



**A COMPONENT UNIT OF THE STATE OF INDIANA**

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT

December 31, 2019

**Indiana Housing and Community Development Authority**  
**A Component Unit of the State of Indiana**  
**December 31, 2019**

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## Independent Auditors' Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the Indiana Housing and Community Development Authority (Authority), a component unit of the State of Indiana, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

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 financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of December 31, 2019, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 3 to the financial statements, the 2019 beginning net position has been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary information, including the combining schedule of net position, combining schedule of revenues, expenses and changes in net position and combining schedule of cash flows, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we also have issued our report dated April 16, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*BKD, LLP*

Indianapolis, Indiana  
April 16, 2020

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

# **Indiana Housing and Community Development Authority**

## **(A Component Unit of the State of Indiana)**

### **Management's Discussion and Analysis (Unaudited)**

#### **December 31, 2019**

Management's discussion and analysis of the Indiana Housing and Community Development Authority's (Authority) financial performance provides an overview of the financial activities for the year ended December 31, 2019. This information is being presented to provide additional information regarding the activities of the Authority. The management's discussion and analysis should be read in conjunction with the independent auditors' report, financial statements and accompanying notes. Notes to the financial statements provide additional information that is essential to a full understanding of the information contained within the financial statements.

#### ***Introduction - The Indiana Housing and Community Development Authority***

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

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

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

#### ***Overview of the Financial Statements***

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

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

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

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

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

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

# Indiana Housing and Community Development Authority

## (A Component Unit of the State of Indiana)

### Management's Discussion and Analysis (Unaudited)

#### December 31, 2019

### Financial Highlights

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

	2019 As Restated <sup>(1)</sup>	2018	Change	% Change
<b>Assets and Deferred Outflows of Resources</b>				
<b>Current Assets</b>				
Cash and cash equivalents				
Unrestricted	\$ 82,683,384	\$ 87,820,025	\$ (5,136,641)	-6%
Restricted	130,482,237	160,517,988	(30,035,751)	-19%
Accrued interest receivable				
Investments	614,851	782,345	(167,494)	-21%
Investments held against bonds	1,636,488	1,448,254	188,234	13%
Accounts and loan receivable, net	29,163,355	26,706,304	2,457,051	9%
Other assets	732,427	1,026,257	(293,830)	-29%
Total current assets	<u>245,312,742</u>	<u>278,301,173</u>	<u>(32,988,431)</u>	<u>-12%</u>
<b>Noncurrent Assets</b>				
Investments				
Unrestricted	139,385,256	126,777,146	12,608,110	10%
Restricted	31,194,379	18,373,838	12,820,541	70%
Investments held against bonds	553,307,036	475,729,508	77,577,528	16%
Accounts and loans receivable, net	88,535,010	90,486,577	(1,951,567)	-2%
Capital assets, at cost, less accumulated depreciation	1,932,866	2,462,377	(529,511)	-22%
Total noncurrent assets	<u>814,354,547</u>	<u>713,829,446</u>	<u>100,525,101</u>	<u>14%</u>
Total assets	<u>1,059,667,289</u>	<u>992,130,619</u>	<u>67,536,670</u>	<u>7%</u>
<b>Deferred Outflows of Resources</b>				
Pension-related	566,728	519,514	47,214	9%
Accumulated decrease in fair value of derivative	1,506,830	9,213	1,497,617	16255%
Deferred refunding costs	1,665,260	2,068,404	(403,144)	-19%
Total deferred outflows of resources	<u>3,738,818</u>	<u>2,597,131</u>	<u>1,141,687</u>	<u>44%</u>
Total assets and deferred outflows of resources	<u>\$ 1,063,406,107</u>	<u>\$ 994,727,750</u>	<u>\$ 68,678,357</u>	<u>7%</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>				
<b>Current Liabilities</b>				
Bonds payable	\$ 12,945,000	\$ 10,965,000	\$ 1,980,000	18%
Accrued interest payable	5,680,928	4,370,562	1,310,366	30%
Unearned revenue	34,476,408	58,709,833	(24,233,425)	-41%
Government advances	589,629	-	589,629	0%
Capital lease liability	92,564	87,021	5,543	6%
Accounts payable and other liabilities	13,608,128	8,833,283	4,774,845	54%
Total current liabilities	<u>67,392,657</u>	<u>82,965,699</u>	<u>(15,573,042)</u>	<u>-19%</u>
<b>Noncurrent Liabilities</b>				
Bonds payable	509,028,522	455,135,468	53,893,054	12%
Original issue premium	9,050,381	7,488,601	1,561,780	21%
Bonds payable, net	518,078,903	462,624,069	55,454,834	12%
Notes payable	1,692,476	1,765,049	(72,573)	-4%
Derivative instrument - interest rate swap agreements	1,506,830	9,213	1,497,617	16255%
Pension liability	3,381,741	3,339,635	42,106	1%
Government advances	31,679,065	-	31,679,065	0%
Capital lease liability	267,337	359,901	(92,564)	-26%
Total noncurrent liabilities	<u>556,606,352</u>	<u>468,097,867</u>	<u>88,508,485</u>	<u>19%</u>
Total liabilities	<u>623,999,009</u>	<u>551,063,566</u>	<u>72,935,443</u>	<u>13%</u>
<b>Deferred Inflows of Resources</b>				
Pension-related	542,452	706,019	(163,567)	-23%
<b>Net Position</b>				
Net investment in capital assets	1,572,965	2,015,455	(442,490)	-22%
Restricted	220,310,309	229,732,480	(9,422,171)	-4%
Unrestricted	216,981,372	211,210,230	5,771,142	3%
Total net position	<u>438,864,646</u>	<u>442,958,165</u>	<u>(4,093,519)</u>	<u>-1%</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,063,406,107</u>	<u>\$ 994,727,750</u>	<u>\$ 68,678,357</u>	<u>7%</u>

<sup>(1)</sup> - The prior period restatement is reflected as of January 1, 2019. See Note 3 for further information.

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Total assets and deferred outflows of resources increased by \$68.7 million or 7 percent. The primary reason for this was related to the increase in noncurrent investments held against bonds of \$77.6 million, which increased lendable proceeds and provided funding for down payment assistance. There were also increases in noncurrent investments of \$25.4 million, current and noncurrent net accounts and loans receivable of \$0.5 million. The remainder \$0.4 million was attributable to the effects of the change in Capital and Other Assets between years. These increases were offset by a net decrease in cash and cash equivalents of \$35.2 million.

The deferred outflows of resources increased \$1.1 million due to the increase created by the adjustment in the fair value of the 2017 Series B-3 and 2017 Series C-3 interest rate swaps of \$1.5 million, offset by the amortization of the deferred refunding costs of \$0.4 million.

Total liabilities increased \$72.9 million. Noncurrent liabilities increased \$88.5 million due primarily to the prior period restatement that added additional noncurrent liabilities of \$31.2 million, as well as new issuances of bonds payable. Current liabilities decreased \$15.6 million primarily due to a decrease in program unearned revenue of \$24.2 million, offset by an increase in accounts payable and other liabilities of \$4.8 million, increase in bonds payable of \$2.0 million, and an increase in accrued interest payable of \$1.3 million.

Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$438.9 million at December 31, 2019. This decreased \$4.1 million between years.

Total net position at December 31, 2019 and 2018 was as follows (in millions of dollars):

	<b>2019</b>	<b>2018</b>
	<b>As Restated <sup>(1)</sup></b>	<b></b>
Assets and deferred outflows of resources	\$ 1,063.4	\$ 994.7
Liabilities and deferred inflows of resources	624.5	551.8
Net position	\$ 438.9	\$ 442.9

<sup>(1)</sup> – The prior period restatement is reflected as of January 1, 2019. See Note 3 for further information.

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**Operating Analysis**

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

	<b>2019</b>			
	<b>As Restated <sup>(1)</sup></b>	<b>2018</b>	<b>Change</b>	<b>% Change</b>
<b>Revenues</b>				
Interest income				
Investments	\$ 9,211,243	\$ 8,568,653	\$ 642,590	7%
Investments held against bonds	19,810,825	17,226,613	2,584,212	15%
Loans	1,051,990	914,969	137,021	15%
Fee income	5,046,064	5,004,044	42,020	1%
Program income	377,950,395	404,770,624	(26,820,229)	-7%
Gain on sale of Next Home investments	5,275,676	8,207,168	(2,931,492)	-36%
Net increase (decrease) in fair value of investments	19,907,400	(10,291,743)	30,199,143	-293%
Other income	546,105	317,853	228,252	72%
Total revenues	<u>438,799,698</u>	<u>434,718,181</u>	<u>4,081,517</u>	<u>1%</u>
<b>Expenses</b>				
Investment expense (down payment assistance)	8,164,116	9,435,171	(1,271,055)	-13%
Loss on sale of investments	1,599,906	2,035,236	(435,330)	-21%
Interest expense	15,987,014	14,271,589	1,715,425	12%
Issuance costs	1,209,470	820,251	389,219	47%
Program expenses	360,162,344	383,152,564	(22,990,220)	-6%
General and administrative expenses	20,249,725	21,150,272	(900,547)	-4%
Total expenses	<u>407,372,575</u>	<u>430,865,083</u>	<u>(23,492,508)</u>	<u>-5%</u>
<b>Change in Net Position</b>	<u>31,427,123</u>	<u>3,853,098</u>	<u>27,574,025</u>	<u>716%</u>
<b>Net Position, Beginning of Year, as previously reported</b>	442,958,165	439,105,067	3,853,098	1%
<b>Prior Period Restatement</b>	<u>(35,520,642)</u>	-	<u>(35,520,642)</u>	<u>0%</u>
<b>Net Position, Beginning of Year, as restated</b>	<u>407,437,523</u>	<u>439,105,067</u>	<u>(31,667,544)</u>	<u>-7%</u>
<b>Net Position, End of Year</b>	<u>\$ 438,864,646</u>	<u>\$ 442,958,165</u>	<u>\$ (4,093,519)</u>	<u>-1%</u>

<sup>(1)</sup> - The prior period restatement is reflected as of January 1, 2019. See Note 3 for further information.

**Indiana Housing and Community Development Authority**  
**(A Component Unit of the State of Indiana)**  
**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2019**

In 2019, total operating revenues were \$438.8 million. This was comprised of federal and state program income of \$378.0 million, interest income of \$30.1 million, gains on the sale of Next Home mortgages and investments of \$5.3 million, a net increase in the fair value of investments of \$19.9 million, and \$5.5 million in fee and other income. This compares to \$434.7 million of total operating revenues in 2018. The overall increase in revenue of \$4.1 million is mostly due to a net increase in fair value of investments of \$30.2 million, offset by the decrease in program income of \$26.8 million. Program income decreased related to the Low-Income Home Energy Assistance Program in the amount of \$23.1 million. In addition, there was an increase in interest income of \$3.4 million and other income of \$0.2 million, offset by the decrease between years in gain on the sale of Next Home investments of \$2.9 million.

Total operating expenses in 2019 were \$407.4 million, which includes \$360.2 million of federal and state program expenses, \$16.0 million of interest expense on bonds, \$20.2 million of general and administrative expense, \$8.2 million in down payment assistance, \$1.2 million in issuance costs and \$1.6 million loss on the sale of investments.

This compares to \$430.9 million of total operating expenses in 2018. The overall decrease of \$23.5 million was primarily due to the decrease of \$23.0 million in program expense between the years, which correlated to the decrease in program income. The program expense decrease was primarily attributable to the Low-Income Home Energy Assistance Program of \$22.8 million. Investment expense (down payment assistance) also decreased by \$1.3 million. Likewise, loss on sale of investments decreased by \$0.4 million. General and administrative costs also decreased \$0.9 million, primarily due to combined reductions in the IHEDA General Fund and Program Fund. There were increases in both interest expense of \$1.7 million and issuance costs of \$0.4 million.

Total operating income/change in net position for 2019 and 2018 was as follows (in millions of dollars):

	<b>2019</b>	<b>2018</b>
Operating revenues, gains and losses	\$ 438.8	\$ 434.7
Operating expenses	407.4	430.9
Operating income/change in net position	\$ 31.4	\$ 3.8

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Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* (GASB No. 31) requires the Authority's investments to be reported at fair value. The change in the fair value of investments is an unrealized gain or loss and has no direct effect on actual cash flows of the Authority. The related adjustment should be tempered with the understanding that the underlying assets primarily are not readily marketable due to their relationship with the bond indentures. The change in net position is shown both with and without the GASB No. 31 adjustment below. In the current year, there was a net increase of \$19.9 million in the net fair value of investments held at year end. Without the GASB No. 31 adjustment, the change in net position for 2019 was \$11.5 million, resulting in a net decrease in the change in net position of \$2.6 million between years.

	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>% Change</u>
Change in net position	\$ 31,427,123	\$ 3,853,098	\$ 27,574,025	716%
Net increase (decrease) in fair value of investments	<u>19,907,400</u>	<u>(10,291,743)</u>	<u>30,199,143</u>	<u>-293%</u>
Change in net position excluding GASB No. 31 adjustment	<u>\$ 11,519,723</u>	<u>\$ 14,144,841</u>	<u>\$ (2,625,118)</u>	<u>-19%</u>

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

	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>% Change</u>
<b>Revenues</b>				
Interest income				
Investments	\$ 3,346,088	\$ 2,983,390	\$ 362,698	12%
Fee income	5,044,564	5,004,044	40,520	1%
Gain on sale of investments	5,131,058	8,205,645	(3,074,587)	-37%
Net increase (decrease) in fair value of investments	445,233	(444,813)	890,046	-200%
Other income	546,105	317,853	228,252	72%
Total revenues	<u>14,513,048</u>	<u>16,066,119</u>	<u>(1,553,071)</u>	<u>-10%</u>
<b>Expenses</b>				
Investment expense (down payment assistance)	3,583,200	5,091,652	(1,508,452)	-30%
Loss on sale of investments	342,725	384,727	(42,002)	-11%
Interest expense	25,226	15,441	9,785	63%
Program expenses	60,196	232,060	(171,864)	-74%
General and administrative expenses	6,491,525	6,895,777	(404,252)	-6%
Total expenses	<u>10,502,872</u>	<u>12,619,657</u>	<u>(2,116,785)</u>	<u>-17%</u>
<b>Operating Income</b>	4,010,176	3,446,462	563,714	16%
<b>Transfers</b>				
Interfund transfers	<u>(317,615)</u>	<u>3,986,170</u>	<u>(4,303,785)</u>	<u>-108%</u>
<b>Change in Net Position</b>	3,692,561	7,432,632	(3,740,071)	-50%
<b>Net Position, Beginning of Year</b>	<u>104,498,969</u>	<u>97,066,337</u>	<u>7,432,632</u>	<u>8%</u>
<b>Net Position, End of Year</b>	<u>\$ 108,191,530</u>	<u>\$ 104,498,969</u>	<u>\$ 3,692,561</u>	<u>4%</u>

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In 2019, total operating revenues for the General Fund were \$14.5 million. This was comprised of gains on the sale of Next Home investments of \$5.1 million, interest income of \$3.3 million, \$5.6 million in fees and other income, and an increase in the fair value of investments of \$0.5 million. This compares to \$16.1 million of total operating revenues in 2018. The overall decrease in revenue of \$1.6 million is mostly attributable to the decrease in the gains on the sales of Next Home mortgages of \$3.1 million, offset by the increase in the fair value of investments of \$0.9 million, other income of \$0.2 million consisting of multi-family bonds reservations, and interest income of \$0.4 million.

Total operating expenses for the General Fund in 2019 were \$10.5 million, which includes \$3.6 million in down payment assistance, \$6.5 million of general and administrative expenses, \$0.3 million in loss on sale of investments, and \$0.1 million in program expenses. This compares to \$12.6 million of total operating expenses in 2018. Total operating expenses decreased by \$2.1 million, due to a decrease between years of \$1.5 million in down payment assistance volume and a decrease in general and administrative expenses of \$0.4 million. There was a lower need for program repayment and disaster assistance netting to a decrease in that area of \$0.2 million between years.

There were \$0.3 million in inter-fund transfers into the General Fund in 2019 and \$4.0 million in 2018 from the Single Family Fund.

Total General Fund change in net position for 2019 and 2018 was as follows (in millions of dollars):

	<b>2019</b>	<b>2018</b>
Operating revenues, gains and losses	\$ 14.5	\$ 16.1
Operating expenses	10.5	12.6
Operating income	4.0	3.5
Interfund transfers	(0.3)	4.0
Change in net position	\$ 3.7	\$ 7.5

The change in net position is shown both with and without the GASB No. 31 adjustment below. In the current year, there was a net increase of \$0.4 million in the net fair value of investments held at year end. Without the GASB No. 31 adjustment, the change in net position for 2019 was \$3.2 million resulting in a net decrease in the change in net position of \$4.6 million between years. The decrease between years is attributable to the \$4.0 million inter-fund transfer to the General Fund from the Single-Family Fund for the Honor Our Veterans new program initiative in 2018 combined with the effect of the change in fair value of investments.

	<b>2019</b>	<b>2018</b>	<b>Change</b>	<b>% Change</b>
Change in net position	\$ 3,692,561	\$ 7,432,632	\$ (3,740,071)	-50%
Net increase (decrease) in fair value of investments	445,233	(444,813)	890,046	-200%
Change in net position without GASB No. 31 adjustment	\$ 3,247,328	\$ 7,877,445	\$ (4,630,117)	-59%

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

	<b>2019</b>			
	<b>As Restated <sup>(1)</sup></b>	<b>2018</b>	<b>Change</b>	<b>% Change</b>
<b>Revenues</b>				
Interest income				
Investments	\$ 219,480	\$ 31,835	\$ 187,645	589%
Loans	1,051,990	914,969	137,021	15%
Fee income	1,500	-	1,500	100%
Program income	377,950,395	404,770,624	(26,820,229)	-7%
Total revenues	<u>379,223,365</u>	<u>405,717,428</u>	<u>(26,494,063)</u>	<u>-7%</u>
<b>Expenses</b>				
Interest expense	17,625	18,690	(1,065)	-6%
Program expenses	360,089,409	382,920,504	(22,831,095)	-6%
General and administrative expenses	12,451,040	13,077,392	(626,352)	-5%
Total expenses	<u>372,558,074</u>	<u>396,016,586</u>	<u>(23,458,512)</u>	<u>-6%</u>
<b>Operating Income</b>	6,665,291	9,700,842	(3,035,551)	-31%
<b>Transfers</b>				
Interfund transfers	<u>317,615</u>	<u>13,830</u>	<u>303,785</u>	<u>2197%</u>
<b>Change in Net Position</b>	<u>6,982,906</u>	<u>9,714,672</u>	<u>(2,731,766)</u>	<u>-28%</u>
<b>Net Position, Beginning of Year, as previously reported</b>	163,444,905	153,730,233	9,714,672	6%
<b>Prior Period Restatement</b>	<u>(35,520,642)</u>	<u>-</u>	<u>(35,520,642)</u>	<u>0%</u>
<b>Net Position, Beginning of Year, as restated</b>	<u>127,924,263</u>	<u>153,730,233</u>	<u>(25,805,970)</u>	<u>-17%</u>
<b>Net Position, End of Year</b>	<u>\$ 134,907,169</u>	<u>\$ 163,444,905</u>	<u>\$ (28,537,736)</u>	<u>-17%</u>

<sup>(1)</sup> – The prior period restatement is reflected as of January 1, 2019. See Note 3 for further information.

In 2019, total operating revenues for the Program Fund were \$379.2 million. This was primarily comprised of federal and state program revenues of \$378.0 million. This compares to \$405.7 million of total operating revenues in 2018. The overall decrease in revenue of \$26.5 million is primarily related to the decrease in the program income of \$26.8 million. The program income decrease is mostly attributable to the Low-Income Home Energy Assistance Program of \$24.7 million, the Community Development Block Grant-Disaster Program of \$6.1 million, Home Investment Partnerships Program of \$1.8 million, and the Neighborhood Stabilization Program of \$1.4 million, offset by increases in Performance Based Contract Admin of \$4.2 million, the Weatherization Assistance for Low-Income Persons Program of \$2.2 million, and the Hardest Hit Fund Program of \$0.8 million.

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Total operating expenses for the Program Fund in 2019 were \$372.6 million, which includes \$360.1 million in program expenses, and \$12.5 million of general and administrative expense. This compares to \$396.0 million of total operating expenses in 2018. Total operating expenses decreased by \$23.5 million, which primarily consists of decreases in program expense of \$22.8 million and general and administrative expense of \$0.6 million. This decrease in program expense correlates to the decrease in the discussion on program income.

Total Program Fund change in net position for 2019 and 2018 was as follows (in millions of dollars):

	2019	2018
Operating revenues, gains and losses	\$ 379.2	\$ 405.7
Operating expenses	372.6	396.0
Operating income	6.6	9.7
Interfund transfers	0.3	-
Change in net position	\$ 6.9	\$ 9.7

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

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

	2019	2018	Change	% Change
<b>Revenues</b>				
Interest income				
Investments	\$ 4,852,170	\$ 4,917,500	\$ (65,330)	-1%
Investments held against bonds	13,040,675	9,032,243	4,008,432	44%
Gain on sale of investments	144,618	1,523	143,095	9396%
Net increase (decrease) in fair value of investments	14,301,737	(4,141,387)	18,443,124	-445%
Total revenues	32,339,200	9,809,879	22,529,321	230%
<b>Expenses</b>				
Investment expense (down payment assistance)	4,580,916	4,343,519	237,397	5%
Loss on sale of investments	1,164,365	1,426,693	(262,328)	-18%
Interest expense	10,092,584	7,392,015	2,700,569	37%
Issuance costs	1,209,470	820,251	389,219	47%
Program expenses	12,739	-	12,739	0%
General and administrative expenses	962,621	804,048	158,573	20%
Total expenses	18,022,695	14,786,526	3,236,169	22%
<b>Operating Income (Loss)</b>	14,316,505	(4,976,647)	19,293,152	-388%
<b>Transfers</b>				
Interfund transfers	274,322	(3,664,003)	3,938,325	-107%
<b>Change in Net Position</b>	14,590,827	(8,640,650)	23,231,477	-269%
<b>Net Position, Beginning of Year</b>	143,701,215	152,341,865	(8,640,650)	-6%
<b>Net Position, End of Year</b>	\$ 158,292,042	\$ 143,701,215	\$ 14,590,827	10%

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In 2019, total operating revenues for the Single Family Fund were \$32.3 million, which consists of interest income of \$17.9 million and the impact of the GASB No. 31 adjustment to mark the investments to market of \$14.3 million. This compares to \$9.8 million of total operating revenues in 2018. The overall increase in revenue of \$22.5 million is primarily related to the positive impact of the GASB No. 31 adjustment of \$18.4 million, as well as an increase in investments held against bonds of \$4.0 million and gain on sale of investments of \$0.1 million.

Total operating expenses for the Single Family Fund in 2019 were \$18.0 million, which includes \$10.1 million in interest expenses, \$4.6 million in down payment assistance, \$1.2 million in bond issuance costs, \$1.2 million in loss on sale of investments, and \$0.9 million of general and administrative expense. This compares to \$14.8 million of total operating expenses in 2018. Total operating expenses increased by \$3.2 million, which correlates primarily to the \$2.7 million in interest expense, bond issuance costs of \$0.4 million, down payment assistance of \$0.2 million, general and administrative expenses of \$0.2 million, offset by a decrease in loss on sale of investments of \$0.3 million.

There were \$0.3 million in inter-fund transfers out of the Single Family Fund in 2019, while there were \$3.7 million in inter-fund transfers into the fund in 2018. The inter-fund transfer included \$4.0 million from the IHEDA Single Family Fund to the General Fund for the Honor Our Veterans new program initiative.

Total Single Family Fund change in net position for 2019 and 2018 was as follows (in millions of dollars):

	<b>2019</b>	<b>2018</b>
Operating revenues, gains and losses	\$ 32.3	\$ 9.8
Operating expenses	18.0	14.8
Operating income	14.3	(5.0)
Interfund transfers	0.3	(3.7)
Change in net position	\$ 14.6	\$ (8.7)

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The change in net position is shown both with and without the GASB No. 31 adjustment below. In the current year, there was a net increase of \$14.3 million in the net fair value of investments held at year end. Without the GASB No. 31 adjustment, the change in net position for 2019 was \$0.3 million resulting in a net increase in the change in net position of \$4.8 million between years. The increase between years is attributable to the \$4.0 million inter-fund transfer from the IHCDA Single Family Fund to the General Fund for the Honor Our Veterans new program initiative in 2018 as well as the combined effect of the change in fair value of investments.

	<b>2019</b>	<b>2018</b>	<b>Change</b>	<b>% Change</b>
Change in net position	\$ 14,590,827	\$ (8,640,650)	\$ 23,231,477	-269%
Net increase (decrease) in fair value of investments	<u>14,301,737</u>	<u>(4,141,387)</u>	<u>18,443,124</u>	<u>-445%</u>
Change in net position without GASB No. 31 adjustment	<u>\$ 289,090</u>	<u>\$ (4,499,263)</u>	<u>\$ 4,788,353</u>	<u>-106%</u>

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

	<b>2019</b>	<b>2018</b>	<b>Change</b>	<b>% Change</b>
<b>Revenues</b>				
Interest income				
Investments	\$ 793,012	\$ 635,928	\$ 157,084	25%
Investments held against bonds	3,839,652	4,677,200	(837,548)	-18%
Net increase (decrease) in fair value of investments	<u>3,830,107</u>	<u>(2,857,013)</u>	<u>6,687,120</u>	<u>-234%</u>
Total revenues	<u>8,462,771</u>	<u>2,456,115</u>	<u>6,006,656</u>	<u>245%</u>
<b>Expenses</b>				
Loss on sale of investments	92,816	223,816	(131,000)	100%
Interest expense	3,108,667	3,662,837	(554,170)	-15%
General and administrative expenses	<u>332,539</u>	<u>362,357</u>	<u>(29,818)</u>	<u>-8%</u>
Total expenses	<u>3,534,022</u>	<u>4,249,010</u>	<u>(714,988)</u>	<u>-17%</u>
<b>Change in Net Position</b>	4,928,749	(1,792,895)	6,721,644	-375%
<b>Net Position, Beginning of Year</b>	<u>28,202,346</u>	<u>29,995,241</u>	<u>(1,792,895)</u>	<u>-6%</u>
<b>Net Position, End of Year</b>	<u>\$ 33,131,095</u>	<u>\$ 28,202,346</u>	<u>\$ 4,928,749</u>	<u>17%</u>

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In 2019, total operating revenues for the Home First Fund were \$8.5 million, which consists of interest income of \$4.6 million and the impact of the GASB No.31 adjustment to mark the investments to market of \$3.8 million. This compares to \$2.5 million of total operating revenues in 2018. The overall increase in revenue of \$6.0 million is related primarily to the impact of the GASB No. 31 adjustment of \$6.7 million offset by the reduced interest income of \$0.7 million, which correlates to the reduction in investments held against bonds.

Total operating expenses for the Home First Fund in 2019 were \$3.5 million, which includes \$3.1 million in interest expenses, \$0.3 million of general and administrative expense, and \$0.1 million in loss on sale of investments. This compares to \$4.2 million of total operating expenses in 2018. Total operating expenses decreased by \$0.7 million, which correlates primarily to the reduction of interest expense on the bonds of \$0.6 million and loss on sale of investments of \$0.1 million.

There were no interfund transfers in 2019 or 2018.

Total Home First Fund change in net position for 2019 and 2018 was as follows (in millions of dollars):

	<b>2019</b>	<b>2018</b>
Operating revenues, gains and losses	\$ 8.5	\$ 2.5
Operating expenses	3.5	4.2
Change in net position	\$ 5.0	\$ (1.7)

The change in net position is shown both with and without the GASB No. 31 adjustment below. In the current year, there was a net increase of \$3.8 million in the net fair value of investments held at year end. Without the GASB No. 31 adjustment, the change in net position for 2019 was near breakeven resulting in a minimal net increase in the change in net position between years.

	<b>2019</b>	<b>2018</b>	<b>Change</b>	<b>% Change</b>
Change in net position	\$ 4,928,749	\$ (1,792,895)	\$ 6,721,644	-375%
Net increase (decrease) in fair value of investments	3,830,107	(2,857,013)	6,687,120	-234%
Change in net position without GASB No. 31 adjustment	\$ 1,098,642	\$ 1,064,118	\$ 34,524	3%

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

	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>% Change</u>
<b>Revenues</b>				
Interest income				
Investments	\$ 493	\$ -	\$ 493	0%
Investments held against bonds	2,930,498	3,517,170	(586,672)	-17%
Net increase (decrease) in fair value of investments	<u>1,330,323</u>	<u>(2,848,530)</u>	<u>4,178,853</u>	<u>-147%</u>
Total revenues	<u>4,261,314</u>	<u>668,640</u>	<u>3,592,674</u>	<u>537%</u>
<b>Expenses</b>				
Interest expense	2,742,912	3,182,606	(439,694)	-14%
General and administrative expenses	<u>12,000</u>	<u>10,698</u>	<u>1,302</u>	<u>12%</u>
Total expenses	<u>2,754,912</u>	<u>3,193,304</u>	<u>(438,392)</u>	<u>-14%</u>
<b>Operating Income (Loss)</b>	1,506,402	(2,524,664)	4,031,066	-160%
<b>Transfers</b>				
Interfund transfers	<u>(274,322)</u>	<u>(335,997)</u>	<u>61,675</u>	<u>-18%</u>
<b>Change in Net Position</b>	1,232,080	(2,860,661)	4,092,741	-143%
<b>Net Position, Beginning of Year</b>	<u>3,110,730</u>	<u>5,971,391</u>	<u>(2,860,661)</u>	<u>-48%</u>
<b>Net Position, End of Year</b>	<u>\$ 4,342,810</u>	<u>\$ 3,110,730</u>	<u>\$ 1,232,080</u>	<u>40%</u>

In 2019, total operating revenues for the MBS Pass-Thru Fund were \$4.3 million, which consists of interest income of \$2.9 million and the impact of the GASB No. 31 adjustment to mark the investments to market of \$1.3 million. This compares to \$0.7 million of total operating revenues in 2018. The overall increase in revenue of \$3.6 million is related to the combined impact of the positive GASB No. 31 adjustment of \$4.2 million, offset by the decreased interest income relative to the pay down of investments for a decrease of \$0.6 million.

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Total operating expenses for the MBS Pass-Thru Fund in 2019 were \$2.8 million, which is primarily the \$2.7 million in interest expenses. General and administrative expenses were negligible. This compares to \$3.2 million of total operating expenses in 2018. Total operating expenses decreased by \$0.4 million, which correlates primarily to the reduction of interest expense on the bonds.

There were \$0.3 million inter-fund transfers out of the MBS Pass-Thru Fund in 2019 and 2018.

Total MBS Pass-Thru Fund change in net position for 2019 and 2018 was as follows (in millions of dollars):

	<b>2019</b>	<b>2018</b>
Operating revenues, gains and losses	\$ 4.3	\$ 0.7
Operating expenses	2.8	3.2
Operating income	1.5	(2.5)
Interfund transfers	(0.3)	(0.3)
Change in net position	\$ 1.2	\$ (2.8)

The change in net position is shown both with and without the GASB No. 31 adjustment below. In the current year, there was a net increase of \$1.3 million in the net fair value of investments held at year end. Without the GASB No. 31 adjustment, the change in net position for 2019 was a negative \$0.1 million resulting in a net decrease in the change in net position of \$0.1 million between years.

	<b>2019</b>	<b>2018</b>	<b>Change</b>	<b>% Change</b>
Change in net position	\$ 1,232,080	\$ (2,860,661)	\$ 4,092,741	-143%
Net increase (decrease) in fair value of investments	1,330,323	(2,848,530)	4,178,853	-147%
Change in net position without GASB No. 31 adjustment	\$ (98,243)	\$ (12,131)	\$ (86,112)	710%

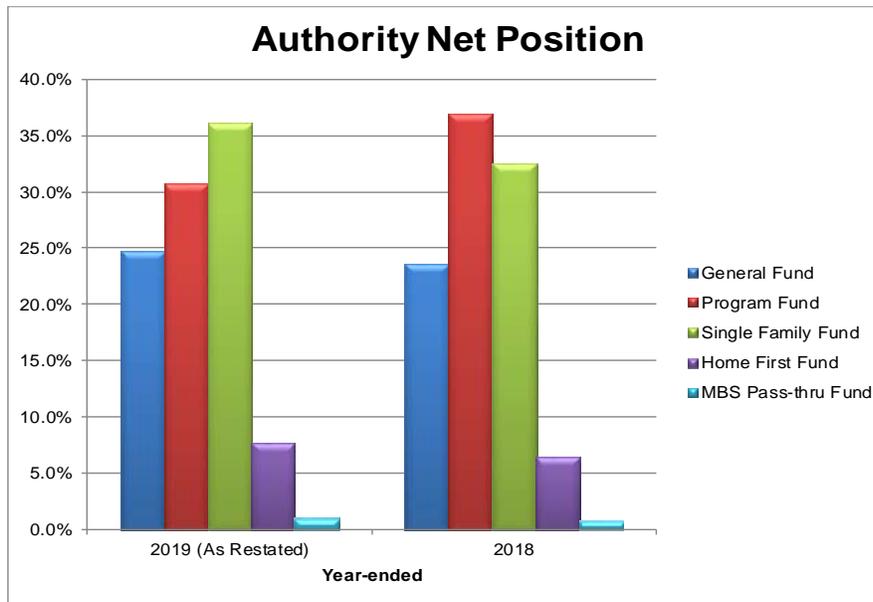
**Financial Condition**

The Authority operates within financial policies and guidelines set by the members of its Board of Directors. These guidelines require the Authority to maintain adequate liquid asset levels, good mortgage portfolio performance and a sufficient level of unrestricted assets. Net position at December 31, 2019, consisted of \$252.6 million restricted by funding sources, \$217.0 million unrestricted and available to meet the obligations of the Authority's operations, and \$1.6 million net investment in capital assets. Restricted net position increased \$22.8 million or 10 percent, unrestricted net position increased \$5.8 million or 3 percent, and the net investment in capital assets decreased \$0.4 million or 22 percent from the prior year end.

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The increase of \$22.8 million in restricted net position was primarily due to the increase in Single Family bond indentures of \$24.1 million, MBS Pass-thru Fund of \$1.2 million, and Home First Fund of \$4.9 million, offset by reductions for the Federal Programs Fund of \$7.4 million. The \$5.8 million change in unrestricted net position was due to the increase in unrestricted assets for the General Fund of \$4.2 million and Federal Programs of \$11.1 million, offset by the decrease in the Single-Family indenture of \$9.5 million.

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



**Capital Assets**

As of December 31, 2019 and 2018, the Authority had \$1.9 million and \$2.5 million, respectively, invested in capital assets, primarily computer software and hardware. During 2019 and 2018, the Authority had purchases of \$0.1 million and \$1.2 million, respectively, and depreciation expense of \$0.7 million and \$0.7 million, respectively.

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**Debt Administration**

Total current and noncurrent bonds payable, not including any original issue premium or discount, as of December 31, 2019, was \$522.0 million, which increased \$55.9 million compared to \$466.1 million as of December 31, 2018. This increase was due to the \$46.4 million of maturities and redemptions of bonds previously issued by the Authority, offset against the \$102.3 million in mortgage revenue bond issuances in 2019. The Authority has maintained its long-term bond ratings of Aaa from Moody's Investors Services and AAA from Fitch Ratings. (The Home First Bond Indenture is only rated by Moody's and the MBS Pass-Thru Indenture is only rated by Fitch.) More detailed information about the Authority's debt is presented in Note 6 to the financial statements.

The following new bonds were issued during 2019 (dollars in thousands):

Bond Series	Tax-Exempt Amount	Taxable Amount	Total	Moody's Rating	Fitch Rating
2019 Series A	\$ 48,780	\$ -	\$ 48,780	Aaa	AAA
2019 Series B	53,475	-	53,475	Aaa	AAA
Total	<u>\$ 102,255</u>	<u>\$ -</u>	<u>\$ 102,255</u>		

**Economic Factors and Other Financial Information**

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

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

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***Contacting the Authority's Financial Management***

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

## **BASIC FINANCIAL STATEMENTS**

**Indiana Housing and Community Development Authority**  
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**Statement of Net Position**  
**December 31, 2019**

	<b>2019</b>
<b>Assets and Deferred Outflows of Resources</b>	
<b>Current Assets</b>	
Cash and cash equivalents	
Unrestricted	\$ 82,683,384
Restricted	130,482,237
Accrued interest receivable	
Investments	614,851
Investments held against bonds	1,636,488
Accounts and loans receivable, net	29,163,355
Other assets	732,427
Total current assets	245,312,742
<b>Noncurrent Assets</b>	
Investments	
Unrestricted	139,385,256
Restricted	31,194,379
Investments held against bonds	553,307,036
Accounts and loans receivable, net	88,535,010
Capital assets, at cost, less accumulated depreciation	1,932,866
Total noncurrent assets	814,354,547
Total assets	1,059,667,289
<b>Deferred Outflows of Resources</b>	
Pension-related	566,728
Accumulated decrease in fair value of derivatives	1,506,830
Deferred refunding costs	1,665,260
Total deferred outflows of resources	3,738,818
Total assets and deferred outflows of resources	\$ 1,063,406,107

**Indiana Housing and Community Development Authority**  
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**Statement of Net Position (Continued)**  
**December 31, 2019**

	<b>2019</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>	
<b>Current Liabilities</b>	
Bonds payable	\$ 12,945,000
Accrued interest payable	5,680,928
Unearned revenue	34,476,408
Government advances	589,629
Capital lease liability	92,564
Accounts payable and other liabilities	13,608,128
Total current liabilities	67,392,657
<b>Noncurrent Liabilities</b>	
Bonds payable	509,028,522
Original issue premium	9,050,381
Bonds payable, net	518,078,903
Notes payable	1,692,476
Derivative instruments - interest rate swap agreements	1,506,830
Pension liability	3,381,741
Government advances	31,679,065
Capital lease liability	267,337
Total noncurrent liabilities	556,606,352
Total liabilities	623,999,009
<b>Deferred Inflows of Resources</b>	
Pension-related	542,452
<b>Net Position</b>	
Net investment in capital assets	1,572,965
Restricted	
Program fund	121,538,274
Single Family fund	61,298,130
Home First fund	33,131,095
MBS Pass-thru fund	4,342,810
Total restricted net position	220,310,309
Unrestricted	216,981,372
Total net position	438,864,646
Total liabilities, deferred inflows of resources and net position	\$ 1,063,406,107

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**Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended December 31, 2019**

**Revenues**

Interest income	
Investments	\$ 9,211,243
Investments held against bonds	19,810,825
Loans	1,051,990
Fee income	5,046,064
Program income	377,950,395
Gain on sale of Next Home investments	5,275,676
Net increase in fair value of investments	19,907,400
Other income	546,105
Total revenues	<u>438,799,698</u>

**Expenses**

Investment expense (down payment assistance)	8,164,116
Loss on sale of investments	1,599,906
Interest expense	15,987,014
Issuance costs	1,209,470
Program expenses	360,162,344
General and administrative expenses	20,249,725
Total expenses	<u>407,372,575</u>

<b>Change in Net Position</b>	<u>31,427,123</u>
<b>Net Position, Beginning of Year</b> , as previously reported	442,958,165
<b>Prior Period Restatement</b>	<u>(35,520,642)</u>
<b>Net Position, Beginning of Year</b> , as restated	<u>407,437,523</u>
<b>Net Position, End of Year</b>	<u><u>\$ 438,864,646</u></u>

**Indiana Housing and Community Development Authority**  
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**Statement of Cash Flows**  
**Year Ended December 31, 2019**

	<b>2019</b>
<b>Cash Flows From Operating Activities</b>	
Receipts for services	\$ 12,033,688
Receipts for program revenue	349,178,935
Principal received on loans receivable	6,008
Interest received on investments	9,378,737
Interest received on investments held against bonds	18,445,606
Interest received on loans	1,051,990
Payments for program expenses	(368,388,431)
Interest paid on bonds and bank loans	(14,273,504)
Debt issuance costs incurred	(1,209,470)
Investment expense	(4,580,916)
Payments for suppliers and employees	(10,343,178)
Net cash used in operating activities	(8,700,535)
<b>Cash Flows From Non-Capital and Related Financing Activities</b>	
Proceeds from bond issues	104,993,765
Repayments and redemption of bonds and bank loans	(46,454,519)
Net cash provided by non-capital and related financing activities	58,539,246
<b>Cash Flows From Capital and Related Financing Activities</b>	
Purchases of capital assets	(127,980)
Payments on capital lease	(87,021)
Net cash used in capital and related financing activities	(215,001)
<b>Cash Flows From Investing Activities</b>	
Proceeds from sale and maturities of investments	115,012,758
Principal received on investments held against bonds	64,118,643
Purchases of investments held against bonds	(122,234,004)
Purchase of investments	(141,451,464)
Purchase of DPA loans	(242,035)
Net cash used in investing activities	(84,796,102)
<b>Net Decrease in Cash and Cash Equivalents</b>	(35,172,392)
<b>Cash and Cash Equivalents, January 1</b>	248,338,013
<b>Cash and Cash Equivalents, December 31</b>	\$ 213,165,621
<b>Cash and Cash Equivalents</b>	
Cash	\$ 107,318,961
Money market investments	105,846,660
Total cash and cash equivalents	\$ 213,165,621

**Indiana Housing and Community Development Authority**  
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**Statement of Cash Flows (Continued)**  
**Year Ended December 31, 2019**

	<b>2019</b>
<b>Reconciliation of Change in Net Position to Net Cash</b>	
<b>Used in Operating Activities:</b>	
Change in net position	\$ 31,427,123
Adjustment to reconcile change in net position to net cash used in operating activities:	
Net decrease in fair value of investments	(19,907,400)
Loss on sale of investments	1,455,288
Depreciation	657,491
Amortization of bond premium/discount	(1,176,985)
Changes in operating assets and liabilities:	
Accounts and loan receivable	(263,449)
Accrued interest receivable	(20,740)
Other assets	293,830
Deferred pension costs	(47,214)
Deferred refunding costs	403,144
Unearned revenue	(28,080,897)
Accounts payable and other liabilities	4,774,845
Accrued interest payable	1,310,366
Net pension liability	42,106
Deferred pension revenue	(163,567)
Government advances	595,524
Total adjustments	(40,127,658)
Net cash used in operating activities	\$ (8,700,535)

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**Note 1: Authorizing Legislation and Funds**

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

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

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

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

***General Fund***

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

***Program Fund***

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

**Indiana Housing and Community Development Authority**  
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***Single Family, Home First and Mortgage-Backed Securities Pass-Thru Funds***

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

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

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

**Note 2: Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Measurement Focus and Basis of Accounting***

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

***Use of Estimates***

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

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

**Indiana Housing and Community Development Authority**  
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**Cash and Cash Equivalents**

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

**Investment Securities**

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

Following is a summary of the effects of valuing investment securities at fair value on total assets and deferred outflows of resources, net position and operating income (loss) as of and for the year ended December 31, 2019:

	<b>Total Assets and Deferred Outflows of Resources</b>	
	<b>Fair Value</b>	<b>Cost</b>
General Fund	\$ 115,607,507	\$ 116,139,913
Program Fund	213,749,357	213,749,357
Single Family Fund	537,214,886	520,092,021
Home First Fund	128,525,076	125,336,819
MBS Pass-thru Fund	68,309,281	64,099,547
Total assets and deferred outflows of resources	\$ 1,063,406,107	\$ 1,039,417,657

	<b>Net Position</b>	
	<b>Fair Value</b>	<b>Cost</b>
General Fund	\$ 108,191,530	\$ 108,723,936
Program Fund	134,907,169	134,907,169
Single Family Fund	158,292,042	141,169,177
Home First Fund	33,131,095	29,942,838
MBS Pass-thru Fund	4,342,810	133,076
Total net position	\$ 438,864,646	\$ 414,876,196

**Indiana Housing and Community Development Authority**  
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	<b>Operating Income</b>	
	<b>Fair Value</b>	<b>Cost</b>
General Fund	\$ 4,010,176	\$ 3,564,943
Program Fund	6,665,291	6,665,291
Single Family Fund	14,316,505	14,768
Home First Fund	4,928,749	1,098,642
MBS Pass-thru Fund	1,506,402	176,079
Total operating income	\$ 31,427,123	\$ 11,519,723

***Accounts and Loans Receivable***

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

***Interfund Accounts and Transfers***

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

***Capital Assets***

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

**Indiana Housing and Community Development Authority**  
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A summary of capital assets activity for 2019 was as follows:

	January 1, 2019	Additions	Disposals	December 31, 2019
Furniture and equipment	\$ 817,101	\$ -	\$ -	\$ 817,101
Computer software	7,493,465	127,980	-	7,621,445
Computer hardware	1,135,048	-	-	1,135,048
	9,445,614	127,980	-	9,573,594
Less accumulated depreciation	(6,983,237)	(657,491)	-	(7,640,728)
Capital assets, net	<u>\$ 2,462,377</u>	<u>\$ (529,511)</u>	<u>\$ -</u>	<u>\$ 1,932,866</u>

**Deferred Outflows of Resources**

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

**Deferred Inflows of Resources**

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

**Compensated Absences**

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

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***Risk Management***

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

***Unearned Revenue***

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

***Cost-Sharing Defined-Benefit Pension Plan***

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

***Interest Rate Swap Agreements***

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

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***Deferred Refunding Costs***

In 2012, the Authority issued 2012 series bonds under the MBS Pass-thru Fund, the proceeds from which were used to redeem bonds with an outstanding swap agreement. As part of the swap termination upon the bond redemption, the Authority was required to pay swap termination fees of \$9,114,000 to the counterparty. The Authority capitalized amounts paid in connection with the swap termination fees and is amortizing the balance ratably in proportion to 2012 series redeemed during the year. Accumulated amortization of refunding costs was \$7,448,740 at December 31, 2019, and amortization expense, which is reported as part of interest expense, was \$403,143 for the year then ended.

***Original Issue Premiums and Discounts***

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

***Net Position***

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

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

***Use of Restricted and Unrestricted Resources***

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

***Overdraws of Section 8 Housing Assistance***

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

***Operating Revenues***

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

**Indiana Housing and Community Development Authority**  
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***Program Income***

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

***Fee Income***

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

***Bond Issuance Costs***

Bond issuance costs are expensed as incurred.

***Allocation of Expenses Between Funds***

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

***Income Taxes***

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

**Note 3: Prior Period Adjustment**

Subsequent to the issuance of the Authority's 2018 financial statements, the Authority's management determined that it incorrectly recorded certain transactions associated with its loans receivable on the Community Development Block Grant – Disasters (CDBG-D) and HOME Investment Program (HOME). Previously, the loans related to this program were recognized as revenue and recorded in net position, however, these funds are due back to the federal government if not reused for normal program expense. This resulted in the Authority moving the revenue recorded for these loans receivable from net position to liabilities.

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The effect on the Authority's previously issued financial statements is summarized below:

	<b>As Previously Reported</b>	<b>Adjustments</b>	<b>As Restated</b>
<b>Statement of Financial Position</b>			
Unearned revenue	\$ 58,709,833	\$ 3,847,472	\$ 62,557,305
Government advances - current	-	431,988	431,988
Government advances - noncurrent	-	31,241,182	31,241,182
Net position - restricted	229,732,480	(35,520,642)	194,211,838
<b>Statement of Revenues, Expenses and Changes in Net Position</b>			
Changes in net position	\$ 3,853,098	\$ (2,358,677)	\$ 1,494,421

**Note 4: Deposits and Investments**

	<b>General Fund</b>	<b>Program Fund</b>	<b>Single Family Fund</b>	<b>Home First Fund</b>	<b>MBS Pass-Thru Fund</b>	<b>2019 Total</b>
<b>Current</b>						
Cash and cash equivalents						
Unrestricted	\$ 40,006,926	\$ 16,851,076	\$ 25,825,382	\$ -	\$ -	\$ 82,683,384
Restricted	200,474	82,825,048	38,149,047	9,247,027	60,641	130,482,237
Total current cash and cash equivalents	<u>40,207,400</u>	<u>99,676,124</u>	<u>63,974,429</u>	<u>9,247,027</u>	<u>60,641</u>	<u>213,165,621</u>
<b>Noncurrent Assets</b>						
Investments						
Unrestricted	67,832,461	-	71,552,795	-	-	139,385,256
Restricted	-	-	14,996,619	16,197,760	-	31,194,379
Investments held against bonds	-	-	384,143,152	102,759,754	66,404,130	553,307,036
Total noncurrent investments	<u>67,832,461</u>	<u>-</u>	<u>470,692,566</u>	<u>118,957,514</u>	<u>66,404,130</u>	<u>723,886,671</u>
Total cash, cash equivalents, and investments	<u>\$ 108,039,861</u>	<u>\$ 99,676,124</u>	<u>\$ 534,666,995</u>	<u>\$ 128,204,541</u>	<u>\$ 66,464,771</u>	<u>\$ 937,052,292</u>

Cash, cash equivalents and investments held by the Authority as of December 31, 2019 were as follows:

	<b>Fair Value</b>	<b>Cost</b>
<b>Deposits</b>		
Cash	\$ 107,318,961	\$ 107,320,045
Money market mutual funds	105,846,660	105,845,576
<b>Investments</b>		
Federal agency obligations	168,886,618	171,081,645
Federal agency obligations held against bonds	553,307,036	527,106,342
Municipal bonds	<u>1,693,017</u>	<u>1,710,234</u>
Total cash, cash equivalents and investments	<u>\$ 937,052,292</u>	<u>\$ 913,063,842</u>

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***Investment Policy***

***General***

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

***Indentures***

The Bond Indentures permit investments in the direct obligations of, or obligations guaranteed by, the United States or any of its component states, obligations issued by certain agencies of the Federal government, and investments collateralized by those types of investments. At December 31, 2019, all investments held by the Authority were in compliance with the requirements of the Indentures.

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

***Interest Rate Risk***

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rate. The Authority's investment policy does not restrict investment maturities. As of December 31, 2019, the Authority had the following investments and maturities (in thousands):

	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Money market mutual funds	\$ 105,847	\$ 105,847	\$ -	\$ -	\$ -
Federal agency obligations	168,887	494	19,930	106,373	42,090
Federal agency obligations held against bonds	553,307	-	91	3,965	549,251
Municipal bonds	1,693	10	-	-	1,683
	<u>\$ 829,734</u>	<u>\$ 106,351</u>	<u>\$ 20,021</u>	<u>\$ 110,338</u>	<u>\$ 593,024</u>

***Custodial Credit Risk***

Custodial credit risk is the risk that the Authority will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party if the counterparty fails. Investment securities are exposed to risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty of the counterparty's trust department or agent but not in the Authority's name. As of December 31, 2019, the Authority had not entered into any agreements subject to this paragraph.

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In 1937, the State created the Public Deposit Insurance Fund (PDIF) to protect the public funds of the state and its political subdivisions deposited in approved financial institutions. The PDIF insures those public funds deposited in approved financial institutions, which exceed the limits of coverage provided by any federal deposit insurance. As of December 31, 2019, all of the Authority's cash was deposited in approved financial institutions.

**Credit Risk**

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

	S&P	Fitch	Moody's	Fair Value
Money market mutual funds	AAAm	AAAmmf	Aaa-mf	\$ 105,846,660
Federal agency obligations	AA+	AAA	Aaa	168,886,618
Federal agency obligations held against bonds	AA+	AAA	Aaa	553,307,036
Municipal bonds	AAA	N/A	Aaa	<u>1,693,017</u>
				<u>\$ 829,733,331</u>

**Concentration of Credit Risk**

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

Investment	Fair Value
Ginnie Mae	64.5%
Blackrock Federal Fund Institutional Money Market	7.7%
Small Business Administration	10.4%
Fannie Mae	6.5%

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**Note 5: Accounts and Loans Receivable**

Accounts and loans receivable at December 31, 2019, were as follows:

**General Fund:**

Loans provided to sub-recipients of certain programs	\$ 59,063
Next Home ownership mortgage down payment assistance loans	8,972,372
Accounts receivable	602,554
Mortgage loans	40,239
	9,674,228
Less: allowance for uncollectible loans	(9,040,885)
	633,343
Current	(593,104)
Noncurrent	\$ 40,239

**Single Family Fund**

Down payment assistance loans	\$ 254,774
Less: allowance for uncollectible loans	(12,739)
	\$ 242,035

**Program Fund:**

Reimbursements due from other governments	\$ 13,370,989
Section 1602 tax credit exchange program loans	106,288,612
Tax credit assistance program loans	14,900,000
Rural rental housing loans	1,696,910
Home investment partnership program loans	16,022,800
Community development block grant loans	15,656,265
Development fund loans	58,445,284
Hardest hit fund loans	159,369,479
	385,750,339
Less: allowance for uncollectible loans	(268,927,352)
	116,822,987
Current	(28,570,251)
Noncurrent	\$ 88,252,736

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

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**Note 6: Bonds Payable**

Bonds payable at December 31, 2019, consist of (dollars in thousands):

<b>Single Family Fund</b>	<b>Original Amount</b>	<b>Balance</b>
2016 Series A-1		
Serial bonds (2.20% to 2.55%), due 2025 - 2027	\$ 8,220	\$ 8,220
Term bonds (2.85%), due 2031	14,735	12,455
	<u>22,955</u>	<u>20,675</u>
2016 Series A-2		
Serial bonds (1.55% to 2.50%), due 2020 - 2025	23,565	16,735
PAC bonds (3.50%), due 2038	25,990	14,885
	<u>49,555</u>	<u>31,620</u>
2017 Series A-1		
Serial bonds (1.70% to 3.15%), due 2020 - 2028	8,510	5,940
Term bonds (2.60%), due 2026	7,355	7,355
Term bonds (3.60%), due 2032	7,755	7,755
Term bonds (3.85%), due 2035	6,380	4,425
	<u>30,000</u>	<u>25,475</u>
2017 Series A-2		
PAC bonds (4.00%), due 2039	14,070	10,330
	<u>14,070</u>	<u>10,330</u>
2017 Series B-1		
Serial bonds 1.30% to 2.75%), due 2020 - 2028	15,210	13,350
Term bonds (3.25%), due 2032	6,790	6,485
	<u>22,000</u>	<u>19,835</u>
2017 Series B-2		
PAC bonds (4.00%), due 2038	15,740	13,210
	<u>15,740</u>	<u>13,210</u>
2017 Series B-3		
Term bonds (variable), due 2047	17,000	17,000
Term bonds (variable), due 2047	6,000	6,000
	<u>23,000</u>	<u>23,000</u>

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<b>Single Family Fund (Continued)</b>	<b>Original Amount</b>	<b>Balance</b>
2017 Series C-1		
Serial bonds (2.35% to 2.95%), due 2024 - 2028	\$ 7,355	\$ 7,355
Term bonds (3.25%), due 2032	6,940	5,925
	<u>14,295</u>	<u>13,280</u>
2017 Series C-2		
Serial bonds (2.05% to 2.50%), due 2020 - 2024	7,465	6,060
PAC bonds (4.00%), due 2037	12,530	10,475
	<u>19,995</u>	<u>16,535</u>
2017 Series C-3		
Term bonds (variable), due 2047	<u>20,705</u>	<u>20,705</u>
2018 Series A		
Serial bonds (1.70% to 3.20%), due 2020 - 2029	14,480	13,910
Term bonds (3.50%), due 2033	7,530	7,530
Term bonds (3.80%), due 2038	11,495	11,495
Term bonds (3.90%), due 2043	14,625	14,625
PAC bonds (4.00%), due 2048	20,590	20,445
	<u>68,720</u>	<u>68,005</u>
2019 Series A		
Serial bonds (1.70% to 3.15%), due 2020 - 2030	11,165	11,165
Term bonds (3.50%), due 2034	5,850	5,850
Term bonds (3.85%), due 2039	9,165	9,165
Term bonds (4.00%), due 2042	6,610	6,610
PAC bonds (4.25%), due 2048	15,990	15,990
	<u>48,780</u>	<u>48,780</u>
2019 Series B		
Serial bonds (1.05% to 2.25%), due 2020 - 2032	16,240	16,240
Term bonds (2.40%), due 2034	3,420	3,420
Term bonds (2.65%), due 2039	9,835	9,835
Term bonds (2.85%), due 2042	6,135	6,135
PAC bonds (3.50%), due 2049	17,845	17,845
	<u>53,475</u>	<u>53,475</u>
Total Single Family Fund	<u>\$ 403,290</u>	<u>\$ 364,925</u>

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Home First Fund	Original Amount	Balance
2009 Series A-3		
Term bonds (2.32%), due 2041	\$ 36,000	\$ 13,750
2009 Series A-4		
Term bonds (2.49%), due 2041	78,000	36,300
2009 Series A-5		
Term bonds (2.73%), due 2041	39,000	19,420
2010 Series A		
Serial bonds (3.35% to 3.55%), due 2020 - 2021	12,225	1,355
Term bonds (4.00%), due 2025	6,035	3,080
PAC bonds (4.50%), due 2028	5,740	415
	<u>24,000</u>	<u>4,850</u>
2011 Series A		
Serial bonds (3.50% to 3.625%), due 2020 - 2021	9,070	885
Term bonds (4.45%), due 2027	7,430	3,115
PAC bonds (4.50%), due 2028	7,500	595
	<u>24,000</u>	<u>4,595</u>
2011 Series B		
Serial bonds (2.95% to 4.00%), due 2020 - 2021	8,825	1,185
Term bonds (4.00%), due 2027	7,675	3,185
PAC bonds (4.00%), due 2028	7,500	475
	<u>24,000</u>	<u>4,845</u>
2011 Series C		
Serial bonds (3.20% to 5.00%), due 2020 - 2022	26,325	4,520
Term bonds (4.10%), due 2027	7,905	4,880
PAC bonds (4.50%), due 2027	12,680	1,695
	<u>46,910</u>	<u>11,095</u>
Total Home First Fund	<u>\$ 271,910</u>	<u>\$ 94,855</u>

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<b>MBS Pass-thru Fund</b>	<b>Original Amount</b>	<b>Balance</b>
2012 Series 1		
Term bonds (3.029%), due 2038	\$ 73,532	\$ 13,796
2013 Series 1		
Taxable term bonds (3.027%), due 2041	62,674	21,984
2013 Series 2		
Taxable term bonds (4.038%), due 2036	51,839	17,394
2014 Series 1		
Taxable term bonds (4.050%), due 2038	<u>28,667</u>	<u>9,020</u>
<b>Total MBS Pass-Thru Fund</b>	<u><u>\$ 216,712</u></u>	<u><u>\$ 62,194</u></u>
<b>Total Bonds Payable</b>	<u><u>\$ 891,912</u></u>	<u><u>\$ 521,974</u></u>

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

The 2017 Series B-3 bond and 2017 Series C-3 bond mature on July 1, 2047, and the interest rate is the E-Pro Daily rate (1.75% at December 31, 2019).

The following are the scheduled amounts of principal and interest payments on bond payable obligations in the five years subsequent to December 31, 2019 and thereafter (all amounts in thousands). The Authority typically has significant prepayments of principal amounts and, therefore, does not expect to make all interest payments in their scheduled amounts.

	<b>Single Family Fund</b>		<b>Home First Fund</b>		<b>MBS Pass-thru Fund</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2020	\$ 8,775	\$ 11,014	\$ 4,170	\$ 2,724	\$ -	\$ 2,151	\$ 12,945	\$ 15,889
2021	9,690	10,999	4,035	2,581	-	2,151	13,725	15,731
2022	10,160	10,818	4,165	2,441	-	2,151	14,325	15,410
2023	10,655	10,656	2,730	2,299	-	2,151	13,385	15,106
2024	11,085	10,455	3,090	2,194	-	2,151	14,175	14,800
2025 - 2029	61,145	48,314	20,825	8,682	-	10,755	81,970	67,751
2030 - 2034	65,280	39,480	22,400	5,776	-	10,755	87,680	56,011
2035 - 2039	75,175	26,738	24,030	2,831	40,210	7,217	139,415	36,786
2040 - 2044	57,595	15,493	9,410	288	21,984	1,275	88,989	17,056
2045 - 2049	55,365	4,656	-	-	-	-	55,365	4,656
	<u>364,925</u>	<u>188,623</u>	<u>94,855</u>	<u>29,816</u>	<u>62,194</u>	<u>40,757</u>	<u>521,974</u>	<u>259,196</u>
Original issue premium	7,164	-	293	-	1,594	-	9,051	-
	<u><u>\$ 372,089</u></u>	<u><u>\$ 188,623</u></u>	<u><u>\$ 95,148</u></u>	<u><u>\$ 29,816</u></u>	<u><u>\$ 63,788</u></u>	<u><u>\$ 40,757</u></u>	<u><u>\$ 531,025</u></u>	<u><u>\$ 259,196</u></u>

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The summary of bonds payable as of December 31, 2019 (dollars in thousands) was as follows:

Interest Rate Ranges	Maturity Range	Payment Range of Principal	Total
1.05 - 4.50%	2020-2049	\$435 - \$43,181	\$ 521,974

***Changes in Obligations***

The following are changes in noncurrent liabilities of the Authority for the year ended December 31, 2019 (dollars in thousands):

	January 1, 2019	Additions	Reductions	December 31, 2019	Due Within One Year	Due Thereafter
Bonds payable	\$ 466,100,468	\$ 102,255,000	\$ 46,381,946	\$ 521,973,522	\$ 12,945,000	\$ 509,028,522
Premium	7,488,601	2,738,765	1,176,985	9,050,381	-	9,050,381
Note payable	1,765,049	-	72,573	1,692,476	-	1,692,476
Net pension liability	3,339,635	639,165	597,059	3,381,741	-	3,381,741
Capital lease liability	446,922	-	87,021	359,901	92,564	267,337
Government advances	31,673,170	595,524	-	32,268,694	589,629	31,679,065
Total long-term obligations	<u>\$ 510,813,845</u>	<u>\$ 106,228,454</u>	<u>\$ 48,315,584</u>	<u>\$ 568,726,715</u>	<u>\$ 13,627,193</u>	<u>\$ 555,099,522</u>

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

The Single Family and Home First bonds are subject to optional redemption provisions at various dates at 100 percent of the principal amount, extraordinary optional redemption at par from unexpended or uncommitted funds, prepayments of mortgage loans and proportionate amounts in certain related accounts or excess revenues. The Authority redeemed \$46,381,946 of bonds in 2019 from mortgage loan payments and prepayments. The bond redemptions resulted in write-offs of unamortized discount related to the redeemed bonds.

***Conduit Debt Obligations***

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

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The Authority has issued debt obligations on behalf of certain 501(c) (3) organizations (the Debtors) for the purpose of acquiring and rehabilitating facilities for housing persons of low and moderate income. These bonds and the interest thereof do not constitute a debt or liability of the Authority, but are special obligations between investors and the Debtors payable solely from the payments received by the trustee under the loan agreements and meet the definition of conduit debt in GASB Interpretation No. 2, *Disclosure of Conduit Debt Obligations*. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2019, the Authority had outstanding conduit debt of \$181,894,498.

**Note 7: Interest Rate Swap Agreements - Hedging Derivative Instruments**

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

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

**Terms, Fair Value and Credit Risk:** The terms, including, the fair value and credit rating of the outstanding swaps as of December 31, 2019, are as follows:

Bond Series	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Value	Swap Termination Date	Counterparty Credit Rating S&P/Moody's/Fitch
2017 Series B-3	\$ 17,250,000	1/1/2018	2.420%	70% 3 M LIBOR	\$ (660,125)	7/1/2047	AA-/Aa2/AA
2017 Series C-3	15,525,000	7/1/2018	2.495%	70% 3 M LIBOR	(846,705)	7/1/2047	AA-/Aa2/AA
				Total	\$ (1,506,830)		

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

**Fair Value:** The fair values of the swap agreements are based upon a third party's discounted cash flow methodology pursuant to the guidance set forth in GASB 72, *Fair Value Measurement and Application*. These discounted cash flows consider the net present value of the future scheduled payments from each leg of the swap. For the floating leg of the swap, future coupon rates are estimated based on forward rates derived from the relevant interest rate swap yield curve date (e.g., LIBOR, SIFMA, etc.) as of the valuation date. The present value discounted factors applied to each future scheduled payment is determined by the LIBOR, or Overnight Index Swap, curve data using the zero-coupon method. A credit valuation adjustment is applied, which quantifies the nonperformance risk of both reporting entity as well as the counterparty.

The fair values of the swap agreements are classified as a noncurrent liability on the statement of net position of \$1,506,830 as of December 31, 2019. As the swap agreements are effective hedging instruments, the offsetting balance is reflected as a deferred outflow of resources on the Authority's balance sheet at December 31, 2019 of \$1,506,830.

**Credit Risk:** The fair value of each of the swap agreements represents the Authority's credit exposure to the counterparties as of December 31, 2019. Should the counterparties to these transactions fail to perform according to the terms of the swap agreements, the Authority has a maximum possible loss equivalent to the fair value at that date. As of December 31, 2019, the Authority was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap agreement become positive, the Authority would be exposed to credit risk in the amount of the derivative's fair value. In the event that the credit ratings fall below the agreed upon threshold, the fair value of the swaps is to be fully collateralized with eligible securities (as defined in the Master Agreement) to be held by a third-party custodian on behalf of the Authority.

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

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

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

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*Swap Payments and Associated Debt:* As of December 31, 2019, debt service requirements of the Authority's hedged outstanding variable rate debt and net swap payments (assuming current interest rates remain the same for their term and bonds are called as the swap amortizes) are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Net Swap Payments</b>	<b>Total</b>
2020	\$ -	\$ 573,563	\$ 269,104	\$ 842,667
2021	-	573,563	269,104	842,667
2022	-	573,563	269,104	842,667
2023	-	573,563	269,104	842,667
2024	-	573,563	269,104	842,667
2025 - 2029	-	2,867,813	1,345,519	4,213,332
2030 - 2034	-	2,867,813	1,345,519	4,213,332
2035 - 2039	7,275,000	2,701,694	1,264,998	11,241,692
2040 - 2044	14,335,000	1,520,619	707,460	16,563,079
2045 - 2049	11,165,000	290,019	133,963	11,588,982
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>\$ 32,775,000</u>	<u>\$ 13,115,773</u>	<u>\$ 6,142,979</u>	<u>\$ 52,033,752</u>

**Note 8: Fair Value Measurements**

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

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

- Level 1** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access.
- Level 2** Inputs to the valuation methodology may include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and/or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3** Inputs to the valuation methodology are unobservable and significant to the fair value measurement. In situations where there is little or no market activity for the asset or liability, the Authority makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

Following is a description of the valuation methodologies used by the Authority for assets and liabilities that are measured at fair value on a recurring basis. There have been no changes in the methodologies used at December 31, 2019.

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

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

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

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

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

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

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Following is a summary, by major nature and risks class within each level of the fair value hierarchy, of the Authority's assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2019:

	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investment by Fair Value Level</b>				
Money market mutual funds	\$ 105,846,660	\$ 105,846,660	\$ -	\$ -
Federal agency obligations	722,193,654	-	722,193,654	-
Municipal bonds	1,693,017	-	1,693,017	-
Total investments measured at fair value	<u>\$ 829,733,331</u>	<u>\$ 105,846,660</u>	<u>\$ 723,886,671</u>	<u>\$ -</u>
<b>Hedging Derivative Instruments</b>				
Interest rate swaps	\$ 1,506,830	\$ -	\$ -	\$ 1,506,830

**Note 9: Commitments**

***Operating Lease***

The Authority leases its office space under a non-cancellable operating lease agreement through 2031. Lease (rent) expense for 2019 was \$594,271. The table below shows the required payments for rent and anticipated operating expenses for the remaining term of the lease.

2020	\$ 626,721
2021	636,002
2022	645,321
2023	654,656
2024	664,021
2025 - 2029	3,461,729
2030 - 2031	<u>1,391,995</u>
Total future minimum payments	<u>\$ 8,080,445</u>

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**Capital Leases**

The Authority's governmental activities include capital leases for furniture and fixtures. At December 31, 2019, the gross amount of furniture and fixtures and related accumulated amortization recorded under these capital leases was as follows:

Furniture and fixtures	\$ 817,099
Less accumulated depreciation	(231,512)
	\$ 585,587
	\$ 585,587

Future minimum capital lease payments for the Authority's activities as of December 31, 2019 are:

2020	\$ 112,247
2021	112,247
2022	112,247
2023	65,477
	402,218
Total minimum lease payments	402,218
Less amount representing interest (6.191%)	(42,317)
Present value of the net minimum lease payment	359,901
Less current capital lease obligations	(92,564)
	\$ 267,337
	\$ 267,337

**Excess Investment Earnings**

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

**Note 10: Retirement Plan**

**Plan Description**

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

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

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

***Retirement Benefits - Defined Benefit Pension***

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

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

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

The monthly pension benefits for members in pay status may be increased periodically as cost of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly. There was no COLA for the year ended June 30, 2019; however, there was a one-time check (13th check) on October 1, which is assumed to continue annually until 2021.

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

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

***Retirement Benefits - Defined Contribution Pension***

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

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

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

<b>Years of Service</b>				
1	2	3	4	5+
20%	40%	60%	80%	100%

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### Notes to Financial Statements

#### December 31, 2019

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

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

### **Significant Actuarial Assumptions**

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

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

Asset valuation date:	June 30, 2019
Liability valuation date and method:	June 30, 2018 - Member census data as of June 30, 2018 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2018 and June 30, 2019. Standard actuarial roll forward techniques were then used to project the liability computed as of June 30, 2018 to June 30, 2019.
Actuarial cost method:	Entry age normal - level percent of payroll
Experience study date:	Period of four years ended June 30, 2014
Investment rate of return:	6.75%
Cost of living adjustment:	Varies per year as follows: 2020 through 2021 - 13th check, 2022 through 2033 - 0.40%, 2034 through 2038 - 0.50%, and 2039 and on - 0.60%
Projected salary increases:	2.50% - 4.25%
Inflation:	2.25%

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

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	22.0%	4.9%
Private equity	14.0%	7.0%
Fixed income - ex inflation linked	20.0%	2.5%
Fixed income - inflation linked	7.0%	1.3%
Commodities	8.0%	2.0%
Real estate	7.0%	6.7%
Absolute return	10.0%	2.9%
Risk parity	12.0%	5.3%
	100%	

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

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

1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
\$ 5,431,121	\$ 3,381,741	\$ 1,672,402

**Indiana Housing and Community Development Authority**  
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***Investment Valuation and Benefit Payment Policies***

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

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

***Funding Policy***

The State is obligated by statute to make contributions to the PERF Hybrid Plan or the My Choice Plan. Any political subdivision that elects to participate in the PERF Hybrid Plan is obligated by statute to make contributions to the Plan. The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to fund the pension benefits when they become due. As PERF is a cost-sharing plan, all risks and costs, including benefit costs, are shared proportionately by the participating employers. During the fiscal year ended June 30, 2019, all participating employers were required to contribute 11.2% of covered payroll for members employed by the State. For the My Choice Plan, all participating employers were required to contribute a supplemental 7.1%.

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

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

At December 31, 2019, the Authority reported a liability of \$3,381,741 for its proportionate share of the net pension liability. The Authority's proportionate share of the net pension liability was based on the Authority's wages as a proportion of total wages for the PERF Hybrid Plan. The proportionate share used at the June 30, 2019 measurement date was 0.0010232.

**Indiana Housing and Community Development Authority**  
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For the year ended December 31, 2019, the Authority recognized pension expense of \$463,718, which included net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions of \$71,506. At December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to the PERF Hybrid Plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 89,547	\$ -
Net difference between projected and actual earnings on pension plan investments	-	159,846
Changes in assumptions	753	367,620
Changes in proportion and differences between the Authority's contributions and proportionate share contributions	146,152	14,986
Authority's contributions subsequent to the measurement date	330,276	-
Total	\$ 566,728	\$ 542,452

The Authority reported \$330,276 as deferred outflows of resources that will be recognized as a reduction of the net pension liability for the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

2020	\$ (88,501)
2021	(188,760)
2022	(16,328)
2023	(12,411)
Total future minimum payments	\$ (306,000)

**Note 11: Contingencies**

***Litigation***

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

**Indiana Housing and Community Development Authority**  
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**Notes to Financial Statements**  
**December 31, 2019**

***Investments***

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

**Note 12: Subsequent Events**

***Debt Issuance***

On January 15, 2020, the Authority issued \$61,290,000 of Indiana Housing and Community Development Authority Single Family Mortgage Revenue Bonds, 2020 Series A (2020 Series A Bonds). The 2020 Series A Bonds include serial bonds maturing through 2032, and term bonds, which mature in 2035, 2040, 2042 and 2049. The 2020 Series A Bonds bear interest at rates ranging from 0.95% to 5.00%.

***Economic Events***

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Authority, including reduction in the overall investment position. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

	2019	2018	2017	2016	2015	2014	2013
Authority's proportion of the net pension liability	0.10232%	0.09831%	0.09670%	0.10992%	0.09270%	0.09168%	0.06410%
Authority's proportionate share of the net pension liability	\$ 3,381,741	\$ 3,339,635	\$ 4,314,313	\$ 4,988,658	\$ 3,775,580	\$ 2,409,291	\$ 2,195,476
Authority's covered payroll	\$ 5,330,879	\$ 5,016,583	\$ 4,797,552	\$ 5,268,120	\$ 4,440,142	\$ 4,476,208	\$ 3,997,291
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	63.4%	66.6%	89.9%	94.7%	85.0%	53.8%	54.9%
Plan fiduciary net position as a percentage of the total pension liability (a)	80.1%	78.9%	72.7%	71.2%	73.3%	81.1%	74.3%

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

\* The amounts presented for each fiscal year were determined as of June 30 (measurement date).

Note: Ten years of information is required to be disclosed and will be added as the information becomes available.

**Notes to Schedule:**

**Benefit changes:** Legislation was passed through the House Enrolled Act No. 1059 to expand the current pre-retirement death benefit to apply to all active and inactive members who have at least 10 years of service, the current general vesting requirement. This provides new coverage for active and inactive members with 10 to 15 years of service (before age 65) and inactive members who die prior to age 50.

**Changes of assumption:** No changes.

**Changes in actuarial methods:** No changes.

**Indiana Housing and Community Development Authority**  
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**Required Supplementary Information**  
**Schedule of the Authority's Contributions**  
**Indiana Public Employee's Retirement Fund (PERF)**  
**Last 10 Fiscal Years\***

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 632,393	\$ 588,395	\$ 538,661	\$ 528,036	\$ 475,408	\$ 508,439
Contributions in relation to the contractually required contribution	<u>632,393</u>	<u>588,395</u>	<u>538,661</u>	<u>528,036</u>	<u>475,408</u>	<u>508,439</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Authority's covered payroll	\$ 5,646,363	\$ 5,253,524	\$ 4,809,471	\$ 4,719,016	\$ 4,244,707	\$ 4,664,251
Contributions as a percentage of covered payroll	11.2%	11.2%	11.2%	11.2%	11.2%	10.9%

\* The amounts presented for each fiscal year were determined as of December 31.

Note: Ten years of information is required to be disclosed and will be added as the information becomes available.

**Notes to Schedule:**

**Benefit changes:** Legislation was passed through the House Enrolled Act No. 1059 to expand the current pre-retirement death benefit to apply to all active and inactive members who have at least 10 years of service, the current general vesting requirement. This provides new coverage for active and inactive members with 10 to 15 years of service (before age 65) and inactive members who die prior to age 50.

**Changes of assumption:** No changes.

**Changes in actuarial methods:** No changes.

## **SUPPLEMENTARY INFORMATION**

**Indiana Housing and Community Development Authority**  
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**Other Information**  
**Combining Schedule of Net Position**  
**December 31, 2019**

	General Fund	Program Fund	Single Family Fund	Home First Fund	MBS Pass-thru Fund	2019 Total
<b>Assets and Deferred Outflows of Resources</b>						
<b>Current Assets</b>						
Cash and cash equivalents						
Unrestricted	\$ 40,006,926	\$ 16,851,076	\$ 25,825,382	\$ -	\$ -	\$ 82,683,384
Restricted	200,474	82,825,048	38,149,047	9,247,027	60,641	130,482,237
Accrued interest receivable						
Investments	224,837	-	343,426	46,588	-	614,851
Investments held against bonds	-	-	1,183,291	273,947	179,250	1,636,488
Accounts and loans receivable, net	593,104	28,570,251	-	-	-	29,163,355
Other assets	-	732,427	-	-	-	732,427
Total current assets	<u>41,025,341</u>	<u>128,978,802</u>	<u>65,501,146</u>	<u>9,567,562</u>	<u>239,891</u>	<u>245,312,742</u>
<b>Noncurrent Assets</b>						
Investments						
Unrestricted	67,832,461	-	71,552,795	-	-	139,385,256
Restricted	-	-	14,996,619	16,197,760	-	31,194,379
Investments held against bonds	-	-	384,143,152	102,759,754	66,404,130	553,307,036
Accounts and loans receivable, net	40,239	88,252,736	242,035	-	-	88,535,010
Capital assets, at cost, less accumulated depreciation	1,803,327	129,539	-	-	-	1,932,866
Interfund accounts	4,339,411	(3,611,720)	(727,691)	-	-	-
Total noncurrent assets	<u>74,015,438</u>	<u>84,770,555</u>	<u>470,206,910</u>	<u>118,957,514</u>	<u>66,404,130</u>	<u>814,354,547</u>
Total assets	<u>115,040,779</u>	<u>213,749,357</u>	<u>535,708,056</u>	<u>128,525,076</u>	<u>66,644,021</u>	<u>1,059,667,289</u>
<b>Deferred Outflows of Resources</b>						
Pension-related	566,728	-	-	-	-	566,728
Accumulated decrease in fair value of derivative	-	-	1,506,830	-	-	1,506,830
Deferred refunding costs	-	-	-	-	1,665,260	1,665,260
Total deferred outflows of resources	<u>566,728</u>	<u>-</u>	<u>1,506,830</u>	<u>-</u>	<u>1,665,260</u>	<u>3,738,818</u>
Total assets and deferred outflows of resources	<u>\$ 115,607,507</u>	<u>\$ 213,749,357</u>	<u>\$ 537,214,886</u>	<u>\$ 128,525,076</u>	<u>\$ 68,309,281</u>	<u>\$ 1,063,406,107</u>
<b>Liabilities, Deferred Inflows of Resources and Net Positions</b>						
<b>Current Liabilities</b>						
Bonds payable	\$ -	\$ -	\$ 8,775,000	\$ 4,170,000	\$ -	\$ 12,945,000
Accrued interest payable	-	-	5,272,087	229,591	179,250	5,680,928
Unearned revenue	200,474	34,275,934	-	-	-	34,476,408
Government advances	-	589,629	-	-	-	589,629
Capital lease liability	92,564	-	-	-	-	92,564
Accounts payable and other liabilities	2,931,409	10,605,084	55,339	16,296	-	13,608,128
Total current liabilities	<u>3,224,447</u>	<u>45,470,647</u>	<u>14,102,426</u>	<u>4,415,887</u>	<u>179,250</u>	<u>67,392,657</u>
<b>Noncurrent Liabilities</b>						
Bonds payable	-	-	356,150,000	90,685,000	62,193,522	509,028,522
Original issue premium	-	-	7,163,588	293,094	1,593,699	9,050,381
Bonds payable, net	-	-	363,313,588	90,978,094	63,787,221	518,078,903
Notes payable	-	1,692,476	-	-	-	1,692,476
Derivative instrument - interest rate swap agreements	-	-	1,506,830	-	-	1,506,830
Pension liability	3,381,741	-	-	-	-	3,381,741
Government advances	-	31,679,065	-	-	-	31,679,065
Capital lease liability	267,337	-	-	-	-	267,337
Total noncurrent liabilities	<u>3,649,078</u>	<u>33,371,541</u>	<u>364,820,418</u>	<u>90,978,094</u>	<u>63,787,221</u>	<u>556,606,352</u>
Total liabilities	<u>6,873,525</u>	<u>78,842,188</u>	<u>378,922,844</u>	<u>95,393,981</u>	<u>63,966,471</u>	<u>623,999,009</u>
<b>Deferred Inflows of Resources</b>						
Pension-related	542,452	-	-	-	-	542,452
<b>Net Position</b>						
Net investment in capital assets	1,443,426	129,539	-	-	-	1,572,965
Restricted	-	121,538,274	61,298,130	33,131,095	4,342,810	220,310,309
Unrestricted	106,748,104	13,239,356	96,993,912	-	-	216,981,372
Total net position	<u>108,191,530</u>	<u>134,907,169</u>	<u>158,292,042</u>	<u>33,131,095</u>	<u>4,342,810</u>	<u>438,864,646</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 115,607,507</u>	<u>\$ 213,749,357</u>	<u>\$ 537,214,886</u>	<u>\$ 128,525,076</u>	<u>\$ 68,309,281</u>	<u>\$ 1,063,406,107</u>

**Indiana Housing and Community Development Authority**  
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**Other Information**  
**Combining Schedule of Revenues, Expenses and Changes in Net Position**  
**Year Ended December 31, 2019**

	General Fund	Program Fund	Single Family Fund	Home First Fund	MBS Pass-thru Fund	2019 Total
<b>Revenues</b>						
Interest income						
Investments	\$ 3,346,088	\$ 219,480	\$ 4,852,170	\$ 793,012	\$ 493	\$ 9,211,243
Investments held against bonds	-	-	13,040,675	3,839,652	2,930,498	19,810,825
Loans	-	1,051,990	-	-	-	1,051,990
Fee income	5,044,564	1,500	-	-	-	5,046,064
Program income	-	377,950,395	-	-	-	377,950,395
Gain on sale of Next Home investments	5,131,058	-	144,618	-	-	5,275,676
Net decrease in fair value of investments	445,233	-	14,301,737	3,830,107	1,330,323	19,907,400
Other income	546,105	-	-	-	-	546,105
Total revenues	<u>14,513,048</u>	<u>379,223,365</u>	<u>32,339,200</u>	<u>8,462,771</u>	<u>4,261,314</u>	<u>438,799,698</u>
<b>Expenses</b>						
Investment expense (down payment assistance)	3,583,200	-	4,580,916	-	-	8,164,116
Loss on sale of investments	342,725	-	1,164,365	92,816	-	1,599,906
Interest expense	25,226	17,625	10,092,584	3,108,667	2,742,912	15,987,014
Issuance costs	-	-	1,209,470	-	-	1,209,470
Program expenses	60,196	360,089,409	12,739	-	-	360,162,344
General and administrative expenses	6,491,525	12,451,040	962,621	332,539	12,000	20,249,725
Total expenses	<u>10,502,872</u>	<u>372,558,074</u>	<u>18,022,695</u>	<u>3,534,022</u>	<u>2,754,912</u>	<u>407,372,575</u>
<b>Operating Income</b>	4,010,176	6,665,291	14,316,505	4,928,749	1,506,402	31,427,123
<b>Transfers</b>						
Interfund transfers	(317,615)	317,615	274,322	-	(274,322)	-
<b>Increase in Net Position</b>	3,692,561	6,982,906	14,590,827	4,928,749	1,232,080	31,427,123
<b>Net Position, Beginning of Year, as previously reported</b>	104,498,969	163,444,905	143,701,215	28,202,346	3,110,730	442,958,165
<b>Prior Period Restatement</b>	-	(35,520,642)	-	-	-	(35,520,642)
<b>Net Position, Beginning of Year, as restated</b>	<u>104,498,969</u>	<u>127,924,263</u>	<u>143,701,215</u>	<u>28,202,346</u>	<u>3,110,730</u>	<u>407,437,523</u>
<b>Net Position, End of Year</b>	<u>\$ 108,191,530</u>	<u>\$ 134,907,169</u>	<u>\$ 158,292,042</u>	<u>\$ 33,131,095</u>	<u>\$ 4,342,810</u>	<u>\$ 438,864,646</u>

**Indiana Housing and Community Development Authority**  
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**Other Information**  
**Combining Schedule of Cash Flows**  
**Year Ended December 31, 2019**

	General Fund	Program Fund	Single Family Fund	Home First Fund	MBS Pass-thru Fund	2019 Total
<b>Cash Flows From Operating Activities</b>						
Receipts for services	\$ 12,033,688	\$ -	\$ -	\$ -	\$ -	\$ 12,033,688
Receipts for program revenue	-	349,178,935	-	-	-	349,178,935
Principal received on loans receivable	6,008	-	-	-	-	6,008
Interest received on investments	3,228,321	219,480	5,158,586	771,857	493	9,378,737
Interest received on investments held against bonds	-	-	12,164,485	3,621,431	2,659,690	18,445,606
Interest received on loans	-	1,051,990	-	-	-	1,051,990
Payments for program expenses	(60,196)	(368,315,496)	(12,739)	-	-	(368,388,431)
Interest paid on bonds and bank loans	(25,226)	(17,625)	(8,705,582)	(3,150,858)	(2,374,213)	(14,273,504)
Debt issuance costs incurred	-	-	(1,209,470)	-	-	(1,209,470)
Investment expense	-	-	(4,580,916)	-	-	(4,580,916)
Payments for suppliers and employees	(9,063,305)	-	(951,630)	(316,243)	(12,000)	(10,343,178)
Interfund activity	944,488	(298,292)	(646,196)	-	-	-
Net cash provided by (used in) operating activities	<u>7,063,778</u>	<u>(18,181,008)</u>	<u>1,216,538</u>	<u>926,187</u>	<u>273,970</u>	<u>(8,700,535)</u>
<b>Cash Flows From Non-Capital and Related Financing Activities</b>						
Proceeds from bond issues	-	-	104,993,765	-	-	104,993,765
Repayments and redemption of bonds and bank loans	-	(72,573)	(17,630,000)	(16,750,000)	(12,001,946)	(46,454,519)
Transfers	(317,615)	317,615	274,322	-	(274,322)	-
Net cash provided by (used in) non-capital and related financing activities	<u>(317,615)</u>	<u>245,042</u>	<u>87,638,087</u>	<u>(16,750,000)</u>	<u>(12,276,268)</u>	<u>58,539,246</u>
<b>Cash Flows From Capital and Related Financing Activities</b>						
Purchases of capital assets	(53,980)	(74,000)	-	-	-	(127,980)
Payments on capital lease	(87,021)	-	-	-	-	(87,021)
Net cash used in capital and related financing activities	<u>(141,001)</u>	<u>(74,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(215,001)</u>
<b>Cash Flows From Investing Activities</b>						
Proceeds from sale and maturities of investments	34,195,051	-	74,012,967	6,804,740	-	115,012,758
Principal received on investments held against bonds	-	-	35,106,573	17,009,772	12,002,298	64,118,643
Purchases of investments held against bonds	-	-	(122,234,004)	-	-	(122,234,004)
Purchase of DPA loans	-	-	(242,035)	-	-	(242,035)
Purchase of investments	(58,724,496)	-	(65,473,811)	(17,253,157)	-	(141,451,464)
Net cash provided by (used in) investing activities	<u>(24,529,445)</u>	<u>-</u>	<u>(78,830,310)</u>	<u>6,561,355</u>	<u>12,002,298</u>	<u>(84,796,102)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>(17,924,283)</u>	<u>(18,009,966)</u>	<u>10,024,315</u>	<u>(9,262,458)</u>	<u>-</u>	<u>(35,172,392)</u>
<b>Cash and Cash Equivalents, January 1</b>	<u>58,131,683</u>	<u>117,686,090</u>	<u>53,950,114</u>	<u>18,509,485</u>	<u>60,641</u>	<u>248,338,013</u>
<b>Cash and Cash Equivalents, December 31</b>	<u>\$ 40,207,400</u>	<u>\$ 99,676,124</u>	<u>\$ 63,974,429</u>	<u>\$ 9,247,027</u>	<u>\$ 60,641</u>	<u>\$ 213,165,621</u>
<b>Cash and Cash Equivalents</b>						
Cash	\$ 8,474,511	\$ 98,844,450	\$ -	\$ -	\$ -	\$ 107,318,961
Money market investments	31,732,889	831,674	63,974,429	9,247,027	60,641	105,846,660
Total cash and cash equivalents	<u>\$ 40,207,400</u>	<u>\$ 99,676,124</u>	<u>\$ 63,974,429</u>	<u>\$ 9,247,027</u>	<u>\$ 60,641</u>	<u>\$ 213,165,621</u>

**Indiana Housing and Community Development Authority**  
**(A Component Unit of the State of Indiana)**  
**Other Information**  
**Combining Schedule of Cash Flows (Continued)**  
**Year Ended December 31, 2019**

	General Fund	Program Fund	Single Family Fund	Home First Fund	MBS Pass-thru Fund	2019 Total
<b>Reconciliation of Change in Net Position to Net Cash</b>						
<b>Provided by (Used in) Operating Activities:</b>						
Change in net position	\$ 4,010,176	\$ 6,665,291	\$ 14,316,505	\$ 4,928,749	\$ 1,506,402	\$ 31,427,123
Adjustment to reconcile change in net position to net cash provided by (used in) operating activities:						
Net decrease in fair value of investments	(445,233)	-	(14,301,737)	(3,830,107)	(1,330,323)	(19,907,400)
Loss on sale of investments	342,725	-	1,019,747	92,816	-	1,455,288
Depreciation	617,237	40,254	-	-	-	657,491
Amortization of bond premium/discount	-	-	(605,733)	(265,999)	(305,253)	(1,176,985)
Changes in operating assets and liabilities:						
Accounts and loan receivable	1,117,495	(1,380,944)	-	-	-	(263,449)
Accrued interest receivable	(117,767)	-	35,959	26,623	34,445	(20,740)
Other assets	944,488	(4,462)	(646,196)	-	-	293,830
Deferred pension costs	(47,214)	-	-	-	-	(47,214)
Deferred refunding costs	-	-	-	-	403,144	403,144
Unearned revenue	200,474	(28,281,371)	-	-	-	(28,080,897)
Accounts payable and other liabilities	562,858	4,184,700	10,991	16,296	-	4,774,845
Accrued interest payable	-	-	1,387,002	(42,191)	(34,445)	1,310,366
Net pension liability	42,106	-	-	-	-	42,106
Deferred pension revenue	(163,567)	-	-	-	-	(163,567)
Government advances	-	595,524	-	-	-	595,524
Total adjustments	<u>3,053,602</u>	<u>(24,846,299)</u>	<u>(13,099,967)</u>	<u>(4,002,562)</u>	<u>(1,232,432)</u>	<u>(40,127,658)</u>
Net cash provided by (used in) operating activities	<u>\$ 7,063,778</u>	<u>\$ (18,181,008)</u>	<u>\$ 1,216,538</u>	<u>\$ 926,187</u>	<u>\$ 273,970</u>	<u>\$ (8,700,535)</u>