MINUTES AND MEMORANDA OF A MEETING
OF
THE BOARD OF DIRECTORS OF
INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY

Held: April 25, 2019

A regular meeting of the Board of Directors of the Indiana Housing and Community Development Authority ("IHCDA" or "Authority") was held on Thursday, April 25, 2019 at 10:00 a.m. at the Retreat at Mineral Springs, 239 West Harrison St., Martinsville, Indiana 46151.

The following individuals were present at the meeting: Tracy Barnes (Lieutenant Governor Designee); Mark Wuellner (Indiana Treasurer of State designee); Mark Pascarella (Indiana Public Finance Director designee); Board Member, J. June Midkiff; J. Jacob Sipe (IHCDA Executive Director); members of the staff of the Lieutenant Governor, members of the staff of the Authority, and the general public. Board Members, Tom McGowan and Andy Place, Sr. were not in attendance.

Tracy Barnes served as Chair of the meeting, and upon noting the presence of a quorum, called the meeting to order. Shenna Robinson served as Secretary.

I. Approval of Minutes

A. Meeting Minutes

A motion was made by Mark Wuellner to approve the March 28, 2019 Meeting Minutes, which was seconded by J. June Midkiff the following Resolution was unanimously approved:

> **RESOLVED**, the Minutes of the Board meeting held on March 28, 2019 are hereby approved to be placed in the Minute Book of the Authority.

II. Real Estate

A. HOME Community Housing Development Organization Predevelopment Loan - New Hope Development Services, Inc.

Chairman Barnes recognized Ryan Hamlett, who presented a HOME Community Housing Development Organization Predevelopment Loan - New Hope Development Services, Inc.

Background:
The HOME Investment Partnerships Program ("HOME") can be used to develop affordable housing for low income households. HOME provides funding for new construction and rehabilitation of homebuyer and rental projects, and can also be used for predevelopment activities of Community Housing Development Organizations ("CHDOs"). CHDOs are IHCDA-certified not-for-profit housing organizations that meet HOME regulations related to CHDOs. The HOME regulations define two types of Predevelopment loans available to CHDOs – Site Control loans, which are to be used when the site has not been acquired to assist CHDOs in the early stages of development and Seed Money loans, which may be accessed once the site has been acquired to cover pre-construction costs. The maximum any eligible CHDO may request for either loan, per project, is $30,000.

Process:

The IHCDA Real Estate Department ("RED") accepts applications to the CHDO Predevelopment Loan Fund on a rolling basis until funds set aside for CHDO activities have been expended. Staff reviews each application to ensure the proposed costs are eligible under the HOME regulations and the organization meets the federal definition of a CHDO.

Project Summary:

New Hope Development Services, Inc. is requesting four CHDO Pre-development loans that will assist in funding architectural, engineering, and legal fees for four different HOME projects.

All four projects are part of the ongoing 2018 IHCDA HOME Round. They consist of the following:

1. **Aberdeen Woods VII:** Six new construction units located in Jeffersonville, Indiana, requesting a $17,900 predevelopment seed money loan.
2. **Highland Place I:** Sixteen rehabilitation units located in Scottsburg, Indiana, requesting a $14,400 predevelopment seed money loan.
3. **Highland Woods:** Eleven new construction units located in Scottsburg, Indiana, requesting an $18,150 predevelopment seed money loan.
4. **River's Edge:** Thirty-nine rehabilitation units located in Clinton, Indiana, requesting a $16,500 predevelopment seed money loan.

These projects, if funded in the 2018 IHCDA HOME Round, would preserve 55 units of existing affordable housing and create 17 new units of affordable housing for residents of Clark, Scott, and Vermillion counties. The total combined CHDO predevelopment loan request is $66,950

The interest rate on the loan is 0% with a repayment term of 24 months. The loan may be repaid from a construction loan or other project income. As per HOME guidelines, IHCDA may forgive the loan, in whole or in part, if there are impediments to project development which IHCDA determines are reasonably beyond the control of the CHDO.

Project Name	**HOME Requested**	**HOME Recommended**	**Location**	**Applicant**	**Activity**
Aberdeen Woods VII	$17,900	$17,900	1900 Falcon Ridge Dr., Jeffersonville, Clark County	New Hope Development Services, Inc.	Predevelopment Loan for Seed Money
Highland Place I	$14,400	$14,400	121 Sharon Drive & 122 Michael Drive, Scottsburg, Scott County	New Hope Development Services, Inc.	Predevelopment Loan for Seed Money
Highland Woods	$18,150	$18,150	1642 W. McClain Avenue, Scottsburg, Scott County	New Hope Development Services, Inc.	Predevelopment Loan for Seed Money
River's Edge	$16,500	$16,500	234 South Main Street, Clinton, Vermillion County	New Hope Development Services, Inc.	Predevelopment Loan for Seed Money

Key Performance Indicators

RED Production will be tracking the following Key Performance Indicators regarding CHDO Pre-Development Loans:

1. Track the utilization of this resource by our CHDO partners as it relates to our increased outreach and efforts to increase the number of IHCDA certified CHDOs.
2. Track the percentage of HOME projects utilizing Predevelopment Loans that are successful in their HOME applications.

Following discussion, a motion was made by J. June Midkiff to approve HOME funding in the form of a predevelopment loan for Aberdeen Woods VII in an amount not to exceed $17,900 to New Hope Development Services, Inc., as recommended by staff. The motion was seconded by Mark Wuellner.

> **RESOLVED**, that the Board approve HOME funding in the form of a predevelopment loan for Aberdeen Woods VII in an amount not to exceed $17,900 to New Hope Development Services, Inc., as recommended by staff.

Following discussion, a motion was made by Mark Wuellner to approve HOME funding in the form of a predevelopment loan for Highland Place I in an amount not to exceed $14,400 to New Hope Development Services, Inc., as recommended by staff. The motion was seconded by J. June Midkiff.

> **RESOLVED**, that the Board approve HOME funding in the form of a predevelopment loan for Highland Place I in an amount not to exceed $14,400 to New Hope Development Services, Inc., as recommended by staff.

Following discussion, a motion was made by Mark Pascarella to approve HOME funding in the form of a predevelopment loan for Highland Woods in an amount not to exceed $18,150 to New Hope Development Services, Inc., as recommended by staff. The motion was seconded by J. June Midkiff.

> **RESOLVED**, that the Board approve HOME funding in the form of a predevelopment loan for Highland Woods in an amount not to exceed $18,150 to New Hope Development Services, Inc., as recommended by staff.

Following discussion, a motion was made by J. June Midkiff to approve HOME funding in the form of a predevelopment loan for River's Edge in an amount not to exceed $16,500 to New Hope Development Services, Inc., as recommended by staff. The motion was seconded by Mark Pascarella.

> **RESOLVED**, that the Board approve HOME funding in the form of a predevelopment loan for River's Edge in an amount not to exceed $16,500 to New Hope Development Services, Inc., as recommended by staff.

B. My Community, My Vision Community Project Funding Requests

Chairman Barnes recognized Carmen Lethig, who presented My Community, My Vision Community Project Funding Requests.

Background:
My Community, My Vision (MCMV) is a youth planning partnership between the Indiana Housing and Community Development Authority (IHCDA), IUPUI School of Public and Environmental Affairs' graduate program, local units of government (LUGs), and high school youth. The program is completing its fifth year and was developed with the belief that young people in Indiana should not have to leave their hometowns in order to achieve their dreams. The overall program goal is to involve high school-aged youth in their communities so that they stay in Indiana. Other program goals include youth engagement, education, and empowerment. At the completion of the September to April program year, the high school group and the local community receive a community vision plan and $5,000 toward a community project developed through the program's community planning process.

Process:
Student groups apply with a descriptive essay and are chosen to participate through a competitive review process. With input from the high school students and support from the LUG, the IUPUI student mentor will help create a vision plan based on the students' ideas for their communities. MCMV groups that participate also receive $5,000 in IHCDA grant dollars to implement a community supported, youth-driven project. The project requirements include: improving the quality of life in the students' communities, should be reflective of the high school students' desires, meet a community need, and the projects should be realistic in concept, scope, budget, and timeline. Projects must be implemented by October 28, 2019. The Project Funding Summary Sheet is attached hereto as **Exhibit A**.

Project Summary

Project Name:	MCMV Community Projects
Development Fund Amount Requested:	$25,000

Development Fund Amount Recommended: $25,000

Locations: Batesville, Huntingburg, North Putnam, Union County (Liberty), and Warsaw

Applicants: City of Batesville, City of Huntingburg, North Putnam Community School Corporation, Union County High School, and the City of Warsaw

Activity: Comprehensive Community Development / Placemaking Project Implementation

Award Type: Development Fund grants

MCMV Group Name	Project Description	Primary Project County	Total Project Cost	Amount Requested	Amount Recommended
Batesville Mayor's Youth Council	Public Art - Mural	Franklin and Ripley	$17,000	$5,000	$5,000
Huntingburg Mayor's Youth Council	Multifunction Public Plaza	Dubois	$20,000	$5,000	$5,000
North Putnam High School	Community Garden	Putnam	$5,000	$5,000	$5,000
Union County High School	Downtown Beautification	Union	$18,500	$5,000	$5,000
Warsaw Mayor's Youth Council	Public Art - Mural	Kosciusko	$8,000	$5,000	$5,000

Project Descriptions

Batesville
Batesville will be hiring viral social media artist Kelsey Montag to create one of her famous interactive murals in downtown Batesville that will include references to local community landmarks. The mural will be joined with another mural Kelsey Montag has already created in nearby Greensburg as well as other murals the community plans on creating with local artists in order to form a "Southern Indiana Mural Trail" within the region.

Huntingburg

Huntingburg will build a multi-functional park plaza which will primarily be utilized as a basketball court, with conversion capabilities for pickleball and tennis. The open area will allow for the secondary purpose of inclusive programming including parasport competitions, church league tournaments, and teen 3-on-3 leagues, as well as community fairs and diversity festivals such as a Farmers Market, Herbstfest (celebrating German Culture), Latino Culture Fest, and the Candlelit Christmas Parade.

North Putnam

North Putnam will build a community garden with raised planting beds. Outside the scope of the MCMV grant, additional phases are being planned that include the addition of an outside social gathering place, an indoor shelter house that will house displays and traveling exhibits from the Northern Putnam County Museum, a lunch counter where food or ice cream is sold, and the activation/beautification of an attached alley.

Union County

To address the lack of beautification identified as a weakness in downtown Liberty, Union County will install new trash receptacles, benches, and planters largely made from recycled materials in downtown Liberty. Further community partnerships and funding opportunities will allow the county to expand on the number of streetscape improvements, as well as the creation of a mural that would celebrate the community of Liberty.

Warsaw

Warsaw will hire an artist to paint a public art mural on the side of a downtown building. The original design of the mural was created by one of the participating members of Warsaw's MCMV group. Additional fundraisers are planned to enhance the mural to make it "stand out the way the students want it to."

Key Performance Indicators

The Placemaking Manager will track the following Key Performance Indicators:

1. Track the amount of time it takes the communities to implement the project.
2. Track community support for the implemented projects by gathering information through surveys or other qualitative measures.

Following discussion, a motion was made by Mark Wuellner to approve Development Fund funding in the form of grants for Comprehensive Community Development/ Placemaking Project Implementation, to the recipients listed above, in an aggregate amount not to exceed $25,000, as recommended by staff. The motion was seconded by Mark Pascarella.

> **RESOLVED**, that the Board approve Development Fund funding in the form of grants for Comprehensive Community Development/ Placemaking Project Implementation, to the recipients listed above, in an aggregate amount not to exceed $25,000, as recommended by staff.

C. Modular Workforce Housing Pilot Program

Chairman Mitchell recognized Chris Nevels, who presented Modular Workforce Housing Pilot Program.

Background:
Indiana is currently facing a lack of affordable entry-level housing in many communities across the state. Indiana's unemployment rate remains below the national average. Employers in many communities have more open positions than people to fill them and most do not have sufficient housing available to attract new residents. The state's existing housing inventory continues to decline, driving home prices up. Traditional, stick-built home building has not returned to pre-2007 levels and costs have risen with a tighter employment market. The stick-built homes that are being constructed are often sold at a price point exceeding what is reasonable for an entry-level homebuyer to afford. Two of the biggest factors contributing to these high price points are the cost of obtaining site control and the cost of construction.

On January 23, 2014, the Indiana Housing and Community Development Authority ("IHCDA") Board of Directors passed a resolution allowing for the creation of the Hardest Hit Fund ("HHF") Blight Elimination Program ("BEP"). IHCDA subsequently awarded $69.36 Million to communities throughout the state to acquire and demolish 3,071 structures. Through March 31, 2019, communities have acquired and demolished 2,715 structures at a cost of $39.8 Million. Each community that received BEP funds is required to have at least one Program Partner. Program Partners can be faith-based organizations, for-profit entities, not-for-profit entities, community development corporations, homeowner associations, economic development entities, or land banks. These Program Partners are required to hold title to all lots prior to [1]

demolition. Many of these Program Partners still hold title to lots that have been demolished using BEP funds but on which no additional development has been completed. These lots currently sit idle and unused.

Modular housing is a construction process in which homes are constructed off-site and then transported to the project location where they are then assembled and installed. There are many benefits associated with this style of construction. Modular housing offers a 30 to 50 percent shorter construction schedule. The efficiency of utilizing the same off-site construction process for multiple homes decreases costs as well. Modular housing is also less impacted by weather delays and the difficulty of finding skilled laborers.[2] These efficiencies mean the homes can be sold at lower prices and are, therefore, more available to entry-level homebuyers

The Blight Elimination Program and modular housing construction process provide two clear paths for addressing the affordable workforce housing crisis in Indiana. Unused BEP lots, for which site control can be easily obtained at little to no cost to the developer, provide an easy way to return underused properties to a local unit of government's tax rolls and reduce site control costs. The modular housing construction process will decrease construction costs and time, allowing manufacturers to house homeowners quicker and cheaper.

IHCDA proposes to incentivize partnership between not-for-profit organizations, local units of government, and modular housing manufacturers and dealers. Through this partnership, pre-existing BEP lots in communities where economic and demographic data indicates a strong need for workforce housing will be utilized for the construction of single family modular homes. These homes will be marketed and sold to homeowners with incomes at or below 140% of Area Median Income ("AMI"). Participating not-for-profits will be able to retain the proceeds from these home sales to be used for the construction of additional single family affordable housing.

Summary of the Initiative

IHCDA will release a Request for Qualifications ("RFQ") and select up to two teams. Teams will be composed of, at a minimum, a not-for-profit applicant, a representative of the local unit of government or BEP Program Partner, a representative from a modular housing dealer or licensed installer, and a licensed realtor or individual with extensive experience and knowledge of the region's real estate market. Respondents will be limited to communities that contain five or more lots that have been demolished and cleared using BEP funds. A list of these communities will be provided to potential respondents in the RFQ. The RFQ is attached hereto as **Exhibit B**. IHCDA will also be providing an interactive map that respondents can use to identify BEP lots.

IHCDA will select up to two teams and make available up to $500,000, in the form a grant, to each team. This program will be funded using interest earned on Tax Credit Assistance Program ("TCAP") loan payments. Teams will be selected by an IHCDA review committee. These selections will be brought before the IHCDA Board of Directors for a funding recommendation once they have been properly vetted by IHCDA staff. After being selected, teams will be required to identify potential homebuyers, complete and submit an IHCDA homebuyer application and proforma, and pass all threshold and underwriting requirements.

Following discussion, a motion was made by J. June Midkiff to approve the IHCDA Modular Workforce Housing Pilot Program, as recommended by staff. The motion was seconded by Mark Pascarella.

> **RESOLVED**, that the Board approve the IHCDA Modular Workforce Housing Pilot Program, as recommended by staff.

III. Finance

A. 2018 IHCDA External Audit

Chairman Barnes recognized Mark Pascarella, who presented the 2018 IHCDA External Audit.

Background:
This Board established an Audit Committee comprised of the following members: Erin Sheridan, Mark Pascarella, and Tom McGowan. The role of this Committee is to ensure the fiscal, operational, and program integrity of the Indiana Housing and Community Development Authority ("IHCDA") and to make reports and recommendations to the Board.

[1] Alderton, Matt. "How Modular Construction Could Offer a Lasting Solution in the Affordable Housing Crisis." *ArchDaily*, ArchDaily, 15 Mar. 2019, www.archdaily.com/913290/how-modular-construction-could-offer-a-lasting-solution-in-the-affordable-housing-crisis.

Process:
On April 10, 2019, the IHCDA Audit Committee met with representatives of the Authority's auditing firm, BKD, LLP, and IHCDA staff to discuss the results of the December 31, 2018 Financial Statement Audit. The following items were discussed:

- The financial statements and independent auditors' report, attached hereto as **Exhibit C**
- The schedule of expenditures of federal awards (the single audit report) and independent auditors' report, attached hereto as **Exhibit D**, and
- The management comment letter, attached hereto as **Exhibit E.**

Copies of these documents follow this memorandum.

Following discussion, a motion was made by Mark Pascarella to approve the December 31, 2018 IHCDA Financial Statements and Independent Auditors' Report, attached hereto as **Exhibit C,** as recommended by the Audit Committee and staff. The motion was seconded by Mark Wuellner.

> **RESOLVED**, that the Board approve the December 31, 2018 IHCDA Financial Statements and Independent Auditors' Report, attached hereto as **Exhibit C**, as recommended by the Audit Committee and staff.

Following discussion, a motion was made by Mark Pascarella to approve the December 31, 2018 IHCDA Schedule of Expenditures of Federal Awards and Independent Auditors' Report, attached hereto as **Exhibit D** as recommended by the Audit Committee and staff. The motion was seconded by J. June Midkiff.

> **RESOLVED**, that the Board approve the December 31, 2018 IHCDA Schedule of Expenditures of Federal Awards and Independent Auditors' Report, attached hereto as **Exhibit D**, as recommended by the Audit Committee and staff.

IV. Program Update

A. Staff Engagement Update

Chairman Barnes recognized Kyleen Welling who presented a Staff Engagement Update. Her presentation is attached hereto as **Exhibit F .**

No action is required, as this is an update to the Board

V. Executive

A. Executive Update

Chairman Barnes recognized J. Jacob Sipe, who presented the Executive Update.

1. **Thank You**:

    a. J. Sipe thanked K. Welling for her work in the area of employee engagement and commented that the staff appreciates the engagement that IHCDA has been able to develop within the last few years which makes IHCDA a great place to work.
    b. J. Sipe thanked Mayor Kohl and the team at Flaherty and Collins for hosting and welcoming IHCDA to Martinsville and allowing IHCDA to see the amazing work that is happening in Martinsville.
    c. J. Sipe stated that IHCDA and its partners didn't just create affordable housing in Martinsville but also preserved the history and culture of the community with these historic structures. He mentioned how exciting it is to see the impact on the city and the additional investment, most of which is private capital that is now coming into the immediate downtown area.
    d. J. Sipe thanked R. Hamlett for his dedication to preserving historic structures across the state. R. Hamlett has done a great job partnering with Indiana Landmarks. IHCDA hosted and was a sponsor for a charrette with Indiana Landmarks, again this year, with multiple different universities, down in Evansville and R. Hamlett led this effort.

2. **IHCDA…The Magazine – Spring Edition**:
    a. R. Hamlett writes articles in the magazine highlighting the investment that IHCDA is making into many historic structures across the state.
    b. The next IHCDA . . . The Magazine is going to be issued next week.
    c. In the upcoming issue R. Hamlett wrote an article regarding Greensburg and the impact that it is having in its downtown area on its Courthouse Square and the additional capital investment that is going on there.
    d. J. Sipe thanked R. Hamlett again, for his work in preservation around historic structures, helping to create an awareness regarding IHCDA's work and how housing is also community economic development, which is the vision that Mayor Kohl spoke of earlier. Housing is bigger than just creating units, while creating housing units is the mission of IHCDA, IHCDA also creates economic development opportunities.

3. **CreatINg Places:**
    a. J. Sipe stated that while IHCDA makes major investments with those types of developments, like the Retreat at Mineral Springs, that have tens of millions of dollars being invested, IHCDA also makes small investments, like those $5,000 awards that were approved today.
    b. J. Sipe thanked the Board for approving those awards.
    c. J. Sipe stated that, IHCDA is making huge impacts across the state with small investments of less than $50,000. These small investments are huge engagement impacts that we're having with youth and with some underutilized spaces around all of our communities. The Creating Places program that C. Lethig has led is really inspiring. The motto is smaller, quicker, cheaper and IHCDA can definitely deliver.
    J. Sipe announced that this month he had the opportunity to attend two CreatINg Places events:
        i. A couple weeks ago, J. Sipe was in the town of Nashville for a groundbreaking for a skateboard park. It was led by a youth organization, Kids on Wheels and its goal was to raise $50,000. 103 people made contributions and they raised over $60,000. It was rewarding to see the kids with shovels in their hands knowing that they're going to be able to have their own skateboard park. With the extra money they are also going to add a hammock swing, a tire swing, picnic tables, and Gaga Pit.
        ii. J. Sipe attended a ribbon cutting in Rushville for its City Center's Marquee, a beautiful Marquee right in downtown Rushville that has restored a 104 year old Masonic Temple that now has been repurposed to hold the new town hall, classrooms for IVY Tech and a movie theater. Their goal was to raise $50,000 and they raised just over $50,000 with 84 patrons making contributions to the crowdfunding project.
    d. J. Sipe stated that he had a good time this month celebrating the success of CreatINg Places and thanked C. Lethig again for her work.

4. **Workforce Housing Initiatives:**
   a. J. Sipe announced that IHCDA has assembled a team to work on the workforce housing challenge and there are a couple of initiatives that IHCDA is launching. He thanked the board for approving the modular housing workforce housing pilot. He stated that there is another one coming up, that M. Rayburn and he have been working on with the team.
   b. J. Sipe recognized C. Nevels for his leadership in modular housing. The map that was created in partnership with the Sagamore Institute is a great resource that IHCDA has been able to create overlaying the blight elimination anchor employers, looking at the dealers. It is an interactive map that is going to be a really great resource not only for this pilot program but for other organizations who want to repurpose those BEP lots, using other resources.
   c. J. Sipe mentioned that another pilot that IHCDA is working on currently. This year's budget set aside four million dollars for IHCDA to develop a workforce housing innovative initiative. IHCDA is currently working on developing a public-private partnership with some anchor employers across the state who will co-invest with IHCDA into developing workforce housing and using multiple different strategies in a risk share type of model. IHCDA, is really excited about this and is looking to partner with probably four employers at a maximum of maybe a million dollars each, which would leverage another four million dollars and that will just get it started. There will be additional leveraging of other monies that will be coming into this as well. M. Rayburn and J. Sipe have been working on this and having conversations with a consultant who will potentially help with not only the workforce housing component but also blending in the workforce development component with these anchor employers. The goal in terms of a timeline is to bring this initiative with more details to the Board around June before a RFP is sent out.
   d. J. Sipe is not aware of this type of initiative being used anywhere in the nation, but he and M. Rayburn have been brainstorming and identifying risks for IHCDA and its partners, to ensure that they know that this is something that IHCDA can actually deliver and be excited about and blaze new ground on how public and private investments can work together in a non-traditional way.

5. **Audit:**
   a. J. Sipe thanked R. Wittgren from BKD for raking IHCDA over the coals and doing a thorough job with IHCDA's audit. As M. Pascarella stated, the audit is very complex in multiple different areas.
   b. J. Sipe acknowledged the IHCDA audit team, V. Dunbar, J. Ruiz, and R. Harcourt, and all the program managers for the work that they do. It's amazing what IHCDA does publicly. There is around a half billion dollars that comes through IHCDA and to have a clean audit is really impressive.

6. **May Board Meeting Location:**
   J. Sipe announced that the next Board Meeting will be held on May 23, 2019 at IHCDA's office.

No action is required, as this is an update to the Board

VI. Other Business

There being no further business, a motion was made by Mark Pascarella to adjourn the meeting, which was seconded by J. June Midkiff; the motion passed unanimously and the meeting was adjourned at 11:23 a.m.

Respectfully submitted,

Suz Cr

Lieutenant Governor, Suzanne Crouch, or her designee

ATTEST:

J. Jacob Sipe
Executive Director for IHCDA

Exhibit A

Indiana Housing & Community Development Authority

PROJECT FUNDING SUMMARY SHEET

2018-2019 My Community, My Vision Community Project Funding Requests

PROJECT SUMMARY: This recommendation requests $5,000 each to the five high school-aged youth groups that participated in the 2018-2019 My Community, My Vision program for implementation of their community projects.			
PRESENTER: Carmen Lethig, Placemaking Manager			
AMOUNT OF FUNDING REQUESTED:	$25,000 Development Fund Grant	**AMOUNT & SOURCE OF FUNDING RECOMMENDED:**	$25,000 Development Fund Grant

Exhibit B

Indiana Housing & Community Development Authority

REQUEST FOR QUALIFICATIONS

for

Modular Workforce Housing Pilot Program

INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY
30 South Meridian Street, Suite 900
Indianapolis, IN 46204
http://www.in.gov/ihcda/

317-232-7777

ISSUE DATE: April 29, 2019

RESPONSE DEADLINE June 24, 2019, 5:00 PM Eastern Time

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PART 1 SCOPE OF THIS REQUEST

1. PURPOSE OF THIS REQUEST FOR QUALIFICATIONS (“RFQ”)

The Indiana Housing and Community Development Authority (“IHCDA”) is requesting qualifications from non-profit respondents to develop and sell modular homes constructed by Indiana-based modular home manufacturers. Respondents are expected to target lots in selected communities that have utilized IHCDA’s Blight Elimination Program. IHCDA is providing capital financing and partnering with Indiana-based modular home manufacturers to assist with development and construction.

IHCDA is making available up to $1,000,000 for this construction through non-Federal IHCDA funds. Upon the sale of the units, the selected non-profit must establish a homeownership revolving housing fund (“RHF”) to support additional single family home construction targeting homeowners earning 140% or less of the area median income.

IHCDA will facilitate connections between selected respondents and modular housing manufacturers, provide economic and demographic data to aid in site selection, and provide technical assistance to the selected respondents on the development and marketing of the homes and how to establish and support the RHF.

2. ABOUT THE INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY

Mission Statement

The Indiana Housing and Community Development Authority (“IHCDA”) provides housing opportunities, promotes self-sufficiency, and strengthens communities. To accomplish this we will:

- Promote place-based initiatives that will allow Hoosiers opportunities to improve their quality of life;
- Create and preserve housing for Indiana’s most vulnerable population;
- Enhance self-sufficiency initiatives in existing programs; and
- Promote a value-driven culture of continuous improvement.

Vision

IHCDA envisions an Indiana with a sustainable quality of life for all Hoosiers in the community of their choice. We believe that growing Indiana's economy starts at home and that that all Hoosiers should have the opportunity to live in safe, affordable, good-quality housing in economically stable communities. That's the heart of IHCDA's mission. Our charge is to help communities build upon their assets to create places with ready access to opportunities, goods, and services. We also promote, finance, and support a broad range of housing solutions, from temporary shelters to homeownership.

IHCDA's work is done in partnership with developers, lenders, investors, and nonprofit organizations that use our financing to serve low and moderate-income Hoosiers. We leverage public and private funds to invest in financially sound, well-designed projects that will benefit communities for many years to come. And our investments bear outstanding returns. The activities that we finance help families become more stable, put down roots, and climb the economic ladder. In turn, communities grow and prosper, broadening their tax base, creating new jobs, and maximizing local resources. IHCDA's work is truly a vehicle for economic growth, and it all starts at home.

OVERVIEW (for more information visit http://www.in.gov/ihcda/)
IHCDA was created in 1978 by the Indiana General Assembly and is a quasi-public financially self-sufficient statewide government agency. IHCDA's programs are successful in large part because of the growing network of partnerships IHCDA has established with local, state, and federal governments, for-profit businesses and not-for-profit organizations. For-profit partners include investment banks, mortgage lenders, commercial banks, corporate investment managers and syndicators, apartment developers, investors, homebuilders, and realtors. Not-for-profit partners include community development corporations, community action agencies, and not-for-profit developers.

3. SCOPE OF SERVICES

IHCDA is soliciting qualifications from non-profit respondents to increase the availability of workforce housing by developing and selling modular homes. Respondents are expected to target lots that have utilized IHCDA’s Blight Elimination Program.

This pilot program has four main objectives. The first objective is to efficiently utilize preexisting lots within communities that have participated in IHCDA’s BEP program. In so doing, vacant or unused properties are returned to the jurisdiction’s tax rolls and can contribute to an increase in surrounding property values. Second, by targeting communities with demographics indicating strong economic potential, this initiative will provide additional workforce housing options for employees that may currently have to commute from outside the community. Third, the program will demonstrate potential advantages of modular housing, such as its low cost and ease of construction, as well as the variety and quality of affordable modular housing that is available. Finally, this initiative aims to support the establishment of a revolving housing fund to provide capital funding for additional single family housing. This RFQ will award funds in the form of a grant of up to $500,000 each to two eligible non-profit respondents selected pursuant to this RFQ.

The selected respondent will work with IHCDA, representatives of the local unit of government, BEP program partners, and modular housing manufacturers and dealers to acquire site control, develop a site plan, and construct the modular homes. Respondents will be required to assemble a team that includes, at a minimum, a staff person of the respondent dedicated to overseeing the project to completion, a representative of the local unit of government or BEP program partner, a representative from an Indiana-based modular housing dealer or licensed installer, and a licensed realtor or individual with extensive experience and knowledge of the region’s real estate market. Any member of the team that is not an employee of the not-for-profit respondent must submit a letter of support from their employer in which the employer commits to supporting the initiative until the respondent has expended the entirety of the initial award.

Respondents will be limited to proposals that anticipate constructing modular homes in one or more of the following communities:

Alexandria – Madison County
Anderson – Madison County
Austin – Scott County
Bicknell – Knox County

Boonville – Warrick County
Brazil – Clay County
Columbus – Bartholomew County
Connersville – Fayette County

Decker – Knox County
Dunkirk – Jay County
East Chicago – Lake County
Elkhart – Elkhart County
Elwood – Madison County
Evansville – Vanderburgh County
Fort Wayne – Allen County
Gary – Lake County
Goshen – Elkhart County
Hagerstown – Wayne County
Hammond – Lake County
Hartford City – Blackford County
Indianapolis – Marion County
Knox – Starke County
Kokomo – Howard County
Lawrence – Marion County
Linton – Greene County
Logansport – Cass County
Lyons – Greene County
Marion – Grant County
Mt. Vernon – Posey County
Muncie – Delaware County
New Castle – Henry County
Oakland City – Gibson County
Owensville – Gibson County
Peru – Miami County
Princeton – Gibson County
Richmond – Wayne County
Rising Sun – Ohio County
Rushville – Rush County
Shelbyville – Shelby County
South Bend – St. Joseph County
Sullivan – Sullivan County
Terre Haute – Vigo County
Vincennes – Knox County
Washington – Daviess County
Waterloo - DeKalb

A link to an interactive map tool is included as part of this RFQ. This map will provide information on the location of eligible BEP lots as well as demographic and economic indicators for all counties in which eligible BEP lots are located. Respondents are strongly encouraged to utilize this tool when selecting their project location. **The map can be found here. A tutorial on how to use the map can be found here.**

IHCDA will provide contact information for Indiana-based modular housing dealers who can assist respondents in estimating construction costs. IHCDA will also arrange an introductory meeting between the selected respondents and modular housing manufacturers.

The selected respondents will be responsible for overseeing the development process and selling the homes to eligible beneficiaries. It is expected that the selected respondent will also provide access to housing counseling for the purchasing beneficiaries.

Please note that funds budgeted for developer's fee cannot exceed 15% of the total amount awarded. Administration costs are not an eligible use of funds. There is no match required but the leveraging of other resources will be taken into consideration when selecting respondents, including the donation of land and waiving of fees by the local unit of government as well as other grants and/or financial contributions.

The Modular Workforce Housing Program can be used to finance assisted homes for households earning up to 140% of the area median income ("AMI") as published annually by HUD.

Upon the sale of the units, the selected respondent will be expected to retain and utilize the proceeds to establish a Revolving Housing Fund. This RHF will operate to develop additional single family homes. These homes must be targeted to homeowners earning 140% or less of the area median income.

The selected respondents will be required to submit to IHCDA a homebuyer application and proforma. The respondent's application must include all applicable attachments as required by the revised IHCDA homebuyer process, underwriting guidance, and compliance requirements. The homebuyer application must pass the homebuyer eligibility review and underwriting and is subject to approval by IHCDA's Board of Directors.

Additionally, the selected respondents will be required to formally identify potential homeowners for all proposed homes. Potential homeowners will be required to self-certify that they earn 140% or less of the area median income

4. RFQ TIMELINE

April 29, 2019	RFQ released to the general public
June 24, 2019	Responses due to IHCDA by 5:00 p.m. Eastern Time
June 25, 2019 – July 9, 2019	IHCDA Workforce Housing Committee Reviews Responses
July 15, 2019 – July 19, 2019	Finalist Interviews/Presentations
July 22, 2019	Final Selection Made

PART 2 RFQ PROCESS

1. SELECTION PROCESS

Evaluation of all proposals will be completed by IHCDA. Respondent must be responsive and responsible as described in Sections 2 and 4 below. Selection of a respondent is at the discretion of IHCDA.

2. MINIMUM REQUIREMENTS/RESPONSIVE RESPONDENT

Respondent must meet the following minimum requirements to be deemed responsive to this RFQ.

1. Respondent must complete RFQ.
2. Respondent must be a non-profit, and recognized as tax exempted under 501(c)(3) and provide proof of such status.
3. Respondent must meet all guidelines for administering the program.

Experience

Experience pertaining to the following will be weighed heavily in the selection process.

- Demonstrated knowledge of affordable housing construction and management of rental or homebuyer units;
- Demonstrated capacity to successfully develop homebuyer units;
- Demonstrated experience in collaborating with local units of government and other community stakeholders;
- Demonstrated experience marketing housing to persons who meet the AMI requirements and providing access to housing counseling.

3. QUALIFICATIONS EVALUATION CRITERIA

The following will be IHCDA's primary consideration in the selection process:

1. Respondent's compliance with submission requirements of this RFQ.
2. As assessment of the respondent's ability to deliver the indicated services in accordance with the specifications set out in this RFQ.
3. Experience providing the scope of services outlined above, as demonstrated by a narrative summary not to exceed five pages of the respondent's experience.
4. Respondent must list and provide resumes for all team members.
5. Readiness to proceed as demonstrated by a narrative summary not to exceed three pages, including a proposed program timeline with anticipated start and end date.
6. Design of the overall scope of the proposed development as demonstrated by a narrative summary not to exceed three pages. Respondents must include the following information:
    a. Number of staff and team members involved in the project.
    b. A narrative supporting a tentative budget for the project, including the number of homes, estimated per home construction cost, any applicable soft costs, and potential price points (please note that this narrative will not substitute for the required underwriting, if selected).

7. Ability of the respondent to provide housing counseling to purchasers as demonstrated by a narrative summary not to exceed three pages. The narrative must include the following:
    a. Proposed homeowner selection and marking plan.
    b. Plan for improvement and client feedback.
    c. Experience providing housing counseling.
8. Ability to utilize and support the RHF for the continued development of single family homes, demonstrated by a narrative not to exceed five pages. The narrative should include the following:
    a. The RHF program design;
    b. The process of how the respondent would continue to identify single family home lots that provide the greatest opportunity for success;
    c. The process of how the respondent would continue to market and promote the program and identify potential homeowners that meet all requirements;
9. Financial Capacity of the respondent to conduct the services as outlined.
10. Past award performance, including history of complying with IHCDA and/or federal guidelines, meeting benchmarks, quality of work performed, and services provided.
11. Timeliness of expenditures on previous and current awards through IHCDA.
12. Ability by each team member to comply with post-construction data collection, including, but not limited to, providing data regarding construction time and cost, metrics related to the selling of each home, and the impact the program has on the surrounding community.
13. Each respondent's proposed project location will be evaluated based on a number of demographic and economic criteria, including, but not limited to, county unemployment rate, twelve month county job growth rate, the median age of owner occupied structures, and the number of employees who commute into and out of the county. These criteria can be found for each eligible county on the map provided as part of this RFQ.
14. Ability to demonstrate a market need for workforce housing. This need can be demonstrated by a formal housing study or by providing an informal narrative that describes current and projected economic and demographic factors, with a focus on housing, that support the need for workforce housing in the area.
15. Ability to complete a homebuyer application and proforma that meets all IHCDA underwriting and threshold requirements, if selected.
16. Ability to demonstrate site control either by purchase agreement, purchase option, or executed and recorded deed.

4. RESPONSIBLE RESPONDENT REQUIREMENTS

IHCDA shall not award any contract until the selected respondent, has been determined to be responsible. A responsible respondent must:

1. **Have** adequate financial resources to perform the project, or the ability to obtain them;
2. Be able to comply with the required or proposed delivery or performance schedule, taking into consideration all the respondent's existing commercial and governmental business commitments;
3. Have a satisfactory performance record with IHCDA;
4. Have a satisfactory record of integrity and business ethics;
5. Have the necessary organization, experience, accounting and operational controls, and technical skills, or the ability to obtain them;

6. **6.** Have the necessary production, construction, and technical equipment and facilities, or the ability to obtain them;
7. **7.** Have supplied all requested information;
8. **8.** Be legally qualified to contract in the State of Indiana and is an entity described in IC Title 23, is properly registered, and owes no outstanding reports to the Indiana Secretary of State (There is a fee to register with the Secretary of State); and
9. **9.** Be otherwise qualified and eligible to receive an award under applicable laws and regulations, including not be suspended or debarred. If a prospective respondent is found to be non-responsible, a written determination of non-responsibility shall be prepared and included in the official file for this RFQ, and the respondent shall be advised of the reasons for the determination.

5. RFQ SUBMISSION ITEMS

Respondent must submit documentation in response to the requirements listed in each category heading summarized below. All of these requirements are described more fully in **Section 3 of Part 2** of this RFQ, entitled **"Qualifications Evaluation Criteria"**. Therefore, respondent must review **Part 2 Section 3** of this RFQ very carefully before submitting its responses. The respondent must also submit the Qualifications Coversheet and the Certification of Company located at the end of this RFQ Document.

Checklist of Submission Requirements

1. Qualifications Coversheet (required template included in this RFQ Packet);
2. Certification of Company (required template including in this RFQ Packet);
3. Verification of 501 (c)(3) status;
4. Narrative summary of the respondent's experience and capability to provide all services as described above.
5. Resumes for all team members.
6. Narrative summary on readiness to proceed as described above;
7. Narrative summary on overall program design scope as described above;
8. Narrative summary on design and use of RHF as described above;
9. Client references (2-3) if and as requested by IHCDA;
10. Documentation that the respondent has more than two years of experience developing similar housing;
11. Submit 2017/2018 financial statements and 2019 year-to-date balance sheet, income statements and cash flow statements of the respondent in a form acceptable to IHCDA;
12. Submit a formal housing study or narrative describing current and projected economic and demographic indicators that support the need for workforce housing in the area;
13. Letters of support from all team members that are not employed by the not-for-profit respondent;
14. A completed homebuyer application and single family proforma.
15. A narrative describing the respondent's plan to provide housing counseling to homeowners.
16. Documentation of site control via purchase agreement, purchase option, or executed and recorded deed.

6. FORMAT FOR SUBMISSION, MAILING INSTRUCTIONS, AND DUE DATE

Responses must be submitted via email. All documents must be submitted in PDF only.

Chris Nevels
HOME & CDBG Manager
Indiana Housing and Community Development Authority
30 South Meridian, Suite 900
Indianapolis, IN 46204
cnevels@ihcda.in.gov

The deadline for submission is June 24, 2019 at 5:00 PM Eastern Time.

Applications that do not contain all of the required forms/documents as listed in this RFQ may be determined ineligible for further consideration.

PART 3 TERMS AND CONDITIONS

1. STATE POLICIES

A. **ETHICAL COMPLIANCE:** By submitting a proposal, the respondent certifies that it shall abide by all ethical requirements that apply to persons who have a business relationship with the State, as set forth in Indiana Code § 4-2-6 et seq., Ind. Code § 4-2-7, et seq., the regulations promulgated thereunder, and Executive Order 04-08, dated April 27, 2004. Respondent will be required to attend online ethics training conducted by the State of Indiana.

B. **EMPLOYMENT ELIGIBILITY VERIFICATION.** The respondent cannot knowingly employ an unauthorized alien. The respondent shall require its contractors who perform work for the respondent pursuant to the project must certify to the respondent that the contractor does not knowingly employ or contract with an unauthorized alien.

C. **CONFIDENTIALITY OF STATE INFORMATION**. The respondent understands and agrees that data, materials, and information disclosed to the respondent may contain confidential and protected information. The respondent covenants that data, material, and information gathered, based upon or disclosed to the respondent for the purpose of this project will not be disclosed to or discussed with third parties without the prior written consent of the IHCDA. In addition to the covenant made above in this section and pursuant to 10 IAC 5-3-1(4), the respondent and IHCDA agree to comply with the provisions of IC §4-1-10 and IC §4-1-11. If any Social Security number(s) is/are disclosed by respondent, respondent agrees to pay the cost of the notice of disclosure of a breach of the security of the system in addition to any other claims and expenses for which it is liable under the terms of this contract.

D. **ACCESS TO PUBLIC RECORDS:** Respondents are advised that materials contained in proposals are subject to the Access to Public Records Act ("APRA"), IC 5-14-3 et. seq., and the entire response may be viewed and copied by any member of the public. Respondents claiming a statutory exemption to disclosure under APRA must place all confidential documents (including the requisite number of copies) in a sealed envelope marked "Confidential". Respondents should be aware that if a public records request is made under APRA, IHCDA will make an independent determination of confidentiality, and may seek the opinion of the Public Access Counselor. Prices are not considered confidential information.

E. **TAXES, FEES AND PENALTIES:** By submitting a proposal respondent certifies that neither it nor its principal(s) is presently in arrears in payment of its taxes, permit fees or other statutory, regulatory or judicially required payments to the State of Indiana or the United States Treasury. Respondent further warrants that it has no current, pending or outstanding criminal, civil, or enforcement actions initiated by either the State or Federal Government pending against it, and agrees that it will immediately notify IHCDA of any such actions.

F. **CONFLICT OF INTEREST:** Respondent must disclose any existing or potential conflict of interest relative to the performance of the services resulting from this RFQ, including any relationship that might be perceived or represented as a conflict. By submitting a proposal in response to this RFQ, respondent affirms that it has not given, nor intends to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant or any employee or representative of same, in connection with this procurement. Any attempt to intentionally or unintentionally conceal or obfuscate a conflict of interest will automatically result in the disqualification of the respondent's proposal or immediate termination of an awardee's contract. An award will not be made where an actual conflict of interest exists. IHCDA will determine whether a conflict of interest exists and whether an apparent conflict of interest may reflect negatively on IHCDA, should IHCDA select respondent. Further, IHCDA reserves the right to disqualify any respondent on the grounds of actual or apparent conflict of interest.

G. **APPEALS/PROTEST:** Respondent may appeal/protest the award of this contract based on alleged violations of the selection process that resulted in discrimination or unfair consideration. The appeal/protest must include the stated reasons for the respondent's objection to the funding decision, which reasons must be based solely upon evidence supporting one (1) of the following circumstances:

a. Clear and substantial error or misstated facts which were relied on in making the decision being challenged;

b. Unfair competition or conflict of interest in the decision-making process;

c. An illegal, unethical or improper act; or

d. Other legal basis that may substantially alter the decision.

The appeal/protest must be received within ten (10) business days after the respondent receives notice of the contract award, or the appeal/protest will not be considered. All protests shall be in writing, submitted to the Compliance Officer, who shall issue a written decision on the matter. The Compliance Officer may, at his/her discretion, suspend the procurement pending resolution of the protest if the facts presented so warrant. The respondent will receive written acknowledgement of receipt of the appeal/protest within five (5) business days of its receipt, noting the day the appeal/protest was received. Any appeal/protest regarding the funding decision made by IHCDA will be examined and acted upon by the Compliance Officer within thirty (30) days of its receipt.

2. RFQ TERMS AND CONDITIONS

This request is issued subject to the following terms and conditions:

A. This RFQ is a request for the submission of qualifications, but is not itself an offer and shall under no circumstances be construed as an offer.
B. IHCDA expressly reserves the right to modify or withdraw this request at any time, whether before or after any qualifications have been submitted or received.
C. IHCDA reserves the right to reject and not consider any or all respondents that do not meet the requirements of this RFQ, including but not limited to: incomplete qualifications and/or qualifications offering alternate or non-requested services.
D. IHCDA reserves the right to reject any or all companies, to waive any informality in the RFQ process, or to terminate the RFQ process at any time, if deemed to be in its best interest.
E. In the event the party selected does not enter into the required agreement to carry out the purposes described in this request, IHCDA may, in addition to any other rights or remedies available at law or in equity, commence negotiations with another person or entity.
F. In no event shall any obligations of any kind be enforceable against IHCDA unless and until a written agreement is entered into.
G. The respondent agrees to bear all costs and expenses of its response and there shall be no reimbursement for any costs and expenses relating to the preparation of responses of qualifications submitted hereunder or for any costs or expenses incurred during negotiations.
H. By submitting a response to this request, the respondent waives all rights to protest or seek any remedies whatsoever regarding any aspect of this request, the selection of another respondent or respondents with whom to negotiate, the rejection of any or all offers to negotiate, or a decision to terminate negotiations.
I. IHCDA reserves the right not to award a contract pursuant to the RFQ.
J. All items become the property of IHCDA upon submission and will not be returned to the respondent.
K. IHCDA reserves the right to split the award between multiple applicants and make the award on a category by category basis and/or remove categories from the award.
L. The respondent certifies that neither it nor its principals, contractors, or agents are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from utilizing federal funds by any federal or state department or agency.

3. QUALIFICATION COVER SHEET

Name of Individual,
Firm or Business:

Address:

Phone Number:
Fax Number:
Web Site Address:

QUALIFICATION
Contact Person:

Title:
Email Address:
Phone:

Contract Signatory
Authority:

Title:

4. CERTIFICATION OF RESPONDENT

I hereby certify that the information contained in these qualifications and any attachments is true and correct and may be viewed as an accurate representation of proposed services to be provided by this organization. I acknowledge that I have read and understood the requirements and provisions of the RFQ and agree to abide by the terms and conditions contained herein.

I, ________________________________ am the __________________________________ of the ________________________________ corporation, partnership, association, or other entity named as company and the respondent herein, and I am legally authorized to sign this and submit it to the Indiana Housing and Community Development Authority on behalf of said organization.

18 U.S.C. § 1001, "Fraud and False Statements," provides among other things, in any matter within the jurisdiction of the executive, legislative, or judicial branch of the Government of the United States, anyone who knowingly and willfully: (1) falsifies, conceals, or covers up by any trick, scheme, or device a material fact; (2) makes any materially false, fictitious, or fraudulent statement or representation; or (3) makes or uses any false writing or document knowing the same to contain any materially false, fictitious, or fraudulent statement or entry; shall be fined under this title, and/or imprisoned for not longer than five (5) years.

Respondent:

Signed: ________________________________

Name: ________________________________

Title: ________________________________

Date: ________________________________

Firm name: _________________________

Indiana Housing & Community Development Authority

A COMPONENT UNIT OF THE STATE OF INDIANA

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

December 31, 2018

Indiana Housing and Community Development Authority

A Component Unit of the State of Indiana
December 31, 2018

Contents

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

Independent Auditors' Report

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

Report on the 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, 2018, 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.

Praxity MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

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, 2018, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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 10, 2019, 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 10, 2019

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, 2018

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, 2018. 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 as a whole, which follow this section.

Overview of the Financial Statements

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

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

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

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

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

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

Financial Highlights

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

	2018	2017	Change	% Change
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and cash equivalents				
Unrestricted	$ 87,820,025	$ 67,923,256	$ 19,896,769	29%
Restricted	160,517,988	244,767,358	(84,249,370)	-34%
Accrued interest receivable				
Investments	782,345	685,711	96,634	14%
Investments held against bonds	1,448,254	1,223,904	224,350	18%
Accounts and loan receivable, net	26,706,304	12,507,764	14,198,540	114%
Other assets	1,026,257	553,102	473,155	86%
Total current assets	278,301,173	327,661,095	(49,359,922)	-15%
Noncurrent Assets				
Investments				
Unrestricted	126,777,146	149,158,465	(22,381,319)	-15%
Restricted	18,373,838	12,078,654	6,295,184	52%
Investments held against bonds	475,729,508	423,778,606	51,950,902	12%
Accounts and loans receivable, net	90,486,577	83,514,408	6,972,169	8%
Capital assets, at cost, less accumulated depreciation	2,462,377	1,941,520	520,857	27%
Total noncurrent assets	713,829,446	670,471,653	43,357,793	6%
Total assets	992,130,619	998,132,748	(6,002,129)	-1%
Deferred Outflows of Resources				
Deferred pension costs	519,514	1,202,263	(682,749)	-57%
Accumulated decrease in fair value of derivative	9,213	845,900	(836,687)	-99%
Deferred refunding costs	2,068,404	2,824,727	(756,323)	-27%
Total deferred outflows of resources	2,597,131	4,872,890	(2,275,759)	-47%
Total assets and deferred outflows of resources	$ 994,727,750	$ 1,003,005,638	$ (8,277,888)	-1%
Liabilities, Deferred Inflows of Resources and Fund Balances				
Current Liabilities				
Bonds payable	$ 10,965,000	$ 10,375,000	$ 590,000	6%
Accrued interest payable	4,370,562	3,657,958	712,604	19%
Unearned revenue	58,709,833	64,323,258	(5,613,425)	-9%
Capital lease liability	87,021	-	87,021	100%
Accounts payable and other liabilities	8,833,283	5,988,747	2,844,536	47%
Total current liabilities	82,965,699	84,344,963	(1,379,264)	-2%
Noncurrent Liabilities				
Bonds payable	455,135,468	464,297,539	(9,162,071)	-2%
Original issue premium	7,488,601	7,542,745	(54,144)	-1%
Original issue discount	-	(2,252)	2,252	-100%
Bonds payable, net	462,624,069	471,838,032	(9,213,963)	-2%
Notes payable	1,765,049	1,836,555	(71,506)	-4%
Derivative instrument - interest rate swap agreements	9,213	1,212,541	(1,203,328)	-99%
Pension liability	3,339,635	4,314,313	(974,678)	-23%
Capital lease liability	359,901	-	359,901	0%
Total noncurrent liabilities	468,097,867	479,201,441	(11,103,574)	-2%
Total liabilities	551,063,566	563,546,404	(12,482,838)	-2%
Deferred Inflows of Resources				
Deferred pension revenue	706,019	354,167	351,852	99%
Net Position				
Net investment in capital assets	2,015,455	1,941,520	73,935	4%
Restricted	229,732,480	224,563,618	5,168,862	2%
Unrestricted	211,210,230	212,599,929	(1,389,699)	-1%
Total net position	442,958,165	439,105,067	3,853,098	1%
Total liabilities, deferred inflows of resources and net position	$ 994,727,750	$ 1,003,005,638	$ (8,277,888)	-1%

Total assets and deferred outflows of resources decreased by $8.3 million or 1 percent. The primary reason for this decrease was a net decrease in cash and cash equivalents of $64.4 million offset by a net increase in noncurrent investments held against bonds of $52.0 million. There was also a decrease in the noncurrent investments of $16.1 million offset by an increase in current and noncurrent net accounts and loans receivable of $21.2 million. The series of new bonds issued provided increased lendable proceeds and funding for down payment assistance.

The deferred outflows of resources decreased $2.3 million due to the decrease in deferred pension costs of $0.7 million and the reduction created by the adjustment in the fair value of the 2008 Series A-2, 2017 Series B-3, and 2017 Series C-3 interest rate swaps of $0.8 million with the remainder in the amortization of the deferred refunding costs of $0.8 million.

Total liabilities decreased $12.5 million. Current liabilities decreased $1.4 million primarily due to a decrease in program unearned revenue of $5.6 million offset by an increase in accounts payable and other liabilities of $2.8 million, while noncurrent liabilities decreased $11.1 million due mostly to bonds payable.

Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by $443.0 million at December 31, 2018. This increased $3.9 million between years.

Total net position at December 31, 2018 and 2017 was as follows (in millions of dollars):

	2018	2017
Assets and deferred outflows of resources	$ 994.7	$ 1,003.0
Liabilities and deferred inflows of resources	551.8	563.9
Net position	$ 442.9	$ 439.1

Operating Analysis

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

	2018	2017	Change	% Change
Revenues				
Interest income				
Investments	$ 8,568,653	$ 5,062,031	$ 3,506,622	69%
Investments held against bonds	17,226,613	16,590,039	636,574	4%
Loans	914,969	1,018,257	(103,288)	-10%
Fee income	5,004,044	5,334,026	(329,982)	-6%
Program income	404,770,624	371,910,198	32,860,426	9%
Gain on sale of Next Home investments	8,207,168	10,278,394	(2,071,226)	-20%
Net decrease in fair value of investments	(10,291,743)	(7,863,870)	(2,427,873)	31%
Other income	317,853	631,787	(313,934)	-50%
Total revenues	434,718,181	402,960,862	31,757,319	8%
Expenses				
Investment expense (down payment assistance)	9,435,171	8,464,519	970,652	11%
Loss on sale of investments	2,035,236	1,245,215	790,021	63%
Interest expense	14,271,589	14,100,556	171,033	1%
Issuance costs	820,251	1,807,136	(986,885)	-55%
Program expenses	383,152,564	350,072,296	33,080,268	9%
General and administrative expenses	21,150,272	19,468,061	1,682,211	9%
Total expenses	430,865,083	395,157,783	35,707,300	9%
Change in Net Position	3,853,098	7,803,079	(3,949,981)	-51%
Net Position, Beginning of Year	439,105,067	431,301,988	7,803,079	2%
Net Position, End of Year	$ 442,958,165	$ 439,105,067	$ 3,853,098	1%

In 2018, total operating revenues were $434.7 million. This was comprised of federal and state program income of $404.8 million, interest income of $26.7 million, gains on the sale of Next Home mortgages and investments of $8.2 million, a decrease in the fair value of investments of $10.3 million, and $5.3 million in fee and other income. This compares to $403.0 million of total operating revenues in 2017. The overall increase in revenue of $31.8 million is mostly due to decreases in the federal program recognition/funding of $23.9 million from the Hardest Hit Fund, $3.0 million from Performance Based Contract Admin, and $2.0 million from the Home Investment Partnerships Program, offset by an increase in the Low-Income Home Energy Assistance Program for $48.8 million, Community Development Block Grant–Disaster for $3.9 million, and Development Fund Tobacco Tax for $0.9 million. There was also a decrease between years in the gain on the sale of investments, primarily Next Home investments of $2.1 million.

Total operating expenses in 2018 were $430.9 million, which includes $383.2 million of federal and state program expenses, $14.3 million of interest expense on bonds, $21.2 million of general and administrative expense, $9.4 million in down payment assistance, $0.8 million in issuance costs and $2.0 million loss on the sale of investments.

This compares to $395.2 million of total operating expenses in 2017. The overall increase of $35.7 million was primarily due to the increase in program expense between the years of $33.1 million. This correlates to the increase in the program revenues. Program expense increases consist primarily of the Low-Income Home Energy Assistance Program of $48.7 million and the Community Development Block Grant-Disaster Program of $3.9 million, offset by the decrease for the Hardest Hit Fund Program of $24.3 million, Performance Based Contract Admin of $3.2 million, and the Home Investment Partnerships Program of $2.0 million. Interest expense increased $0.2 million between years while issuance costs had a decrease of $1.0 million. Loss on sale of investments increased by $0.8 million and investment expense also increased by $1.0 million. General and administrative costs increased $1.7 million, which consisted primarily of the IHCDA General Fund of $0.6 million and the IHCDA Program Fund of $0.9 million.

Total operating income for 2018 and 2017 was as follows (in millions of dollars):

	2018	2017
Operating revenues, gains and losses	$ 434.7	$ 403.0
Operating expenses	430.9	395.2
Operating income	$ 3.8	$ 7.8

Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* (GASB No. 31) requires the Authority's investments to be reported at fair value. The change in the fair value of investments is an unrealized gain or loss and has no direct effect on actual cash flows of the Authority. The related adjustment should be tempered with the understanding that the underlying assets primarily are not readily marketable due to their relationship with the bond indentures. The change in net position is shown both with and without the GASB No. 31 adjustment below. In the current year, there was a net decrease of $10.3 million in the net fair value of investments held at year end. Without the GASB No. 31 adjustment, the change in net position for 2018 was $14.1 million resulting in a net decrease in the change in net position of $1.5 million between years.

	2018	2017	Change	% Change
Change in net position	$ 3,853,098	$ 7,803,079	$ (3,949,981)	-51%
Net decrease in fair value of investments	(10,291,743)	(7,863,870)	(2,427,873)	31%
Change in net position excluding GASB No. 31 adjustment	$ 14,144,841	$ 15,666,949	$ (1,522,108)	-10%

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

	2018	2017	Change	% Change
Revenues				
Interest income				
Investments	$ 2,983,390	$ 2,288,116	$ 695,274	30%
Fee income	5,004,044	5,099,740	(95,696)	-2%
Gain on sale of investments	8,205,645	10,274,316	(2,068,671)	-20%
Net decrease in fair value of investments	(444,813)	(245,011)	(199,802)	82%
Other income	317,853	631,787	(313,934)	-50%
Total revenues	16,066,119	18,048,948	(1,982,829)	-11%
Expenses				
Investment expense (down payment assistance)	5,091,652	6,549,799	(1,458,147)	-22%
Loss on sale of investments	384,727	416,917	(32,190)	-8%
Interest expense	15,441	-	15,441	100%
Program expenses	232,060	45,502	186,558	410%
General and administrative expenses	6,895,777	6,328,374	567,403	9%
Total expenses	12,619,657	13,340,592	(720,935)	-5%
Operating Income	3,446,462	4,708,356	(1,261,894)	-27%
Transfers				
Interfund transfers	3,986,170	141,799	3,844,371	2711%
Change in Net Position	7,432,632	4,850,155	2,582,477	53%
Net Position, Beginning of Year	97,066,337	92,216,182	4,850,155	5%
Net Position, End of Year	$ 104,498,969	$ 97,066,337	$ 7,432,632	8%

In 2018, total operating revenues for the General Fund were $16.1 million. This was comprised of gains on the sale of investments, primarily Next Home mortgages of $8.2 million, interest income of $3.0 million, $5.3 million in fees and other income, and a decrease in the fair value of investments of $0.4 million. This compares to $18.0 million of total operating revenues in 2017. The overall decrease in revenue of $2.0 million is mostly attributable to the decrease in the gains on the sales of Next Home mortgages of $2.1 million, the decrease in other income of $0.3 million consisting of multi-family bonds reservations, the increase in interest income of $0.7 million, reduction in the fair value of investments of $0.2 million, and the decrease in income from real estate development application and monitoring fees of $0.1 million.

Total operating expenses for the General Fund in 2018 were $12.6 million, which includes $5.1 million in down payment assistance, $6.9 million of general and administrative expenses, $0.4 million in loss on sale of investments, and $0.2 million of program expenses. This compares to $13.3 million of total operating expenses in 2017. Total operating expenses decreased by $0.7 million, due to a decrease between years of $1.5 million in down payment assistance volume offset by an increase in General and Administrative costs of $0.6 million. There was a higher need for program repayment and disaster assistance netting to an increase in that area of $0.2 million between years.

There were $4.0 million in inter-fund transfers into the General Fund in 2018 and $0.1 million in 2017.

Total General Fund operating income for 2018 and 2017 was as follows (in millions of dollars):

	2018	2017
Operating revenues, gains and losses	$ 16.1	$ 18.0
Operating expenses	12.6	13.3
Operating income	3.5	4.7
Interfund transfers	4.0	0.1
Change in net position	$ 7.5	$ 4.8

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 decrease of $0.4 million in the net fair value of investments held at year end. Without the GASB No. 31 adjustment, the change in net position for 2018 was $7.9 million resulting in a net increase in the change in net position of $2.8 million between years. The increase between years is attributable to the $4.0 million inter-fund transfer to the General Fund from the IHCDA Single Family Fund for the Honor Our Veterans new program initiative in 2018.

	2018	2017	Change	% Change
Change in net position	$ 7,432,632	$ 4,850,155	$ 2,582,477	53%
Net decrease in fair value of investments	(444,813)	(245,011)	(199,802)	82%
Change in net position without GASB No. 31 adjustment	$ 7,877,445	$ 5,095,166	$ 2,782,279	55%

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

	2018	2017	Change	% Change
Revenues				
Interest income				
Investments	$ 31,835	$ 3,429	$ 28,406	828%
Loans	914,969	1,018,257	(103,288)	-10%
Fee income	-	234,286	(234,286)	-100%
Program income	404,770,624	371,910,198	32,860,426	9%
Total revenues	405,717,428	373,166,170	32,551,258	9%
Expenses				
Interest expense	18,690	16,352	2,338	14%
Program expenses	382,920,504	350,026,794	32,893,710	9%
General and administrative expenses	13,077,392	12,162,602	914,790	8%
Total expenses	396,016,586	362,205,748	33,810,838	9%
Operating Income	9,700,842	10,960,422	(1,259,580)	-11%
Transfers				
Interfund transfers	13,830	(141,799)	155,629	-110%
Change in Net Position	9,714,672	10,818,623	(1,103,951)	-10%
Net Position, Beginning of Year	153,730,233	142,911,610	10,818,623	8%
Net Position, End of Year	$ 163,444,905	$ 153,730,233	$ 9,714,672	6%

In 2018, total operating revenues for the Program Fund were $405.7 million. This was primarily comprised of federal and state program revenues of $404.8 million. This compares to $373.2 million of total operating revenues in 2017. The overall increase in revenue of $32.6 million is primarily from the increase in the program income for Low-Income Home Energy Assistance Program and the Community Development Block Grant-Disaster Program, offset by the decrease in the Hardest Hit Fund Program, Performance Based Contract Admin, and the Home Investment Partnerships Program.

Total operating expenses for the Program Fund in 2018 were $396.0 million, which includes $382.9 million in program expenses, and $13.1 million of general and administrative expense. This compares to $362.2 million of total operating expenses in 2017. Total operating expenses increased by $33.8 million, which primarily consists of the increase in program expense of $32.9 million and an increase in the general and administrative expenses of $0.9 million. This program expense increase correlates to the increases in the aforementioned discussion on program revenues.

Total Program Fund operating income for 2018 and 2017 was as follows (in millions of dollars):

	2018	2017
Operating revenues, gains and losses	$ 405.7	$ 373.2
Operating expenses	396.0	362.2
Operating income	9.7	11.0
Interfund transfers	-	(0.1)
Change in net position	$ 9.7	$ 10.9

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

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

	2018	2017	Change	% Change
Revenues				
Interest income				
Investments	$ 4,917,500	$ 2,522,869	$ 2,394,631	95%
Investments held against bonds	9,032,243	7,000,999	2,031,244	29%
Gain on sale of investments	1,523	4,078	(2,555)	-63%
Net decrease in fair value of investments	(4,141,387)	(2,144,266)	(1,997,121)	93%
Total revenues	9,809,879	7,383,680	2,426,199	33%
Expenses				
Investment expense (down payment assistance)	4,343,519	1,914,720	2,428,799	127%
Loss on sale of investments	1,426,693	828,298	598,395	72%
Interest expense	7,392,015	5,861,092	1,530,923	26%
Issuance costs	820,251	1,807,136	(986,885)	-55%
General and administrative expenses	804,048	548,160	255,888	47%
Total expenses	14,786,526	10,959,406	3,827,120	35%
Operating Loss	(4,976,647)	(3,575,726)	(1,400,921)	39%
Transfers				
Interfund transfers	(3,664,003)	366,152	(4,030,155)	-1101%
Change in Net Position	(8,640,650)	(3,209,574)	(5,431,076)	169%
Net Position, Beginning of Year	152,341,865	155,551,439	(3,209,574)	-2%
Net Position, End of Year	$ 143,701,215	$ 152,341,865	$ (8,640,650)	-6%

In 2018, total operating revenues for the Single Family Fund were $9.8 million, which consists of interest income of $13.9 million offset by the impact of the GASB No. 31 adjustment to mark the investments to market of $4.1 million. This compares to $7.4 million of total operating revenues in 2017. The overall increase in revenue of $2.4 million is primarily related to increased interest income of $4.4 million offset by the negative impact of the GASB No. 31 adjustment of $2.0 million.

Total operating expenses for the Single Family Fund in 2018 were $14.8 million, which includes $7.4 million in interest expenses, $4.4 million in down payment assistance, $0.8 million in bond issuance costs, $1.4 million in loss on sale of investments, and $0.8 million of general and administrative expense. This compares to $11.0 million of total operating expenses in 2017. Total operating expenses increased by $3.8 million, which correlates primarily to the increase in down payment assistance of $2.4 million, general and administrative expenses of $0.3 million, loss on sale of investments of $0.6 million, and $1.5 million in interest expense offset by a decrease in bond issuance costs of $1.0 million due to only a single bond issue in 2018 compared to three issuances in 2017.

There were $3.7 million in inter-fund transfers out of the Single Family Fund in 2018, while there were $0.4 million in inter-fund transfers into the fund in 2017. The inter-fund transfer included $4.0 million from the IHCDA Single Family Fund to the General Fund for the Honor Our Veterans new program initiative in 2018.

Total Single Family Fund operating income for 2018 and 2017 was as follows (in millions of dollars):

	2018	2017
Operating revenues, gains and losses	$ 9.8	$ 7.4
Operating expenses	14.8	11.0
Operating income	(5.0)	(3.6)
Interfund transfers	(3.7)	0.4
Change in net position	$ (8.7)	$ (3.2)

The change in net position is shown both with and without the GASB No. 31 adjustment below. In the current year, there was a net decrease of $4.1 million in the net fair value of investments held at year end. Without the GASB No. 31 adjustment, the change in net position for 2018 was $(4.5) million resulting in a net decrease in the change in net position of $3.4 million between years.

	2018	2017	Change	% Change
Change in net position	$ (8,640,650)	$ (3,209,574)	$ (5,431,076)	169%
Net decrease in fair value of investments	(4,141,387)	(2,144,266)	(1,997,121)	93%
Change in net position without GASB No. 31 adjustment	$ (4,499,263)	$ (1,065,308)	$ (3,433,955)	322%

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

	2018	2017	Change	% Change
Revenues				
Interest income				
Investments	$ 635,928	$ 247,617	$ 388,311	157%
Investments held against bonds	4,677,200	5,406,148	(728,948)	-13%
Net decrease in fair value of investments	(2,857,013)	(2,095,685)	(761,328)	36%
Total revenues	2,456,115	3,558,080	(1,101,965)	-31%
Expenses				
Loss on sale of investments	223,816	-	223,816	100%
Interest expense	3,662,837	4,377,378	(714,541)	-16%
General and administrative expenses	362,357	416,225	(53,868)	-13%
Total expenses	4,249,010	4,793,603	(544,593)	-11%
Change in Net Position	(1,792,895)	(1,235,523)	(557,372)	45%
Net Position, Beginning of Year	29,995,241	31,230,764	(1,235,523)	-4%
Net Position, End of Year	$ 28,202,346	$ 29,995,241	$ (1,792,895)	-6%

In 2018, total operating revenues for the Home First Fund were $2.5 million, which consists of interest income of $5.3 million offset by the impact of the GASB No. 31 adjustment to mark the investments to market of $2.8 million. This compares to $3.6 million of total operating revenues in 2017. The overall decrease in revenue of $1.1 million is related primarily to the impact of the GASB No. 31 adjustment of $0.8 million coupled with reduced interest income of $0.3 million, which correlates to the reduction in investments held against bonds.

Total operating expenses for the Home First Fund in 2018 were $4.2 million, which includes $3.7 million in interest expenses, $0.4 million of general and administrative expense, and $0.2 million of losses on sales of investments. This compares to $4.8 million of total operating expenses in 2017. Total operating expenses decreased by $0.6 million, which correlates primarily to the reduction of interest expense on the bonds of $0.7 million.

There were no interfund transfers in 2018 or 2017.

Total Home First Fund operating income for 2018 and 2017 was as follows (in millions of dollars):

	2018	2017
Operating revenues, gains and losses	$ 2.5	$ 3.6
Operating expenses	4.2	4.8
Operating income	$ (1.7)	$ (1.2)

The change in net position is shown both with and without the GASB No. 31 adjustment below. In the current year, there was a net decrease of $2.9 million in the net fair value of investments held at year end. Without the GASB No. 31 adjustment, the change in net position for 2018 was $1.1 million resulting in a net increase in the change in net position of $0.2 million between years.

	2018	2017	Change	% Change
Change in net position	$ (1,792,895)	$ (1,235,523)	$ (557,372)	45%
Net decrease in fair value of investments	(2,857,013)	(2,095,685)	(761,328)	36%
Change in net position without GASB No. 31 adjustment	$ 1,064,118	$ 860,162	$ 203,956	24%

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

	2018	2017	Change	% Change
Revenues				
Interest income				
Investments held against bonds	$ 3,517,170	$ 4,182,892	$ (665,722)	-16%
Net decrease in fair value of investments	(2,848,530)	(3,378,908)	530,378	-16%
Total revenues	668,640	803,984	(135,344)	-17%
Expenses				
Interest expense	3,182,606	3,845,734	(663,128)	-17%
General and administrative expenses	10,698	12,700	(2,002)	-16%
Total expenses	3,193,304	3,858,434	(665,130)	-17%
Operating Loss	(2,524,664)	(3,054,450)	529,786	-17%
Transfers				
Interfund transfers	(335,997)	(366,152)	30,155	-8%
Change in Net Position	(2,860,661)	(3,420,602)	559,941	-16%
Net Position, Beginning of Year	5,971,391	9,391,993	(3,420,602)	-36%
Net Position, End of Year	$ 3,110,730	$ 5,971,391	$ (2,860,661)	-48%

In 2018, total operating revenues for the MBS Pass-Thru Fund were $0.7 million, which consists of interest income of $3.5 million offset by the impact of the GASB No. 31 adjustment to mark the investments to market of $2.8 million. This compares to $0.8 million of total operating revenues in 2017. The overall decrease in revenue of $0.1 million is related to the combined impact of interest income relative to the pay down of investments for a decrease of $0.6 million coupled with the decreased impact of the GASB No. 31 adjustment of $0.5 million.

Total operating expenses for the MBS Pass-Thru Fund in 2018 were $3.2 million, which is primarily the $3.2 million in interest expenses. General and administrative expenses were negligible. This compares to $3.9 million of total operating expenses in 2017. Total operating expenses decreased by $0.7 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 2018 and $0.4 million in 2017.

Total MBS Pass-Thru Fund operating income for 2018 and 2017 was as follows (in millions of dollars):

	2018	2017
Operating revenues, gains and losses	$ 0.7	$ 0.8
Operating expenses	3.2	3.9
Operating income	(2.5)	(3.1)
Interfund transfers	(0.3)	(0.4)
Change in net position	$ (2.8)	$ (3.5)

The change in net position is shown both with and without the GASB No. 31 adjustment below. In the current year, there was a net decrease of $2.8 million in the net fair value of investments held at year end. Without the GASB No. 31 adjustment, the change in net position for 2018 was near breakeven resulting in a minimal net increase in the change in net position between years.

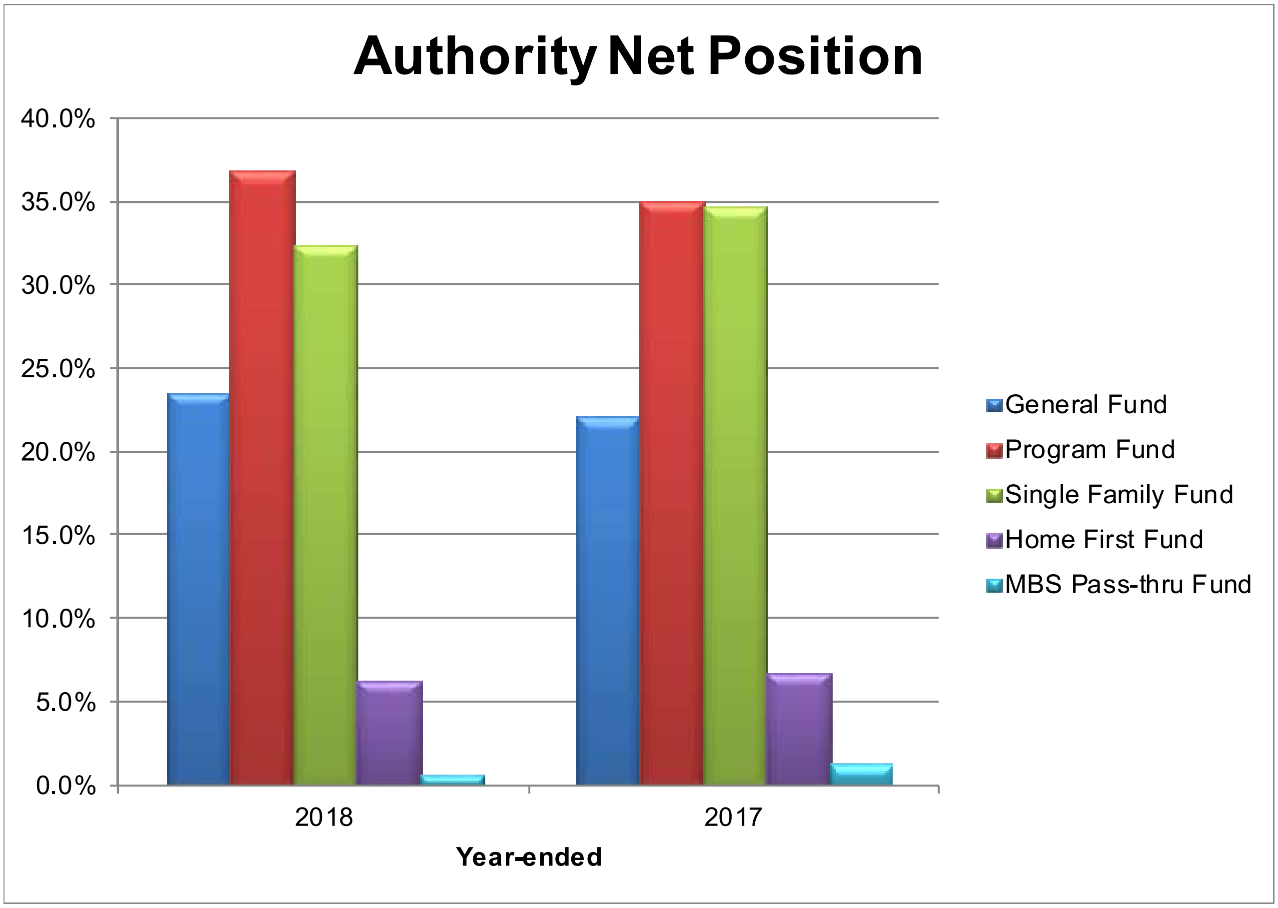
	2018	2017	Change	% Change
Change in net position	$ (2,860,661)	$ (3,420,602)	$ 559,941	-16%
Net decrease in fair value of investments	(2,848,530)	(3,378,908)	530,378	-16%
Change in net position without GASB No. 31 adjustment	$ (12,131)	$ (41,694)	$ 29,563	-71%

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, 2018, consisted of $229.7 million restricted by funding sources, $211.2 million unrestricted and available to meet the obligations of the Authority's operations, and $2.0 million net investment in capital assets. Unrestricted net position decreased $1.4 million or 1 percent, restricted net position increased $5.2 million or 2 percent, net investment in capital assets increased $0.1 million or 4 percent from the prior year end.

The increase of $5.2 million in restricted net position was primarily due to the increase in Federal Programs of $10.1 million offset by reductions for the Single Family bond indentures of $0.3 million, Home First Fund of $1.8 million, and MBS Pass-thru Fund of $2.9 million. The $1.4 million change in unrestricted net position was due to the decrease in unrestricted assets for the Single Family indenture of $8.3 million and Federal Programs of $0.4 million offset by the increase in the General Fund unrestricted cash and cash equivalents of $7.3 million.

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



Capital Assets

As of December 31, 2018 and 2017, the Authority had $2.5 million and $1.9 million, respectively, invested in capital assets, primarily computer software and hardware. During 2018 and 2017, the Authority had purchases of $1.2 million and $0.1 million, respectively, and depreciation expense of $0.7 million and $0.5 million, respectively. In 2018, the Authority entered into a capital lease for furniture and fixtures amounting to $0.8 million of the purchases with the remaining $0.4 related to software and hardware. In 2018, there were disposals amounting to $0.4 million.

Debt Administration

Total current and noncurrent bonds payable, not including any original issue premium or discount, as of December 31, 2018, was $466.1 million, which decreased $8.6 million compared to $474.7 million as of December 31, 2017. This decrease was due to the $77.3 million of maturities and redemptions of bonds previously issued by the Authority, offset against the $68.7 million in mortgage revenue bond issuances in 2018. 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 5 to the financial statements.

The following new bonds were issued during 2018 (dollars in thousands):

Bond Series	Tax-Exempt Amount	Taxable Amount	Total	Moody's Rating	Fitch Rating
2018 Series A	$ 68,720	$ -	$ 68,720	Aaa	AAA
Total	$ 68,720	$ -	$ 68,720		

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.

Contacting the Authority's Financial Management

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

BASIC FINANCIAL STATEMENTS

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Statement of Net Position
December 31, 2018

	2018
Assets and Deferred Outflows of Resources	
Current Assets	
Cash and cash equivalents	
Unrestricted	$ 87,820,025
Restricted	160,517,988
Accrued interest receivable	
Investments	782,345
Investments held against bonds	1,448,254
Accounts and loans receivable, net	26,706,304
Other assets	1,026,257
Total current assets	278,301,173
Noncurrent Assets	
Investments	
Unrestricted	126,777,146
Restricted	18,373,838
Investments held against bonds	475,729,508
Accounts and loans receivable, net	90,486,577
Capital assets, at cost, less accumulated depreciation	2,462,377
Total noncurrent assets	713,829,446
Total assets	992,130,619
Deferred Outflows of Resources	
Deferred pension costs	519,514
Accumulated decrease in fair value of derivative	9,213
Deferred refunding costs	2,068,404
Total deferred outflows of resources	2,597,131
Total assets and deferred outflows of resources	$ 994,727,750

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Statement of Net Position (Continued)
December 31, 2018

	2018
Liabilities, Deferred Inflows of Resources and Fund Balances	
Current Liabilities	
Bonds payable	$ 10,965,000
Accrued interest payable	4,370,562
Unearned revenue	58,709,833
Capital lease liability	87,021
Accounts payable and other liabilities	8,833,283
Total current liabilities	82,965,699
Noncurrent Liabilities	
Bonds payable	455,135,468
Original issue premium	7,488,601
Bonds payable, net	462,624,069
Notes payable	1,765,049
Derivative instrument - interest rate swap agreements	9,213
Pension liability	3,339,635
Capital lease liability	359,901
Total noncurrent liabilities	468,097,867
Total liabilities	551,063,566
Deferred Inflows of Resources	
Deferred pension revenue	706,019
Net Position	
Net investment in capital assets	2,015,455
Restricted	229,732,480
Unrestricted	211,210,230
Total net position	442,958,165
Total liabilities, deferred inflows of resources and net position	$ 994,727,750

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2018

Revenues	
Interest income	
Investments	$ 8,568,653
Investments held against bonds	17,226,613
Loans	914,969
Fee income	5,004,044
Program income	404,770,624
Gain on sale of Next Home investments	8,207,168
Net decrease in fair value of investments	(10,291,743)
Other income	317,853
Total revenues	434,718,181
Expenses	
Investment expense (down payment assistance)	9,435,171
Loss on sale of investments	2,035,236
Interest expense	14,271,589
Issuance costs	820,251
Program expenses	383,152,564
General and administrative expenses	21,150,272
Total expenses	430,865,083
Change in Net Position	3,853,098
Net Position, Beginning of Year	439,105,067
Net Position, End of Year	$ 442,958,165

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Statement of Cash Flows
Year Ended December 31, 2018

	2018
Cash Flows From Operating Activities	
Receipts for services	$ 12,933,974
Receipts for program revenue	378,075,566
Principal received on loans receivable	31,337
Interest received on investments	8,473,542
Interest received on investments held against bonds	15,670,910
Interest received on loans	914,969
Payments for program expenses	(392,889,145)
Interest paid on bonds and bank loans	(13,169,303)
Debt issuance costs incurred	(820,251)
Investment expense	(4,343,519)
Payments for suppliers and employees	(12,894,843)
Net cash used in operating activities	(8,016,763)
Cash Flows From Non-Capital and Related Financing Activities	
Proceeds from bond issues	69,999,463
Repayments and redemption of bonds and bank loans	(77,363,579)
Net cash used in non-capital and related financing activities	(7,364,116)
Cash Flows From Capital and Related Financing Activities	
Purchases of capital assets	(409,799)
Payments on capital lease	(370,177)
Net cash used in capital and related financing activities	(779,976)
Cash Flows From Investing Activities	
Proceeds from sale and maturities of investments	41,687,636
Principal received on investments held against bonds	54,361,051
Purchases of investments held against bonds	(116,158,883)
Purchase of investments	(28,081,550)
Net cash used in investing activities	(48,191,746)
Net Decrease in Cash and Cash Equivalents	(64,352,601)
Cash and Cash Equivalents, January 1	312,690,614
Cash and Cash Equivalents, December 31	$ 248,338,013
Cash and Cash Equivalents	
Cash	$ 121,904,175
Money market investments	119,937,743
Guaranteed investment contracts	6,496,095
Total cash and cash equivalents	$ 248,338,013

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Statement of Cash Flows (Continued)
Year Ended December 31, 2018

		2018
Noncash Transactions from Capital and Related Financing Activities		
Issuance of capital lease obligation	$	817,099
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income	$	3,853,098
Adjustment to reconcile operating income to net cash provided by operating activities:		
Net decrease in fair value of investments		10,291,743
Loss on sale of investments		2,035,236
Depreciation		706,041
Amortization of bond premium/discount		(1,331,353)
Changes in operating assets and liabilities:		
Accounts and loan receivable		(21,170,709)
Accrued interest receivable		(320,984)
Other assets		(473,155)
Deferred pension costs		682,749
Deferred refunding costs		389,682
Unearned revenue		(5,613,425)
Accounts payable and other liabilities		2,844,536
Accrued interest payable		712,604
Net pension liability		(974,678)
Deferred pension revenue		351,852
Total adjustments		(11,869,861)
Net cash used in operating activities	$	(8,016,763)

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.

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.

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, 2018:

	Total Assets and Deferred Outflows of Resources	
	Fair Value	**Cost**
General Fund	$ 111,360,096	$ 112,337,735
Program Fund	230,340,171	230,340,171
Single Family Fund	432,970,417	430,149,288
Home First Fund	140,638,221	141,280,071
MBS Pass-thru Fund	79,418,845	76,539,434
Total assets and deferred outflows of resources	$ 994,727,750	$ 990,646,699

	Net Position	
	Fair Value	**Cost**
General Fund	$ 104,498,969	$ 105,476,608
Program Fund	163,444,905	163,444,905
Single Family Fund	143,701,215	140,880,086
Home First Fund	28,202,346	28,844,196
MBS Pass-thru Fund	3,110,730	231,319
Total net position	$ 442,958,165	$ 438,877,114

	Operating Income	
	Fair Value	Cost
General Fund	$ 3,446,462	$ 3,891,275
Program Fund	9,700,842	9,700,842
Single Family Fund	(4,976,647)	(835,260)
Home First Fund	(1,792,895)	1,064,118
MBS Pass-thru Fund	(2,524,664)	323,866
Total operating income	$ 3,853,098	$ 14,144,841

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 inter fund 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.

A summary of capital assets activity for 2018 was as follows:

	January 1, 2018	Additions	Disposals	December 31, 2018
Building improvement	$ 44,831	$ -	$ (44,831)	$ -
Furniture and equipment	336,255	817,099	(336,253)	817,101
Computer software	7,196,197	297,268	-	7,493,465
Computer hardware	1,022,517	112,531	-	1,135,048
	8,599,800	1,226,898	(381,084)	9,445,614
Less accumulated depreciation	(6,658,280)	(706,041)	381,084	(6,983,237)
Capital assets, net	$ 1,941,520	$ 520,857	$ -	$ 2,462,377

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 6).

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.

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.

Pension Plan

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

Interest Rate Swap Agreements

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

Deferred Refunding Costs

In 2012, the Authority issued 2012 series bonds under the MBS Pass-thru Fund, the proceeds from which were used to redeem bonds with an outstanding swap agreement. As part of the swap termination upon the bond redemption, the Authority was required to pay swap termination fees of $9,114,000 to the counterparty. The Authority capitalized amounts paid in connection with the swap termination fees and is amortizing the balance ratable in proportion to 2012 series redeemed during the year. Accumulated amortization of refunding costs was $7,045,596 at December 31, 2018, and amortization expense, which is reported as part of interest expense, was $389,682 for the year then ended.

In 2017, the Authority issued 2017 B series bonds under the Single Family Fund, a portion of 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 $366,642 to the counterparty. The Authority capitalized amounts paid in connection with the swap termination fee and is amortizing the balance ratably in proportion to the amount of the 2017 B series redeemed during the year. During 2018, a new hedging relationship was established and the unamortized balance of the termination fees were expensed.

Original Issue Premiums and Discounts

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

Net Position

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

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

Use of Restricted and Unrestricted Resources

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

Overdraws of Section 8 Housing Assistance

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

Operating Revenues

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

Program Income

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

Fee Income

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

Bond Issuance Costs

Bond issuance costs are expensed as incurred.

Allocation of Expenses Between Funds

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

Income Taxes

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

Note 3: Deposits and Investments

	General Fund	Program Fund	Single Family Fund	Home First Fund	MBS Pass-Thru Fund	2018 Total
Current						
Cash and cash equivalents						
Unrestricted	$ 58,131,683	$ 6,020,892	$ 23,667,450	$ -	$ -	$ 87,820,025
Restricted	-	111,665,198	30,282,664	18,509,485	60,641	160,517,988
Total current cash and cash equivalents	58,131,683	117,686,090	53,950,114	18,509,485	60,641	248,338,013
Noncurrent Assets						
Investments						
Unrestricted	43,200,508	-	83,576,638	-	-	126,777,146
Restricted	-	-	12,531,679	5,842,159	-	18,373,838
Investments held against bonds	-	-	282,713,984	115,939,419	77,076,105	475,729,508
Total noncurrent investments	43,200,508	-	378,822,301	121,781,578	77,076,105	620,880,492
Total cash, cash equivalents, and investments	$ 101,332,191	$ 117,686,090	$ 432,772,415	$ 140,291,063	$ 77,136,746	$ 869,218,505

Cash, cash equivalents and investments held by the Authority as of December 31, 2018 were as follows:

	Fair Value	Cost
Cash	$ 121,904,175	$ 121,904,175
Money market mutual funds	119,937,743	119,937,743
Guaranteed investment contract	6,496,095	6,496,095
Federal agency obligations	143,452,873	147,102,191
Federal agency obligations held against bonds	475,729,508	467,981,900
Municipal bonds	1,698,111	1,715,350
Total cash, cash equivalents and investments	$ 869,218,505	$ 865,137,454

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, 2018, 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, 2018, the Authority had the following investments and maturities (in thousands):

		Investment Maturities (in Years)			
	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10
Money market mutual funds	$ 119,938	$ 119,938	$ -	$ -	$ -
Guaranteed investment contract	6,496	6,496	-	-	-
Federal agency obligations	143,453	157	24,560	61,613	57,123
Federal agency obligations held against bonds	475,730	-	-	4,070	471,660
Municipal bonds	1,698	-	15	-	1,683
	$ 747,315	$ 126,591	$ 24,575	$ 65,683	$ 530,466

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, 2018, the Authority had not entered into any agreements subject to this paragraph.

In 1937, the State created the Public Deposit Insurance Fund (PDIF) to protect the public funds of the state and its political subdivisions deposited in approved financial institutions. The PDIF insures those public funds deposited in approved financial institutions, which exceed the limits of coverage provided by any federal deposit insurance. As of December 31, 2018, all of the Authority's cash was deposited in approved financial institutions.

Credit Risk Disclosure

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	$ 119,937,743
Guaranteed investment contract	Not rated	Not rated	Not rated	6,496,095
Federal agency obligations	AA+	AAA	Aaa	143,452,873
Federal agency obligations held against bonds	AA+	AAA	Aaa	475,729,508
Municipal bonds	AAA	N/A	Aaa	1,698,111
				$ 747,314,330

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	61.09%
Blackrock Federal Fund Institutional Money Market	10.91%
Small Business Administration	10.59%
Fannie Mae	8.22%
Morgan Stanley	5.07%

Note 4: Accounts and Loans Receivable

Accounts and loans receivable at December 31, 2018, were as follows:

General Fund:	
Loans provided to sub-recipients of certain programs	$ 68,513
Next Home ownership mortgage down payment assistance loans	12,040,336
Accounts receivable	1,714,041
Mortgage loans	46,247
	13,869,137
Less: allowance for uncollectible loans	(12,118,299)
	1,750,838
Current	(1,704,591)
Noncurrent	$ 46,247
Program Fund:	
Reimbursements due from other governments	$ 7,973,898
Section 1602 tax credit exchange program loans	122,003,522
Tax credit assistance program loans	25,989,847
Rural rental housing loans	1,759,166
Home investment partnership program loans	16,226,103
Community development block grant loans	15,015,079
Development fund loans	51,447,518
Hardest hit fund loans	154,133,776
	394,548,909
Less: allowance for uncollectible loans	(279,106,866)
	115,442,043
Current	(25,001,713)
Noncurrent	$ 90,440,330

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

Note 5: Bonds Payable

Bonds payables at December 31, 2018, consist of (dollars in thousands):

Single Family Fund	Original Amount	Balance
2006 Series B-3		
Taxable PAC bonds (5.90%), due 2037	$ 50,000	$ 715
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	12,915
	22,955	21,135
2016 Series A-2		
Serial bonds (1.35% to 2.50%), due 2019 - 2025	23,565	19,220
PAC bonds (3.50%), due 2038	25,990	18,920
	49,555	38,140
2017 Series A-1		
Serial bonds (1.05% to 3.15%), due 2019 - 2028	8,510	7,130
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
	30,000	26,665
2017 Series A-2		
PAC bonds (4.00%), due 2039	14,070	12,465

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Single Family Fund (Continued)	Original Amount	Balance
2017 Series B-1		
Serial bonds (1.10% to 2.75%), due 2019 - 2028	$ 15,210	$ 14,525
Term bonds (3.25%), due 2032	6,790	6,485
	22,000	21,010
2017 Series B-2		
PAC bonds (4.00%), due 2038	15,740	14,970
2017 Series B-3		
Term bonds (variable), due 2047	17,000	17,000
Term bonds (variable), due 2047	6,000	6,000
	23,000	23,000
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	6,230
	14,295	13,585
2017 Series C-2		
Serial bonds (1.80% to 2.50%), due 2019 - 2024	7,465	7,185
PAC bonds (4.00%), due 2037	12,530	12,005
	19,995	19,190
2017 Series C-3		
Term bonds (variable), due 2047	20,705	20,705
2018 Series A		
Serial bonds (1.50% to 3.20%), due 2019 - 2029	14,480	14,480
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	20,590
	68,720	68,720
Total Single Family Fund	$ 351,035	$ 280,300

Home First Fund	Original Amount	Balance
2009 Series A-3		
Term bonds (2.32%), due 2041	$ 36,000	$ 15,630
2009 Series A-4		
Term bonds (2.49%), due 2041	78,000	41,700
2009 Series A-5		
Term bonds (2.73%), due 2041	39,000	21,910
2010 Series A		
Serial bonds (3.15% to 3.55%), due 2019 - 2021	12,225	2,025
Term bonds (4.00%), due 2025	6,035	3,145
PAC bonds (4.50%), due 2028	5,740	800
	24,000	5,970
2011 Series A		
Serial bonds (3.20% to 3.625%), due 2019 - 2021	9,070	1,305
Term bonds (4.45%), due 2027	7,430	3,120
PAC bonds (4.50%), due 2028	7,500	1,175
	24,000	5,600
2011 Series B		
Serial bonds (2.75% to 4.00%), due 2019 - 2021	8,825	1,910
Term bonds (4.00%), due 2027	7,675	3,315
PAC bonds (4.00%), due 2028	7,500	1,090
	24,000	6,315
2011 Series C		
Serial bonds (4.50% to 5.00%), due 2019 - 2022	26,325	6,280
Term bonds (4.10%), due 2027	7,905	5,165
PAC bonds (4.50%), due 2027	12,680	3,035
	46,910	14,480
Total Home First Fund	$ 271,910	$ 111,605

MBS Pass-thru Fund	Original Amount	Balance
2012 Series 1		
Term bonds (3.029%), due 2038	$ 73,532	$ 17,136
2013 Series 1		
Taxable term bonds (3.027%), due 2041	62,674	25,722
2013 Series 2		
Taxable term bonds (4.038%), due 2036	51,839	20,678
2014 Series 1		
Taxable term bonds (4.050%), due 2038	28,667	10,659
Total MBS Pass-Thru Fund	$ 216,712	$ 74,195
Total Bonds Payable	$ 839,657	$ 466,100

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 2006 Series B, 2006 Series D, and 2007 Series A include both taxable and tax-exempt bonds. Taxable bonds were utilized to increase resources for the Authority's Mortgage Program.

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 (1.95% at December 31, 2018).

The following are the scheduled amounts of principal and interest payments on bond payable obligations in the five years subsequent to December 31, 2018 and thereafter (all amounts in thousands). The Authority typically has significant prepayments of principal amounts and, therefore, does not expect to make all interest payments in their scheduled amounts.

	Single Family Fund		Home First Fund		MBS Pass-thru Fund		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	$ 6,570	$ 8,210	$ 4,395	$ 3,229	$ -	$ 2,564	$ 10,965	$ 14,003
2020	7,475	8,226	4,520	3,087	-	2,564	11,995	13,877
2021	7,860	8,097	4,445	2,930	-	2,564	12,305	13,591
2022	8,235	7,942	4,575	2,774	-	2,564	12,810	13,280
2023	8,645	7,776	3,065	2,616	-	2,564	11,710	12,956
2024 - 2028	48,280	36,480	22,675	10,712	-	12,822	70,955	60,014
2029 - 2033	50,090	29,122	24,550	7,166	-	12,822	74,640	49,110
2034 - 2038	67,955	18,399	27,200	3,890	48,473	10,362	143,628	32,651
2039 - 2043	35,890	9,087	16,180	699	25,722	2,271	77,792	12,057
2044 - 2048	39,300	3,730	-	-	-	-	39,300	3,730
	280,300	137,069	111,605	37,103	74,195	51,097	466,100	225,269
Original issue premium	5,031	-	559	-	1,899	-	7,489	-
	$ 285,331	$ 137,069	$ 112,164	$ 37,103	$ 76,094	$ 51,097	$ 473,589	$ 225,269

The summary of bonds payable as of December 31, 2018 (dollars in thousands) was as follows:

Interest Rate Ranges	Maturity Range	Payment Range of Principal	Total
1.10 - 5.90%	2019-2048	\$6,590 - \$46,111	\$ 466,100

Changes in Obligations

The following are changes in noncurrent liabilities of the Authority for the year ended December 31, 2018 (dollars in thousands):

	January 1, 2018	Additions	Reductions	December 31, 2018	Due Within One Year	Due Thereafter
Bonds payable	\$ 474,672,539	\$ 68,720,000	\$ 77,292,071	\$ 466,100,468	\$ 10,965,000	\$ 455,135,468
Premium	7,542,745	1,279,463	1,333,607	7,488,601	-	7,488,601
Discount	(2,253)	-	(2,253)	-	-	-
Note payable	1,836,555	-	71,506	1,765,049	-	1,765,049
Net pension liability	4,314,313	-	974,678	3,339,635	-	3,339,635
Capital lease liability	-	817,099	370,177	446,922	87,021	359,901
Total long-term obligations	\$ 488,363,899	\$ 70,816,562	\$ 80,039,786	\$ 479,140,675	\$ 11,052,021	\$ 468,088,654

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 prices ranging from 100 to 101 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 \$77,292,071 of bonds in 2018 from mortgage loan payments and prepayments. The bond redemptions resulted in write-offs of unamortized discount related to the redeemed bonds.

Conduit Debt Obligations

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

The Authority has issued debt obligations on behalf of certain 501(c) (3) organizations (the Debtors) for the purpose of acquiring and rehabilitating facilities for housing persons of low and moderate income. These bonds and the interest thereof do not constitute a debt or liability of the Authority, but are special obligations between investors and the Debtors payable solely from the payments received by the trustee under the loan agreements and meet the definition of conduit debt in GASB Interpretation No. 2, *Disclosure of Conduit Debt Obligations*. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2018, the Authority had outstanding conduit debt of $161,278,992.

Note 6: Interest Rate Swap Agreements - Hedging Derivative Instruments

On November 6, 2008, the Authority entered into an interest rate swap agreement with Royal Bank of Canada (Counterparty), effective December 2, 2008. The objective of this swap agreement is to create, with respect to the 2008 Series A-2 Bonds in an amount totaling $85,000,000, 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 3.445%. Payments received by the Authority from the Counterparty under the swap agreement bear interest at a variable rate calculated by reference to the SIFMA Municipal Swap Index. During 2018, that swap was terminated on the July 1, 2018 on the option date by providing its 30-day prior written notice.

The Authority entered into a new swap arrangement with Bank of New York Mellon. Again, the objective of the new swap agreement(s) 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, 2018, 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	$ 115,548	7/1/2047	AA-/Aa2/AA
2017 Series C-3	15,525,000	7/1/2018	2.495%	70% 3 M LIBOR	(124,761)	7/1/2047	AA-/Aa2/AA
				Total	$ (9,213)		

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 balance sheet of $9,213 as of December 31, 2018. 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, 2018 of $9,213.

Credit Risk: The fair value of each of the swap agreements represents the Authority's credit exposure to the counterparties as of December 31, 2018. 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, 2018, 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.

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.

Swaption: The Authority terminated the swap transaction with Royal Bank of Canada on July 1, 2018. On January 1, 2018, the Authority entered into an interest rate swap agreement with Bank of New York Mellon (Counterparty) to cover the 2017 Series B-3 bonds and on July 1, 2018 to cover the 2017 C-3 Series bonds. The Authority may starting July 1, 2024 and ending on January 1, 2047 and semi-annually thereafter terminate the swap transaction, in whole or in part, by providing at least 30-days prior written notice to the Counterparty. No payments shall be due from any party in connection with such optional termination except for accrued amounts that would otherwise be due on the optional termination.

Swap Payments and Associated Debt: As of December 31, 2018, debt service requirements of the Authority's hedged outstanding variable rate debt and net swap payments (assuming current interest rates remain the same for their term and bonds are called as the swap amortizes) are as follows:

	Principal	Interest	Net Swap Payments	Total
2019	$ -	$ 639,113	$ 237,374	$ 876,487
2020	-	639,113	237,374	876,487
2021	-	639,113	237,374	876,487
2022	-	639,113	237,374	876,487
2023	-	639,113	237,374	876,487
2024 - 2028	-	3,195,563	1,186,870	4,382,433
2029 - 2033	-	3,195,563	1,186,870	4,382,433
2034 - 2038	3,220,000	3,133,260	1,162,469	7,515,729
2039 - 2043	15,525,000	1,978,909	728,709	18,232,618
2044 - 2047	14,030,000	554,970	202,994	14,787,964
Total	$ 32,775,000	$ 15,253,830	$ 5,654,782	$ 53,683,612

Note 7: Fair Value Measurements

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

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

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

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

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

Following is a description of the valuation methodologies used by the Authority for assets and liabilities that are measured at fair value on a recurring basis. There have been no changes in the methodologies used at December 31, 2018.

***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.

Guaranteed Investment Contract: Valued at the contract rate so not included in the fair value table.

***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 6.

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

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

Following is a summary, by major nature and risks class within each level of the fair value hierarchy, of the Authority's assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2018:

	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment by Fair Value Level				
Money market mutual funds	$ 119,937,743	$ 119,937,743	$ -	$ -
Federal agency obligations	619,182,381	-	619,182,381	-
Municipal bonds	1,698,111	-	1,698,111	-
Total investments measured at fair value	740,818,235	$ 119,937,743	$ 620,880,492	$ -
Guaranteed Investment Contract	6,496,095			
Total investments	$ 747,314,330			
Investment Derivative Instruments				
Interest rate swaps	$ 9,213	$ -	$ -	$ 9,213

Note 8: Commitments

Operating Lease

The Authority leases its office space under a non-cancellable operating lease agreement through 2031. Lease (rent) expense for 2018 was $349,360. The table below shows the required payments for rent and anticipated operating expenses for the remaining term of the lease.

2019	$ 640,875
2020	651,067
2021	661,322
2022	671,653
2023	682,042
2024 - 2028	3,568,677
2029 - 2031	2,211,499
Total future minimum payments	$ 9,087,135

Capital Lease

During 2018, the Authority's entered into a capital lease for furniture and fixtures. At December 31, 2018, 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		(68,092)
	$	749,007

Future minimum capital lease payments for the Authority's activities as of December 31, 2018 are:

2019	$	112,247
2020		112,247
2021		112,247
2022		112,247
2023		65,477
Total minimum lease payments		514,465
Less amount representing interest (6.191%)		(67,543)
Present value of the net minimum lease payment		446,922
Less current capital lease obligations		(87,021)
Obligation under capital lease - long term	$	359,901

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 9: 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.

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, 2018; however, there was a one-time check (13th check) on October 1, which is assumed to continue annually until 2021.

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, 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 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:

Years of Service				
1	2	3	4	5+
20%	40%	60%	80%	100%

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, 2018
Liability valuation date and method:	June 30, 2017 - Member census data as of June 30, 2017 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2017 and June 30, 2018. Standard actuarial roll forward techniques were then used to project the liability computed as of June 30, 2017 to June 30, 2018.
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: 2019 through 2020 - 13th check, 2020 through 2032 - 0.40%, 2033 through 2037 - 0.50%, and 2038 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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	22.0%	4.4%
Private equity	14.0%	5.4%
Fixed income - ex inflation linked	20.0%	2.2%
Fixed income - inflation linked	7.0%	0.8%
Commodities	8.0%	2.3%
Real estate	7.0%	6.5%
Absolute return	10.0%	2.7%
Risk parity	12.0%	5.2%
	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%)
$ 5,257,123	$ 3,339,635	$ 1,740,660

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, 2018, 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, 2018, the Authority reported a liability of $3,339,635 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, 2018 measurement date was 0.0009831.

For the year ended December 31, 2018, the Authority recognized pension expense of $648,318, which included net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions of $124,684. At December 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to the PERF Hybrid Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 43,676	$ 228
Net difference between projected and actual earnings on pension plan investments	98,907	-
Changes in assumptions	7,957	536,225
Changes in proportion and differences between the Authority's contributions and proportionate share contributions	74,032	169,566
Authority's contributions subsequent to the measurement date	294,942	-
Total changes	519,514	706,019
Netting required under GASB Statement No. 68	-	-
Total	$ 519,514	$ 706,019

The Authority reported $294,942 as deferred outflows of resources that will be recognized as a reduction of the net pension liability for the year ending December 31, 2019. 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:

2019	$ (51,590)
2020	(137,462)
2021	(233,249)
2022	(59,146)
Total future minimum payments	$ (481,447)

Note 10: Contingencies

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.

Note 11: Subsequent Events

On January 24, 2019, the Authority issued $48,780,000 of Indiana Housing and Community Development Authority Single Family Mortgage Revenue Bonds, 2019 Series A (2019 Series A Bonds). The 2019 Series A Bonds include serial bonds maturing through 2030, and term bonds, which mature in 2034, 2039, 2042 and 2048. The 2019 Series A Bonds bear interest at rates ranging from 1.70% to 4.25%.

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*

	2018	2017	2016	2015	2014	2013
Authority's proportion of the net pension liability	0.09831%	0.09670%	0.10992%	0.09270%	0.09168%	0.06410%
Authority's proportionate share of the net pension liability	$ 3,339,635	$ 4,314,313	$ 4,988,658	$ 3,775,580	$ 2,409,291	$ 2,195,476
Authority's covered payroll	$ 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	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)	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: No changes.

Changes of assumption: The INPRS Board approved the following changes in assumptions, effective June 30, 2018, for the PERF Plan:

The COLA assumption was changed due to passage of Senate Enrolled Act No. 373. In lieu of a 1% COLA occurring beginning on January 1, 2020, we now assume that the COLA will be replaced by a 13th check for 2020 and 2021. The COLA assumption thereafter, would be 0.4% beginning on January 1, 2022, changing to 0.5% beginning on January 1, 2034, and ultimately 0.6% beginning on January 1, 2039.

Changes in actuarial methods: No changes.

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

	2018	2017	2016	2015	2014	2013
Contractually determined contribution	$ 561,858	$ 537,327	$ 576,232	$ 497,297	$ 501,337	$ 387,737
Contributions in relation to the contractually required contribution	561,858	537,327	576,232	497,297	501,337	387,737
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 5,016,583	$ 4,797,552	$ 5,268,120	$ 4,440,142	$ 4,476,208	$ 3,997,291
Contributions as a percentage of covered payroll	11.2%	11.2%	10.9%	11.2%	11.2%	9.7%

* 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: No changes.

Changes of assumption: The INPRS Board approved the following changes in assumptions, effective June 30, 2018, for the PERF Plan:

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Changes in actuarial methods: No changes.

SUPPLEMENTARY INFORMATION

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Other Information
Combining Schedule of Net Position
December 31, 2018

	General Fund	Program Fund	Single Family Fund	Home First Fund	MBS Pass-thru Fund	2018 Total
Assets and Deferred Outflows of Resources						
Current Assets						
Cash and cash equivalents						
Unrestricted	$ 58,131,683	$ 6,020,892	$ 23,667,450	$ -	$ -	$ 87,820,025
Restricted	-	111,665,198	30,282,664	18,509,485	60,641	160,517,988
Accrued interest receivable						
Investments	107,070	-	649,842	25,433	-	782,345
Investments held against bonds	-	-	912,834	321,725	213,695	1,448,254
Accounts and loans receivable, net	1,704,591	25,001,713	-	-	-	26,706,304
Other assets	-	1,026,257	-	-	-	1,026,257
Total current assets	59,943,344	143,714,060	55,512,790	18,856,643	274,336	278,301,173
Noncurrent Assets						
Investments						
Unrestricted	43,200,508	-	83,576,638	-	-	126,777,146
Restricted	-	-	12,531,679	5,842,159	-	18,373,838
Investments held against bonds	-	-	282,713,984	115,939,419	77,076,105	475,729,508
Accounts and loans receivable, net	46,247	90,440,330	-	-	-	90,486,577
Capital assets, at cost, less accumulated depreciation	2,366,584	95,793	-	-	-	2,462,377
Interfund accounts	5,283,899	(3,910,012)	(1,373,887)	-	-	-
Total noncurrent assets	50,897,238	86,626,111	377,448,414	121,781,578	77,076,105	713,829,446
Total assets	110,840,582	230,340,171	432,961,204	140,638,221	77,350,441	992,130,619
Deferred Outflows of Resources						
Deferred pension costs	519,514	-	-	-	-	519,514
Accumulated decrease in fair value of derivative	-	-	9,213	-	-	9,213
Deferred refunding costs	-	-	-	-	2,068,404	2,068,404
Total deferred outflows of resources	519,514	-	9,213	-	2,068,404	2,597,131
Total assets and deferred outflows of resources	$ 111,360,096	$ 230,340,171	$ 432,970,417	$ 140,638,221	$ 79,418,845	$ 994,727,750
Liabilities, Deferred Inflows of Resources and Fund Balances						
Current Liabilities						
Bonds payable	$ -	$ -	$ 6,570,000	$ 4,395,000	$ -	$ 10,965,000
Accrued interest payable	-	-	3,885,085	271,782	213,695	4,370,562
Unearned revenue	-	58,709,833	-	-	-	58,709,833
Capital lease liability	87,021	-	-	-	-	87,021
Accounts payable and other liabilities	2,368,551	6,420,384	44,348	-	-	8,833,283
Total current liabilities	2,455,572	65,130,217	10,499,433	4,666,782	213,695	82,965,699
Noncurrent Liabilities						
Bonds payable	-	-	273,730,000	107,210,000	74,195,468	455,135,468
Original issue premium	-	-	5,030,556	559,093	1,898,952	7,488,601
Bonds payable, net	-	-	278,760,556	107,769,093	76,094,420	462,624,069
Notes payable	-	1,765,049	-	-	-	1,765,049
Derivative instrument - interest rate swap agreements	-	-	9,213	-	-	9,213
Pension liability	3,339,635	-	-	-	-	3,339,635
Capital lease liability	359,901	-	-	-	-	359,901
Total noncurrent liabilities	3,699,536	1,765,049	278,769,769	107,769,093	76,094,420	468,097,867
Total liabilities	6,155,108	66,895,266	289,269,202	112,435,875	76,308,115	551,063,566
Deferred Inflows of Resources						
Deferred pension revenue	706,019	-	-	-	-	706,019
Net Position						
Net investment in capital assets	1,919,662	95,793	-	-	-	2,015,455
Restricted	-	161,238,232	37,181,172	28,202,346	3,110,730	229,732,480
Unrestricted	102,579,307	2,110,880	106,520,043	-	-	211,210,230
Total net position	104,498,969	163,444,905	143,701,215	28,202,346	3,110,730	442,958,165
Total liabilities, deferred inflows of resources and net position	$ 111,360,096	$ 230,340,171	$ 432,970,417	$ 140,638,221	$ 79,418,845	$ 994,727,750

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Other Information
Combining Schedule of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2018

	General Fund	Program Fund	Single Family Fund	Home First Fund	MBS Pass-thru Fund	2018 Total
Revenues						
Interest income						
Investments	2,983,390	$ 31,835	$ 4,917,500	$ 635,928	$ -	$ 8,568,653
Investments held against bonds	-	-	9,032,243	4,677,200	3,517,170	17,226,613
Loans	-	914,969	-	-	-	914,969
Fee income	5,004,044	-	-	-	-	5,004,044
Program income	-	404,770,624	-	-	-	404,770,624
Gain on sale of Next Home investments	8,205,645	-	1,523	-	-	8,207,168
Net decrease in fair value of investments	(444,813)	-	(4,141,387)	(2,857,013)	(2,848,530)	(10,291,743)
Other income	317,853	-	-	-	-	317,853
Total revenues	16,066,119	405,717,428	9,809,879	2,456,115	668,640	434,718,181
Expenses						
Investment expense (down payment assistance)	5,091,652	-	4,343,519	-	-	9,435,171
Loss on sale of investments	384,727	-	1,426,693	223,816	-	2,035,236
Interest expense	15,441	18,690	7,392,015	3,662,837	3,182,606	14,271,589
Issuance costs	-	-	820,251	-	-	820,251
Program expenses	232,060	382,920,504	-	-	-	383,152,564
General and administrative expenses	6,895,777	13,077,392	804,048	362,357	10,698	21,150,272
Total expenses	12,619,657	396,016,586	14,786,526	4,249,010	3,193,304	430,865,083
Operating Income (Loss)	3,446,462	9,700,842	(4,976,647)	(1,792,895)	(2,524,664)	3,853,098
Transfers						
Interfund transfers	3,986,170	13,830	(3,664,003)	-	(335,997)	-
Increase (Decrease) in Net Position	7,432,632	9,714,672	(8,640,650)	(1,792,895)	(2,860,661)	3,853,098
Net Position, Beginning of Year	97,066,337	153,730,233	152,341,865	29,995,241	5,971,391	439,105,067
Net Position, End of Year	$ 104,498,969	$ 163,444,905	$ 143,701,215	$ 28,202,346	$ 3,110,730	$ 442,958,165

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Other Information
Combining Schedule of Cash Flows
Year Ended December 31, 2018

	General Fund	Program Fund	Single Family Fund	Home First Fund	MBS Pass-thru Fund	2018 Total
Cash Flows From Operating Activities						
Receipts for services	$ 12,933,974	$ -	$ -	$ -	$ -	$ 12,933,974
Receipts for program revenue	-	378,075,566	-	-	-	378,075,566
Principal received on loans receivable	31,337	-	-	-	-	31,337
Interest received on investments	3,028,925	31,835	4,783,498	629,284	-	8,473,542
Interest received on investments held against bonds	-	-	8,323,990	4,165,400	3,181,520	15,670,910
Interest received on loans	-	914,969	-	-	-	914,969
Payments for program expenses	(232,060)	(392,657,085)	-	-	-	(392,889,145)
Interest paid on bonds and bank loans	(15,441)	(18,690)	(6,582,416)	(3,717,482)	(2,835,274)	(13,169,303)
Debt issuance costs incurred	-	-	(820,251)	-	-	(820,251)
Investment expense	-	-	(4,343,519)	-	-	(4,343,519)
Payments for suppliers and employees	(11,629,939)	-	(891,849)	(362,357)	(10,698)	(12,894,843)
Interfund activity	(1,428,700)	392,470	1,036,230	-	-	-
Net cash provided by (used in) operating activities	2,688,096	(13,260,935)	1,505,683	714,845	335,548	(8,016,763)
Cash Flows From Non-Capital and Related Financing Activities						
Proceeds from bond issues	-	-	69,999,463	-	-	69,999,463
Repayments and redemption of bonds and bank loans	-	(71,506)	(44,195,001)	(18,350,001)	(14,747,071)	(77,363,579)
Transfers	3,986,170	13,830	(3,664,003)	-	(335,997)	-
Net cash provided by (used in) non-capital and related financing activities	3,986,170	(57,676)	22,140,459	(18,350,001)	(15,083,068)	(7,364,116)
Cash Flows From Capital and Related Financing Activities						
Purchases of capital assets	(409,799)	-	-	-	-	(409,799)
Payments on capital lease	(370,177)	-	-	-	-	(370,177)
Net cash used in capital and related financing activities	(779,976)	-	-	-	-	(779,976)
Cash Flows From Investing Activities						
Proceeds from sale and maturities of investments	9,119,071	-	29,956,253	2,612,312	-	41,687,636
Principal received on investments held against bonds	-	-	22,124,362	17,489,169	14,747,520	54,361,051
Purchases of investments held against bonds	-	-	(116,158,883)	-	-	(116,158,883)
Purchase of investments	(6,579,796)	-	(15,905,366)	(5,596,388)	-	(28,081,550)
Net cash provided by (used in) investing activities	2,539,275	-	(79,983,634)	14,505,093	14,747,520	(48,191,746)
Net Increase (Decrease) in Cash and Cash Equivalents	8,433,565	(13,318,611)	(56,337,492)	(3,130,063)	-	(64,352,601)
Cash and Cash Equivalents, January 1	49,698,118	131,004,701	110,287,606	21,639,548	60,641	312,690,614
Cash and Cash Equivalents, December 31	$ 58,131,683	$ 117,686,090	$ 53,950,114	$ 18,509,485	$ 60,641	$ 248,338,013
Cash and Cash Equivalents						
Cash	$ 4,124,494	$ 117,686,090	$ 56,250	$ -	$ 37,341	$ 121,904,175
Money market investments	54,007,189	-	47,397,769	18,509,485	23,300	119,937,743
Guaranteed investment contracts	-	-	6,496,095	-	-	6,496,095
Total cash and cash equivalents	$ 58,131,683	$ 117,686,090	$ 53,950,114	$ 18,509,485	$ 60,641	$ 248,338,013

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, 2018

	General Fund	Program Fund	Single Family Fund	Home First Fund	MBS Pass-thru Fund	2018 Total
Noncash Transactions from Capital and Related Financing Activities						
Issuance of capital lease obligation	$ 817,099	$ -	$ -	$ -	$ -	$ 817,099
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:						
Operating income (loss)	$ 3,446,462	$ 9,700,842	$ (4,976,647)	$ (1,792,895)	$ (2,524,664)	$ 3,853,098
Adjustment to reconcile operating income to net cash provided by operating activities:						
Net decrease in fair value of investments	444,813	-	4,141,387	2,857,013	2,848,530	10,291,743
Loss on sale of investments	384,727	-	1,426,693	223,816	-	2,035,236
Depreciation	667,971	38,070	-	-	-	706,041
Amortization of bond premium/discount	-	-	(404,582)	(548,771)	(378,000)	(1,331,353)
Changes in operating assets and liabilities:						
Accounts and loan receivable	(562,231)	(20,608,478)	-	-	-	(21,170,709)
Accrued interest receivable	45,535	-	(439,196)	30,327	42,350	(320,984)
Other assets	(1,428,700)	(80,685)	1,036,230	-	-	(473,155)
Deferred pension costs	682,749	-	-	-	-	682,749
Deferred refunding costs	-	-	-	-	389,682	389,682
Unearned revenue	-	(5,613,425)	-	-	-	(5,613,425)
Accounts payable and other liabilities	(370,404)	3,302,741	(87,801)	-	-	2,844,536
Accrued interest payable	-	-	809,599	(54,645)	(42,350)	712,604
Net pension liability	(974,678)	-	-	-	-	(974,678)
Deferred pension revenue	351,852	-	-	-	-	351,852
Total adjustments	(758,366)	(22,961,777)	6,482,330	2,507,740	2,860,212	(11,869,861)
Net cash provided by (used in) operating activities	$ 2,688,096	$ (13,260,935)	$ 1,505,683	$ 714,845	$ 335,548	$ (8,016,763)

Exhibit D

Indiana Housing and Community Development Authority

(A Component Unit of the State of Indiana)

Single Audit Report

For the Year Ended December 31, 2018

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
December 31, 2018

Contents

Indiana Housing and Community Development Authority

(A Component Unit of the State of Indiana)

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Passed Through to Subrecipients	Expenditures Paid Directly by the Authority	Total Federal Expenditures
U. S. DEPARTMENT OF AGRICULTURE:				
Rural Rental Housing Loans	10.415	$ -	$ 1,819,907	$ 1,819,907
Total U.S. Department of Agriculture		-	1,819,907	1,819,907
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Section 8 Housing Assistance Payments Program (*Section 8 Project-Based Cluster)*	14.195	182,736,724	-	182,736,724
Indiana Office of Rural and Community Affairs (pass-through entity):				
Community Development Block Grants (a)	14.228	26,708,859	113,450	26,822,309
Emergency Solutions Grant Program	14.231	4,624,887	136,352	4,761,239
Home Investment Partnerships Program	14.239	16,684,986	8,370,123	25,055,109
Housing Opportunities for Persons with AIDS	14.241	1,181,652	27,251	1,208,903
Continuum of Care Program	14.267	4,468,278	980,247	5,448,525
Housing Trust Fund	14.275	-	2,667,378	2,667,378
Performance Based Contract Administrator Programs	14.327	-	923,977	923,977
Section 8 Housing Choice Vouchers *(Housing Voucher Cluster)*	14.871	25,381,382	5,478,570	30,859,952
Lead Hazard Reduction Demonstration Grant Program	14.905	-	16,785	16,785
Total U.S. Department of Housing and Urban Development		261,786,768	18,714,133	280,500,901
U. S. DEPARTMENT OF ENERGY:				
Weatherization Assistance for Low-Income Persons	81.042	6,278,527	209,547	6,488,074
Total U.S. Department of Energy		6,278,527	209,547	6,488,074
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Temporary Housing for Needy Families *(TANF Cluster)*	93.558	243,568	47,548	291,116
Low Income Home Energy Assistance Program	93.568	17,467,567	86,590,058	104,057,625
Community Services Block Grant	93.569	10,644,466	619,231	11,263,697
Assets for Independence Demonstration Program	93.602	122,043	593,259	715,302
Total U.S. Department of Health and Human Services		28,477,644	87,850,096	116,327,740
Total Expenditures of Federal Awards		$ 296,542,939	$ 108,593,683	$ 405,136,622

(a) Pass-through Identifying Numbers:A192-IH-PSH15-001, A192-IH-PSC16-001, A192-IH-PSH17-001, A192-IH-PSH18-001, A192-10-PSC-DR1-001, A192-10-PSC-DR2-001.

Notes to Schedule

1. The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the Indiana Housing and Community Development Authority (the Authority) under programs of the federal government for the year ended December 31, 2018. The accompanying notes are an integral part of this Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Authority has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. The federal loan programs listing subsequently are administered directly by the Authority, and balance and transactions relating to these programs are included in the Authority’s basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at December 31, 2018, consist of:

CFDA Number	Program Name		Outstanding Balance at December 31, 2018
10.415	Rural Rental Housing Loans	$	1,759,165
14.228	Community Development Block Grants		15,291,444
14.239	Home Investment Partnerships Program		16,381,725
		$	33,432,334

During 2018, the Authority granted noncash assistance in the form of loans totaling $2,358,677 for the Home Investment Partnerships Program.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

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

We have audited, 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, the financial statements of Indiana Housing and Community Development Authority (Authority), which comprise the statement of net position as of December 31, 2018, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 10, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

BKD, LLP

Indianapolis, Indiana
April 10, 2019

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Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited Indiana Housing and Community Development Authority's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2018. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the financial statements of the Authority, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated April 10, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

BKD, LLP

Indianapolis, Indiana
April 10, 2019

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Schedule of Findings and Questioned Costs
Year Ended December 31, 2018

Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

Significant deficiency(ies)?	☐ Yes	☒ None reported
Material weakness(es)?	☐ Yes	☒ No

3. Noncompliance considered material to the financial statements was disclosed by the audit? ☐ Yes ☒ No

Federal Awards

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:

Significant deficiency(ies)?	☐ Yes	☒ None reported
Material weakness(es)?	☐ Yes	☒ No

5. The opinions expressed in the independent auditor's report on compliance for major federal awards were:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)? ☐ Yes ☒ No

7. The Authority's major programs were:

Cluster/Program	CFDA Number
Community Development Block Grants	14.228
Continuum of Care Program	14.267
Housing Trust Fund	14.275
Weatherization Assistance for Low-Income Persons	81.042
Low Income Home Energy Assistance Program	93.568

8. The threshold used to distinguish between Type A and Type B programs was $3,000,000.

9. The Authority qualified as a low-risk auditee? ☒ Yes ☐ No

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
	No matters are reportable.

Findings Required to be Reported by the *Uniform Guidance*

Reference Number	Finding
	No matters are reportable.

Indiana Housing and Community Development Authority

(A Component Unit of the State of Indiana)

Summary Schedule of Prior Audit Findings
Year Ended December 31, 2018

Reference Number	Summary of Finding	Status

No matters are reportable.

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

As part of our audits of the financial statements and compliance of Indiana Housing and Community Development Authority (Authority) as of and for the year ended December 31, 2018, we wish to communicate the following to you.

AUDIT SCOPE AND RESULTS

Auditor's Responsibility Under 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 and U.S. Office of Management and Budget (OMB) Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)

An audit performed 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 and U.S. Office of Management and Budget (OMB) Uniform Guidance is designed to obtain reasonable, rather than absolute, assurance about the financial statements and about whether noncompliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on a major federal program occurred. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our engagement letter more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement and compliance audits that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

Audits of the financial statements and compliance do not relieve management or those charged with governance of their responsibilities. Our engagement letter more specifically describes your responsibilities.

Qualitative Aspects of Significant Accounting Policies and Practices

Significant Accounting Policies

The Authority's significant accounting policies are described in Note 2 of the audited financial statements.

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Alternative Accounting Treatments

No matters are reportable.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. The following areas involve significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates:

- Allowance for uncollectible receivables, including loans
- Fair value of derivative instruments
- Net pension liability

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- No matters are reportable

Audit Adjustments

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments which, in its judgment, are required to prevent the financial statements from being materially misstated. No adjustments were proposed as a part of our audit process.

Auditor's Judgments About the Quality of the Entity's Accounting Principles

During the course of the audit, we made the following observations regarding the Authority's application of accounting principles:

- No matters are reportable

Other Material Communications

Listed below are other material communications between management and us related to the audit:

- Management representation letter (attached)
- We orally communicated to management other deficiencies in internal control identified during our audit that are not considered material weaknesses or significant deficiencies

OTHER MATTERS

We observed the following matters and offer these comments and suggestions with respect to matters which came to our attention during the course of the audit of the financial statements. Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not bring to light all weaknesses in policies and procedures that may exist. However, these matters are offered as constructive suggestions for the consideration of management as part of the ongoing process of modifying and improving financial and administrative practices and procedures. We can discuss these matters further at your convenience and may provide implementation assistance for changes or improvements.

Journal Entry Review

Through our journal entry testing, we discovered that manual journal entries are initiated and posted by the same individual. While the monthly financial statements are subjected to a detailed review, we recommend that all nonstandard monthly journal entries are either initiated and posted by different individuals, or signed off as reviewed. This is a standard best practice that will help mitigate any risks. Great Plains can also be utilized to facilitate this process. BKD resources are available to provide guidance on Great Plains functionality.

Governmental Entity Tax Issues

As outlined in their priority guidance plan for fiscal year 2016, the Internal Revenue Service (IRS) is increasing their oversight of Governmental entities tax compliance through a balanced approach of outreach, education and examination activities. The IRS plans to use and rely on data-driven analytics, which will allow the IRS to improve their selections for examinations. The strategy behind this is to allow the IRS to invest their limited resources in areas that will provide the greatest impact for rising tax dollars and education. The IRS plans to focus 75% of their examinations on Governmental entities with $10 million or more in gross wages, which will allow them to maximize their wage base coverage while also allowing them to address material and significant compliance issues. In addition, the IRS will also conduct specific compliance initiative projects where the IRS believes there is a high risk of noncompliance.

Fraud Risk Assessment

The Committee of Sponsoring Organizations of the Treadway Commission "COSO", co-sponsored in part by the American Institute of CPAs "AICPA" and the Association of Certified Fraud Examiners ("ACFE"), published the Fraud Risk Management Guide (the "Guide") in 2016. This Guide states that a fraud risk management program can deter fraud with processes that:

- Establish a visible and rigorous fraud governance process
- Creates a transparent and sound anti-fraud culture
- Includes a thorough fraud risk assessment periodically
- Designs, implements and maintains preventative and detective fraud control processes and procedures
- Takes swift action in response to allegations of fraud, including actions against those involved in wrongdoing where appropriate

The Fraud Risk Assessment (FRA) mentioned by COSO is a tool used by management and the Board of Directors to identify and address processes or areas most susceptible to fraud. It includes a thorough vetting of fraud risks in an organization's processes (Finance, Human Resources, Payroll, IT) through interviews and documentation analysis.

A FRA sends a message both internally and externally that leadership cares about transparency and integrity, which employees, donors and grantors value. A FRA also identifies inefficiencies or waste in an organization's processes.

We recommend that senior management and the Board give thoughtful consideration to the Authority's fraud risks by conducting a FRA at least annually.

Our FRA approach includes data analytics, anonymous surveys and process walkthroughs and interviews. Data analytics help us identify areas that may have unknown fraud risks, allow for a more efficient examination as it requires less of the client's time and allow us to be more targeted with questions during the interview process. Anonymous surveys provide employees a means to express concerns and frustrations without fear of repercussion, which help us gauge the culture of the organization. If the Authority would like assistance in conducting a FRA, please contact your trusted BKD advisor.

LIBOR Rate to be Phased Out

The Authority currently has some variable rate debt agreements and related interest rate swap agreements that are tied to the LIBOR rate. During 2017, however, it was determined that the LIBOR interest rate would be phased out by the end of 2021 and would be replaced with new benchmarks. In the United States of America, the Alternative Reference Rate Committee (ARRC) determined the Secured Overnight Financing Rate (SOFR) would replace the LIBOR. SOFR rates are published daily by the Federal Reserve Bank of New York. While the ARRC is proceeding gradually, we encourage the Authority to begin discussing this change with its lender/counterparty to ensure a smooth transition to a new benchmark before the LIBOR rate is eliminated.

FUTURE ACCOUNTING CONSIDERATIONS

Governmental Accounting Standards Board Statement No. 83, *Certain Asset Retirement Obligations*

Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations* (GASB 83): GASB 83 establishes uniform criteria for governments to recognize and measure certain asset retirement obligations (AROs). An ARO is defined as a legally enforceable liability associated with the retirement of a tangible capital asset. Examples could be costs associated with decommissioning a nuclear power plant or disposal of x-ray machine. An ARO is recognized when the liability is incurred, which is manifested by the occurrence of both an external obligating event (such as a legally binding contract or a court judgment) and an internal obligating event (such as placing a tangible capital asset into service). A government also recognizes a deferred outflow of resources when it recognizes an ARO liability. The ARO is measured at the best estimate of the current value of outlays expected to be incurred. Additional note disclosures are required.

GASB 83 is effective for financial statements for fiscal years beginning after June 15, 2018 (i.e. the Authority's December 31, 2019 year-end). Earlier application is encouraged.

GASB Statement No. 84, *Fiduciary Activities*

GASB Statement No. 84, *Fiduciary Activities* (GASB 84): GASB 84 establishes criteria for identifying fiduciary activities. It presents separate criteria for evaluating component units, pension and other postemployment benefit arrangements, and other fiduciary activities. The focus is on a government controlling the assets of the fiduciary activity and identification of the beneficiaries of those assets. Fiduciary activities are reported in one of four types of funds: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, or custodial funds. Custodial funds are used to report fiduciary activities that are not held in a trust. The agency fund designation will no longer be used. GASB 84 also provides guidance on fiduciary fund statements and timing of recognition of a liability to beneficiaries.

GASB 84 is effective for financial statements for fiscal years beginning after December 15, 2018 (i.e. the Authority's December 31, 2019 year-end). Earlier application is encouraged.

GASB Statement No. 87, *Leases*

GASB Statement No. 87, *Leases* (GASB 87): GASB 87 provides a new framework for accounting for leases under the principle that leases are financings. No longer will leases be classified between capital and operating. Lessees will recognize an intangible asset and a corresponding liability. The liability will be based on the payments expected to be paid over the lease term, which includes an evaluation of the likelihood of exercising renewal or termination options in the lease. Lessors will recognize a lease receivable and related deferred inflow of resources. Lessors will not derecognize the underlying asset. An exception to the general model is provided for short-term leases that cannot last more than 12 months. Contracts that contain lease and nonlease components will need to be separated so each component is accounted for accordingly.

GASB 87 is effective for financial statements for fiscal years beginning after December 15, 2019 (i.e. the Authority's December 31, 2020 year-end). Earlier application is encouraged. Governments will be allowed to transition using the facts and circumstances in place at the time of adoption, rather than retroactive to the time each lease was begun.

GASB Statement No. 89

Early this year, the GASB released Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. Under the new guidance, all governmental entities would recognize interest costs incurred before the end of a construction period as an expense of the period. These costs would not be included in the historical cost of a capital asset, as was previously required for enterprise funds. GASB believes the changes will enhance comparability of information between governmental entities about capital assets and a reporting period's borrowing costs.

GASB 89 is effective for financial statements for fiscal years beginning after December 15, 2019 (i.e. the Authority's December 31, 2020 year-end). Earlier application is encouraged.

BKD, LLP

April 10, 2019
Indianapolis, Indiana

April 10, 2019

BKD, LLP
Certified Public Accountants
201 N. Illinois Street, Suite 700
Indianapolis, IN 46244

We are providing this letter in connection with your audits of our financial statements and your audit of our compliance with requirements applicable to each of our major federal awards programs as of and for the year ended December 31, 2018. We confirm that we are responsible for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, operations and compliance, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following:

1. We have fulfilled our responsibilities, as set out in the terms of our engagement letter dated March 4, 2019, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.

2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

4. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.

5. We have provided you with:

   (a) Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.

   (b) Additional information that you have requested from us for the purpose of the audit.

   (c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

   (d) All minutes of meetings of the governing body held through the date of this letter.

   (e) All significant contracts and grants.

6. All transactions have been recorded in the accounting records and are reflected in the financial statements.

7. We have informed you of all current risks of a material amount that are not adequately prevented or detected by entity procedures with respect to:

   (a) Misappropriation of assets.

   (b) Misrepresented or misstated assets, liabilities or net position.

8. We understand the potential penalties for failure to disclose reportable tax transactions to the taxing authorities and have fully disclosed to BKD any and all known reportable tax transactions.

9. We have no knowledge of any known or suspected:

   (a) Fraudulent financial reporting or misappropriation of assets involving management or employees who have significant roles in internal control.

   (b) Fraudulent financial reporting or misappropriation of assets involving others that could have a material effect on the financial statements.

10. We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority received in communications from employees, customers, regulators, suppliers or others.

11. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America. We understand that the term related party refers to an affiliate; management, and members of their immediate families, component units; and any other party with which the entity may deal if it can significantly influence, or be influenced by, the management or operating policies of the other. The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with us.

12. Except as reflected in the financial statements, there are no:

(a) Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.

(b) Material transactions omitted or improperly recorded in the financial statements.

(c) Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.

(d) Events occurring subsequent to the balance sheet date through the date of this letter requiring adjustment or disclosure in the financial statements.

(e) Agreements to purchase assets previously sold.

(f) Restrictions on cash balances or compensating balance agreements.

(g) Guarantees, whether written or oral, under which the Authority is contingently liable.

13. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

14. We have no reason to believe the Authority owes any penalties or payments under the Employer Shared Responsibility Provisions of the Patient Protection and Affordable Care Act nor have we received any correspondence from the IRS or other agencies indicating such payments may be due.

15. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

16. Adequate provisions and allowances have been accrued for any material losses from:

(a) Uncollectible receivables.

(b) Sales commitments, including those unable to be fulfilled.
(c)

(c) Purchase commitments in excess of normal requirements or above prevailing market prices.

17. Except as disclosed in the financial statements, we have:

(a) Satisfactory title to all recorded assets, and they are not subject to any liens, pledges or other encumbrances.

(b) Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.

18. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.

19. We have notified you of any instances of noncompliance with applicable disclosure requirements of the SEC Rule 15c2-12 and applicable state laws.

20. With regard to deposit and investment activities:

(a) All deposit, repurchase and reverse repurchase agreements and investment transactions have been made in accordance with legal and contractual requirements.

(b) Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.

(c) We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.

21. With respect to any nonattest services you have provided us during the year, including assisting with the preparation of the financial statements:

(a) We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.

(b) We have established and monitored the performance of the nonattest services to ensure that they meet our objectives.

(c) We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.

(d) We have evaluated the adequacy of the services performed and any findings that resulted.

22. We acknowledge that we are responsible for compliance with applicable laws, regulations and provisions of contracts and grant agreements.

23. We have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.

24. We have identified and disclosed to you any violations or possible violations of laws, regulations and provisions of contracts and grant agreements whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.

25. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts or violations of provisions of contracts or grant agreements that you or other auditors report.

26. We have a process to track the status of audit findings and recommendations.

27. We have identified to you any previous financial audits, attestation engagements, performance audits or other studies related to the objectives of your audit and the corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements or other studies.

28. We have provided our views on any findings, conclusions and recommendations, as well as our planned corrective actions with respect thereto, to you for inclusion in the findings and recommendations referred to in your report on internal control over financial reporting and on compliance and other matters based on your audit of the financial statements performed in accordance with *Government Auditing Standards*.

29. With regard to federal awards programs:

   (a) We have identified in the schedule of expenditures of federal awards all assistance provided (either directly or passed through other entities) by federal agencies in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, commodities, insurance, direct appropriations or in any other form.

   (b) We have identified the types of compliance requirements described in the *U.S. Office of Management and Budget* (OMB) *Compliance Supplement* regarding activities allowed or unallowed; allowable costs/cost principles; cash management; eligibility; equipment and real property management; matching, level of effort, earmarking; period of performance of federal funds; procurement and suspension and debarment; program income; reporting; subrecipient monitoring; and special tests and provisions that are applicable to each of our federal awards programs. We have identified to you our interpretation of any applicable compliance requirements subject to varying interpretations.

   (c) We are responsible for complying, and have complied, with the requirements of Uniform Guidance.

(d) We are responsible to understand and comply with the requirements of federal statutes, regulations and the terms and conditions of federal awards related to each of our federal awards programs and have disclosed to you any and all instances of noncompliance with those requirements occurring during the period of your audit or subsequent thereto to the date of this letter of which we are aware. Except for any instances of noncompliance we have disclosed to you, we believe the Authority has complied with all applicable compliance requirements.

(e) We are responsible for establishing and maintaining effective internal control over compliance to provide reasonable assurance we have administered each of our federal awards programs in compliance with federal statutes, regulations and the terms and conditions of the federal awards.

(f) We have made available to you all federal awards (including amendments, if any) and any other correspondence or documentation relevant to each of our federal awards programs and to our compliance with applicable requirements of those programs.

(g) The information presented in federal awards program financial reports and claims for advances and reimbursements is supported by the books and records from which our financial statements have been prepared.

(h) The costs charged to federal awards are in accordance with applicable cost principles.

(i) The reports provided to you related to federal awards programs are true copies of reports submitted or electronically transmitted to the federal awarding agency, the applicable payment system or pass-through entity in the case of a subrecipient.

(j) Amounts claimed or used for matching were determined in accordance with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) regarding cost principles.

(k) We have monitored any subrecipients to determine that they have expended federal awards in accordance with federal statutes, regulations and the terms and conditions of the subaward and have met the audit and other requirements of the Uniform Guidance.

(l) We have taken appropriate corrective action on a timely basis after receipt of any subrecipient's auditor's report that identified findings and questioned costs pertaining to federal awards programs passed through to the subrecipient by us.

(m) We have considered the results of any subrecipient's audits received and made any necessary adjustments to our books and records.

(n) We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the applicable compliance requirements for each of our federal awards programs, including any communications received from the end of the period of your audit through the date of this letter.

(o) We have identified to you any previous compliance audits, attestation engagements and internal or external monitoring related to the objectives of your compliance audit, including findings received and corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements or other monitoring.

(p) The summary schedule of prior audit findings correctly states the status of all audit findings of the prior audit's schedule of findings and questioned costs and any uncorrected open findings included in the prior audit's summary schedule of prior audit findings as of the date of this letter.

(q) The reporting package does not contain any protected personally identifiable information.

30. The financial statements disclose all significant estimates and material concentrations known to us. Significant estimates are estimates at the balance sheet date which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur which would significantly disrupt normal finances within the next year. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

31. The fair values of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto are reasonable estimates based on the methods and assumptions used. The methods and significant assumptions used result in measurements of fair value appropriate for financial statement recognition and disclosure purposes and have been applied consistently from period to period, taking into account any changes in circumstances. The significant assumptions appropriately reflect market participant assumptions.

32. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis and pension information, has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.

33. With regard to supplementary information:

(a) We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.

(b) We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.

(c) The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period.

(d) We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.

(e) If the supplementary information is not presented with the audited financial statements, we acknowledge we will make the audited financial statements readily available to intended users of the supplementary information no later than the date such information and the related auditor's report are issued.

Jacob Sipe, Executive Director

RCH

Richard Harcourt, Chief Financial Officer

Vinya C. Dunbar

Vinya Dunbar, Controller & Director of Accounting

Staff Engagement:
Update on IHCDA Staff training and development

Indiana Housing & Community Development Authority

2017-2021 STRATEGIC PLAN

IHCDA Values:

Continuous Improvement and Respect

- Staff contribute to status as industry leader by actively seeking collaborative opportunities with colleagues and partners to achieve shared goals and maintain acceptable risk levels while promoting trust, open communication and learning.
- Staff treat others, associates as well as clients, as you would like to be treated.

IHCDA Strategic Plan: Priority 3—Emphasize Continued Quality of Service

- **3.2:** Encourage Professional Development and Training Opportunities for Staff.

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HOW TO DEFINE ENGAGEMENT?

Staff engagement = emotional commitment + discretionary effort*

- Gallup: 34% of the U.S. employees are engaged at work—meaning employees are involved in, enthusiastic about and committed to their work and workplace. Our challenge is how to encourage staff to feel this way about IHCDA.

- What behaviors does an engaged employee exhibit?**
  - Optimistic
  - Team-Oriented
  - Goes above and beyond
  - Solution-oriented
  - Selfless
  - Shows a passion for learning
  - Passes along credit but accepts blame

Kevin Kruse "What is Employee Engagement" Forbes.com
*** Gallup*

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2018 TRAINING ACCOMPLISHMENTS

Customer Service with a Purpose training with University of Indianapolis

- Partnered with U Indy to develop a custom training curriculum that provided leadership training to management team and team building training to staff team.

- Training was conducted over 8 months in 2018.

- All training focused on defining who our customer is and how we can keep that customer central in our mind as we develop policies, programs and interact with others.

- Topics covered included: Change management, customer service, teamwork/collaboration, marketing and branding, and product/service knowledge.

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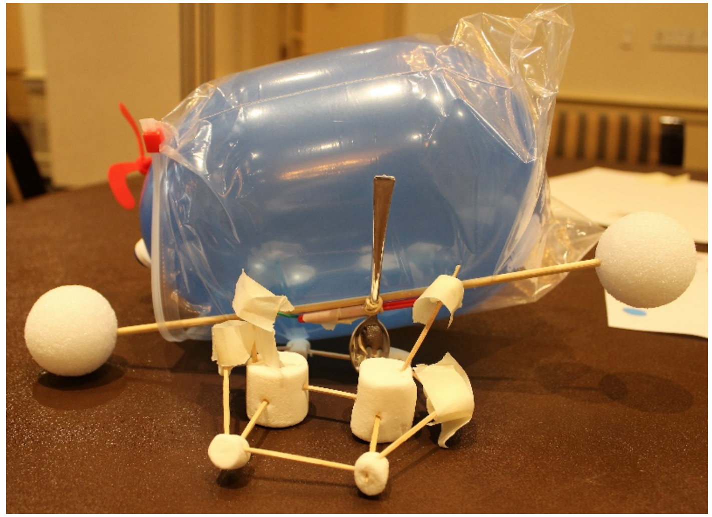
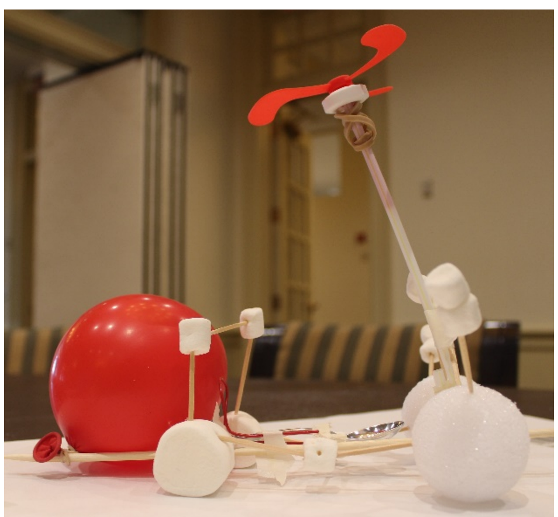
2018 CUSTOMER SERVICE TRAINING





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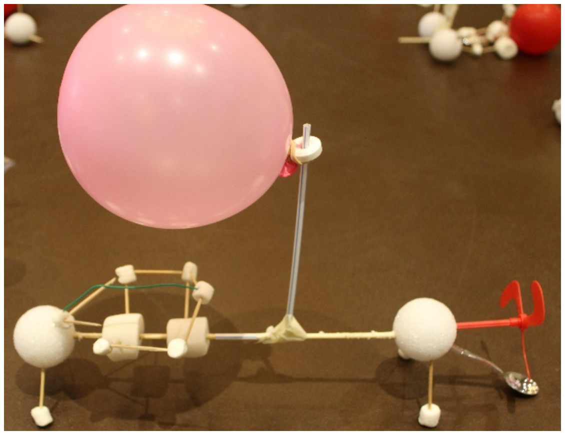
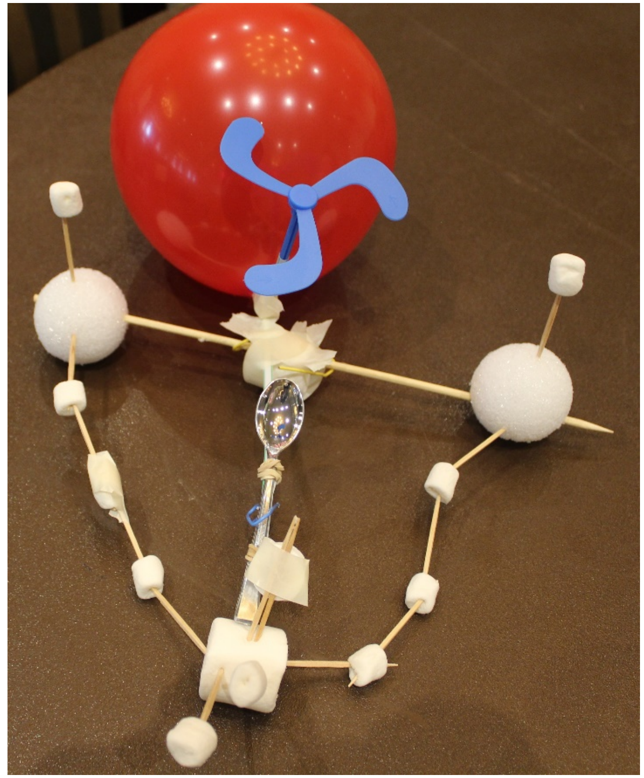
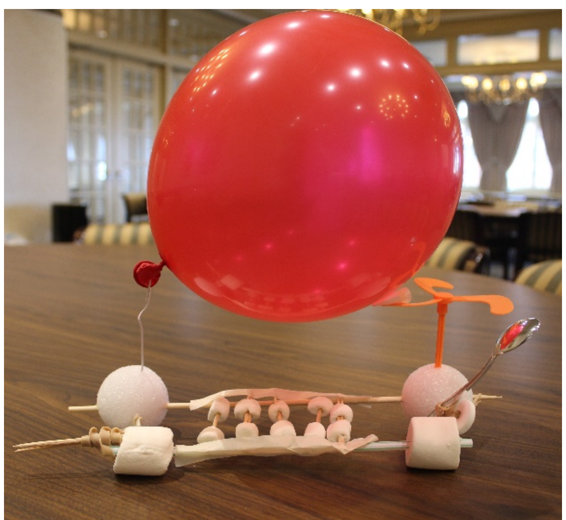
2018 CUSTOMER SERVICE TRAINING







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2018 TRAINING ACCOMPLISHMENTS CONTINUED

- Hosted OMB Super Circular training to aid staff in understanding allowable costs for federal programs.
  - 30 staff trained.

- Hosted Simplex 1.0 and 2.0 cohort. Simplex is a facilitated problem solving method used to bring clarity to “fuzzy situations” so a problem can be identified, defined, and improved. 1.0 focuses on learning and using the method, 2.0 focuses on facilitating groups to use the method.
  - 28 staff trained

- 2 staff attended the NCSHA Leadership Academy at Notre Dame University.

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2018 STAFF ENGAGEMENT ACTIVITIES

- Office needs survey prior to move
- Chair voting
- Team of staff to assist with selecting furniture for work stations
- Quarterly all staff meetings
- Habitat for Humanity Build (locally and in South Bend)
- IHCDA Volunteer leave time—13 staff utilized

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2018 HABITAT FOR HUMANITY JIMMY & ROSALYNN CARTER WORK PROJECT

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2019 PLANS

- Launched a Women's Executive Leadership Program with 10 staff in the pilot cohort—Quarter 1
- Offer Simplex 1.0 and 2.0 for up to 25 staff—Quarter 2
- Conduct 4 Rapid Improvement Events designed to improve process, find program efficiencies and improve efficacy—1 per quarter
- Provide Continuous Improvement training/refreshers each quarter based on staff survey results (Quarter 1 was 20 Keys)
- Continue quarterly all staff meetings and add components to share with staff updates to Strategic Plan activities and share Kaizens

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2019 PLANS

- Provide all staff training on customer service standards and difficult conversations/conflict management—Quarter 3
- Monthly product showcase of Indiana Grown member producers in the Cafe
- Continuation of volunteer leave program and emphasis on School on Wheels, who provide tutoring to elementary students experiencing homelessness—goal is for 20% of staff to provide volunteer service in 2019
- Fair Housing training for all staff (Quarter 4)
- Various fun activities like staff appreciation week, bracket challenge, Biggest Loser, Huddle passports and more!

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SHOUT OUT TO OUR LANDLORD

- Laundry and dry-cleaning pick up/drop off service
- Lunch Lobby service—various caterers providing lunch options in the building
- Tenant meet and greet events
- Tenant contests and other appreciation events
- ICAN puppies!

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