000	\$ 550,000	\$ -	\$ 25,000	\$ -
Frankfort	3/16/2021	\$ 10,835,000	\$ -	\$ -	\$ -	\$ -
Frankfort	3/16/2021	\$ 2,795,000	\$ -	\$ -	\$ -	\$ -
Topeka	3/31/2021	\$ 4,392,000	\$ -	\$ -	\$ 25,000	\$ 55,600
Northwest Jasper RWD	5/27/2021	\$ 2,685,000	\$ -	\$ -	\$ 12,500	\$ 1,350,000
Northwest Jasper RWD	5/27/2021	\$ 3,445,000	\$ -	\$ -	\$ 12,500	\$ -

\*Includes Traditional, Additional Subsidy, and Pooled

**Non-Federal Total: \$ 7,015,845**

**Exhibit S - Summary of Drinking Water Projects with a Regional Solution SFY 2017 - 2021**

<u>Closing Date</u>	<u>Community</u>	<u>Loan Amount</u>	<u>Project</u>
12/18/2019	Lizton	\$ 1,400,000	The Water Main extension project will extend drinking water service from the existing Citizens Water Authority utility to the Town of Lizton and surrounding areas.
8/16/2018	Jackson County	\$ 6,680,000	The Water Main extension project will extend drinking water service from the existing Jackson County Water utility to approximate 573 households and businesses.
3/30/2017	LaGrange Regional Utility District	\$ 4,195,000	The State of Indiana constructed a non-transient/ noncommunity water system at the Howe/Lagrange Travel Plaza in the 1950s. The water system has a capacity of 150 gpm and consists of two wells, a three-cell pressure filtration system and two hydropneumatic tanks with a combined capacity of 12,000 gallons. The system is currently operated and maintained by the Indiana Toll Road Concession Company, who desires to retire the plant. The existing facility is at the end of useful life and would require expensive upgrades to continue to meet the needs of the system. he proposed project will install water main and associated hydrants and valves to the existing Fawn River Crossing water system, a pressure booster station with chlorine injection system, hydropneumatic tank with telemetry interconnections and a standby power generator. The proposed project will install water main and associated hydrants and valves to the existing Fawn River Crossing water system, a pressure booster station with chlorine injection system, hydropneumatic tank with telemetry interconnections and a standby power generator. The project will connect Travel Plaza #7 to the existing Fawn River Crossing water treatment plant, within the LaGrange County Regional Utility District. The Fawn River Crossing plant is in good condition and has sufficient capacity to meet the needs of the Travel Plaza and existing customers.
2/15/2017	Cayuga	\$ 777,000	North Vermillion Community School Corporation is not currently connected to Cayuga’s water system and had been operating an underground drinking water well system, located on school property. The school ceased utilizing the wells for drinking water, when the wells started having water quality issues with increasing levels of nitrate. To protect the health of the students, the North Vermillion School Corporation began using bottled water. In April 2016, the North Vermillion Community School Corporation and the Indiana Department of Environmental Management (IDEM) entered into an Agreed Order to bring the nitrate levels down to below the maximum contaminant level (MCL). The project connected the School Corp to the existing Cayuga system