



NOTICE OF MEETING AND AGENDA

The Board of Directors of the Indiana Housing and Community Development Authority (IHCDA) will meet on Thursday, April 28, 2022 at 10:00 a.m. at 30 South Meridian Street, Suite 900, Indianapolis, Indiana 46204. The public may listen to the meeting by using the instructions listed below.

- I. Approval of Minutes
 - A. Approval of March 24, 2022 Minutes
- II. Finance Department
 - A. 2021 IHCDA External Audit
 - B. Barrington Village Apartments Bond Recommendation
 - C. West Village at Avondale Meadows Bond Recommendation
- III. Real Estate Department
 - A. Bond Volume/4% Credits- Claysburg Tower II
 - B. Monthly Update - Tax Credit Assistance Program (TCAP) Policy and Delegated Authority
 - C. Bond Volume/4% Credits- Southern Meadows
- IV. Community Programs
 - A. Administration of Low-Income Home Energy Assistance Program (LIHEAP) Service Territory for Clark, Floyd and Harrison Counties
- V. Executive Updates
- VI. Other Business

TO LISTEN TO THE BOARD MEETING

Go to: <https://attendee.gotowebinar.com/register/7433794138828697357>

Use Webinar ID: – 693-332-403



To: Indiana Housing and Community Development Authority Board of Directors
From: IHCDA Audit Committee
Date: April 28, 2022
Re: 2021 IHCDA External Audit

Background

This Board established an Audit Committee, which is currently comprised of the following members: Anne Valentine, Mark Pascarella, and Tom McGowan. The role of this Committee is to ensure the fiscal, operational, and program integrity of IHCDA and to make reports and recommendations to the Board.

Process

On April 11, 2022, the IHCDA Audit Committee met with representatives of IHCDA's auditing firm, BKD, LLP, and IHCDA staff to discuss the results of the December 31, 2021 Financial Statement Audit. The following items were discussed:

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

Copies of these documents follow this memorandum.

Recommendation

The Audit Committee and staff recommend the approval of the following: (1) December 31, 2021 IHCDA Financial Statements and Independent Auditor's Report, attached hereto as **Exhibit A**, and (2) the December 31, 2021 IHCDA Schedule of Expenditures of Federal Awards and Independent Auditors' Report, attached hereto as **Exhibit B**.

Action Needed

1. The Audit Committee respectfully requests that the Board pass the following resolution:

RESOLVED, that the Board approve the December 31, 2021 IHCDA Financial Statements and Independent Auditors' Report, attached hereto as **Exhibit A**, as recommended by the Audit Committee and staff.

2. The Audit Committee respectfully requests that the Board pass the following resolution:

RESOLVED, that the Board approves the December 31, 2021 IHCDA Schedule of Expenditures of Federal Awards and Independent Auditors' Report, attached hereto as **Exhibit B**, as recommended by the Audit Committee and staff.

Exhibit A



A COMPONENT UNIT OF THE STATE OF INDIANA

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

December 31, 2021

Indiana Housing and Community Development Authority
A Component Unit of the State of Indiana
December 31, 2021

Contents

Independent Auditor's Report.....	1
--	----------

Management's Discussion and Analysis (Unaudited)	4
---	----------

Financial Statements

Statement of Net Position	24
Statement of Revenues, Expenses and Changes in Net Position	26
Statement of Cash Flows	27
Notes to Financial Statements	29

Required Supplementary Information

Schedule of the Authority's Proportionate Share of the Net Pension Liability	57
Schedule of the Authority's Contributions	58

Supplementary Information

Combining Schedule of Net Position	59
Combining Schedule of Revenues, Expenses and Changes in Net Position	60
Combining Schedule of Cash Flows	61

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2021, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

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

BKD, LLP

Indianapolis, Indiana
April 12, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Indiana Housing and Community Development Authority

(A Component Unit of the State of Indiana)

Management's Discussion and Analysis (Unaudited)

December 31, 2021

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

Introduction - The Indiana Housing and Community Development Authority

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

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

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

Overview of the Financial Statements

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

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

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

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

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

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

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

Indiana Housing and Community Development Authority

(A Component Unit of the State of Indiana)

Management's Discussion and Analysis (Unaudited)

December 31, 2021

Financial Highlights

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

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

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

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

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

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

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

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

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

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

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

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

Operating Analysis

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Indiana Housing and Community Development Authority

(A Component Unit of the State of Indiana)

Management's Discussion and Analysis (Unaudited)

December 31, 2021

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Indiana Housing and Community Development Authority

(A Component Unit of the State of Indiana)

Management's Discussion and Analysis (Unaudited)

December 31, 2021

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Indiana Housing and Community Development Authority

(A Component Unit of the State of Indiana)

Management's Discussion and Analysis (Unaudited)

December 31, 2021

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

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

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

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

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

Financial Condition

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

Indiana Housing and Community Development Authority

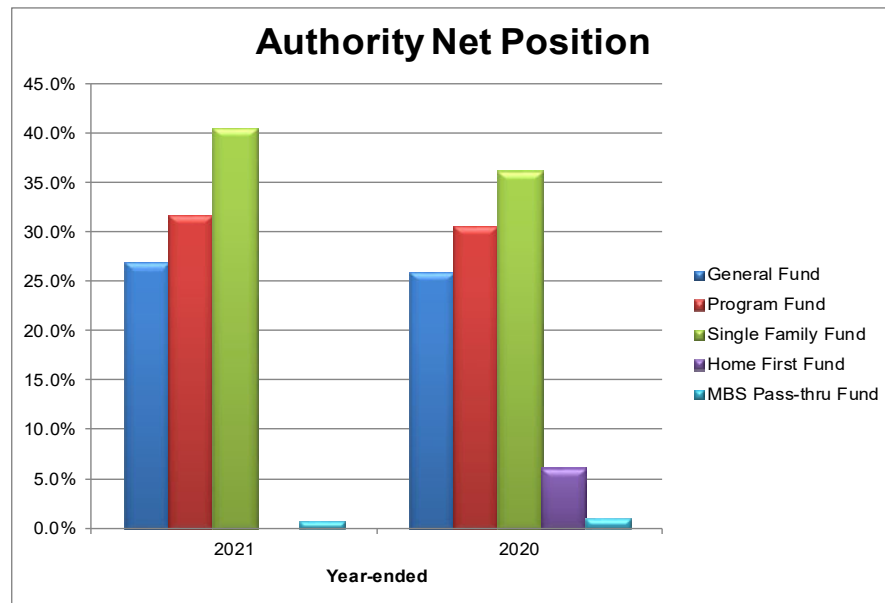
(A Component Unit of the State of Indiana)

Management's Discussion and Analysis (Unaudited)

December 31, 2021

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

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



Capital and Lease Assets

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

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

Debt Administration

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

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

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

Economic Factors and Other Financial Information

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

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

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

COVID-19 Impact

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

Contacting the Authority's Financial Management

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

BASIC FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

Indiana Housing and Community Development Authority

(A Component Unit of the State of Indiana)

Notes to Financial Statements

December 31, 2021

Note 1: Authorizing Legislation and Funds

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

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

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

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

General Fund

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

Program Fund

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

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Financial Statements
December 31, 2021

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

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

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

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

Note 2: Summary of Significant Accounting Policies

Basis of Presentation

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

Measurement Focus and Basis of Accounting

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

Use of Estimates

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

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

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Financial Statements
December 31, 2021

Cash and Cash Equivalents

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

Investment Securities

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

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

	Total Assets and Deferred Outflows of Resources	
	Fair Value	Cost
General Fund	\$ 143,367,263	\$ 144,060,825
Program Fund	527,986,800	527,986,800
Single Family Fund	787,252,634	763,108,185
MBS Pass-thru Fund	41,724,847	37,994,690
	<hr/>	<hr/>
Total assets and deferred outflows of resources	\$ 1,500,331,544	\$ 1,473,150,500
	<hr/>	<hr/>
	Net Position	
	Fair Value	Cost
General Fund	\$ 130,262,007	\$ 130,955,569
Program Fund	153,903,262	153,903,262
Single Family Fund	195,967,801	171,823,352
MBS Pass-thru Fund	3,952,215	222,058
	<hr/>	<hr/>
Total net position	\$ 484,085,285	\$ 456,904,241
	<hr/>	<hr/>

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Financial Statements
December 31, 2021

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

Accounts and Loans Receivable

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

Interfund Accounts and Transfers

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

Capital Assets

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

Lease Assets

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

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Financial Statements
December 31, 2021

Deferred Outflows of Resources

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

Deferred Inflows of Resources

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

Compensated Absences

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

Risk Management

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

Unearned Revenue

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

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Financial Statements
December 31, 2021

Cost-Sharing Defined-Benefit Pension Plan

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

Interest Rate Swap Agreements

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

Deferred Refunding Costs

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

Original Issue Premiums and Discounts

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

Indiana Housing and Community Development Authority

(A Component Unit of the State of Indiana)

Notes to Financial Statements

December 31, 2021

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.

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Financial Statements
December 31, 2021

Allocation of Expenses Between Funds

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

Income Taxes

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

Note 3: Deposits and Investments

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

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

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

Indiana Housing and Community Development Authority

(A Component Unit of the State of Indiana)

Notes to Financial Statements

December 31, 2021

Investment Policy

General

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

Indentures

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

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

Interest Rate Risk

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

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

Custodial Credit Risk

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

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

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Financial Statements
December 31, 2021

Credit Risk

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

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

Concentration of Credit Risk

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

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

Note 4: Accounts and Loans Receivable

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

General Fund:

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

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Financial Statements
December 31, 2021

(Continued)

Single Family Fund

Down payment assistance loans	\$ 17,658,845
Less: allowance for uncollectible loans	<u>(882,942)</u>
Noncurrent	<u><u>\$ 16,775,903</u></u>

Program Fund:

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

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

Note 5: Capital and Lease Assets

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

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

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Financial Statements
December 31, 2021

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

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

Note 6: Bonds Payable

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

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

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Financial Statements
December 31, 2021

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

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Financial Statements
December 31, 2021

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

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Financial Statements
December 31, 2021

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

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

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

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

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

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Financial Statements
December 31, 2021

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

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

Changes in Obligations

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

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

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

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

Conduit Debt Obligations

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

Indiana Housing and Community Development Authority

(A Component Unit of the State of Indiana)

Notes to Financial Statements

December 31, 2021

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

Note 7: Interest Rate Swap Agreements - Hedging Derivative Instruments

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

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

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

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

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.

Indiana Housing and Community Development Authority

(A Component Unit of the State of Indiana)

Notes to Financial Statements

December 31, 2021

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

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

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

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

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

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

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Financial Statements
December 31, 2021

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

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

Note 8: Fair Value Measurements

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

Indiana Housing and Community Development Authority

(A Component Unit of the State of Indiana)

Notes to Financial Statements

December 31, 2021

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

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

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

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

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

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

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

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

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Financial Statements
December 31, 2021

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

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

Note 9: Lease Liability

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

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

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

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Financial Statements
December 31, 2021

Note 10: Retirement Plan

Plan Description

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

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

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

Retirement Benefits - Defined Benefit Pension

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

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

Indiana Housing and Community Development Authority

(A Component Unit of the State of Indiana)

Notes to Financial Statements

December 31, 2021

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

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

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

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

Retirement Benefits - Defined Contribution Pension

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

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

Indiana Housing and Community Development Authority

(A Component Unit of the State of Indiana)

Notes to Financial Statements

December 31, 2021

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

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

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

Significant Actuarial Assumptions

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

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

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

Indiana Housing and Community Development Authority

(A Component Unit of the State of Indiana)

Notes to Financial Statements

December 31, 2021

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

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

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

Indiana Housing and Community Development Authority

(A Component Unit of the State of Indiana)

Notes to Financial Statements

December 31, 2021

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

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

Investment Valuation and Benefit Payment Policies

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

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

Funding Policy

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

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

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

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

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Financial Statements
December 31, 2021

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

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

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

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

Note 11: Commitments and Contingencies

Litigation

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

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Financial Statements
December 31, 2021

Investments

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

Excess Investment Earnings

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

COVID-19

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

Note 12: Subsequent Events

Debt Issuance

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

Notes to Schedule:

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

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

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

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

Changes in actuarial methods: No changes.

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

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

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

Notes to Schedule:

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

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

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

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

Changes in actuarial methods: No changes.

SUPPLEMENTARY INFORMATION

Indiana Housing and Community Development Authority

(A Component Unit of the State of Indiana)

Supplementary Information

Combining Schedule of Net Position

December 31, 2021

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

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

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

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

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

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

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

Exhibit B

**Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)**

Single Audit Report

For the Year Ended December 31, 2021

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

Contents

Schedule of Expenditures of Federal Awards	1
Notes to the Schedule of Expenditures of Federal Awards	2
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> - Independent Auditor's Report	3
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 the Uniform Guidance - Independent Auditor's Report.....	5
Schedule of Findings and Questioned Costs	8
Summary Schedule of Prior Audit Findings	11

Indiana Housing and Community Development Authority

(A Component Unit of the State of Indiana)

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2021

Federal Grantor / Pass - Through Grantor or Cluster Title	Federal Assistance Listing Number	Pass Through to Subrecipients	Expenditures Paid Directly by the Authority	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE:				
Rural Rental Housing Loans	10.415	\$ -	\$ 1,638,219	\$ 1,638,219
Total U.S. Department of Agriculture		<u>-</u>	<u>1,638,219</u>	<u>1,638,219</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Housing Counseling Assistance Program	14.169	-	71,792	71,792
Section 8 Housing Assistance Payments Program (Section 8 Project-Based Cluster)	14.195	198,801,756	-	198,801,756
Indiana Office of Rural and Community Affairs (pass-through entity)				
Community Development Block Grants (a)	14.228	21,205,608	-	21,205,608
Emergency Solutions Grant	14.231	4,679,085	155,672	4,834,757
COVID-19 - Emergency Solutions Grant	14.231	12,267,384	2,536,658	14,804,042
Total Emergency Solutions Grant		<u>16,946,469</u>	<u>2,692,330</u>	<u>19,638,799</u>
Home Investment Partnerships Program	14.239	19,065,520	10,126,120	29,191,640
Housing Opportunities for Persons with AIDS	14.241	1,754,401	32,239	1,786,640
COVID-19 - Housing Opportunities for Persons with AIDS	14.241	137,964	6,213	144,177
Total Housing Opportunities for Persons with AIDS		<u>1,892,365</u>	<u>38,452</u>	<u>1,930,817</u>
Continuum of Care Program	14.267	6,311,130	1,007,162	7,318,292
Housing Trust Fund	14.275	-	3,241,613	3,241,613
Section 811 Supportive Housing for Persons with Disabilities	14.326	-	4,728	4,728
Performance Based Contract Administrator Programs	14.327	-	973,497	973,497
Section 8 Housing Choice Vouchers (Housing Voucher Cluster)	14.871	27,417,679	5,477,361	32,895,040
COVID-19 - Section 8 Housing Choice Vouchers (Housing Voucher Cluster)	14.871	-	980,918	980,918
Section 8 - Housing Choice Vouchers Mainstream (Housing Voucher Cluster)	14.879	192,892	39,677	232,569
Total Housing Voucher Cluster		<u>27,610,571</u>	<u>6,497,956</u>	<u>34,108,527</u>
Family Unification Program	14.880	95,007	14,127	109,134
Lead Hazard Reduction Demonstration Grant Program	14.905	77,049	114,681	191,730
Total U.S. Department of Housing and Urban Development		<u>292,005,475</u>	<u>24,782,458</u>	<u>316,787,933</u>
U.S. DEPARTMENT OF TREASURY:				
COVID-19 - Coronavirus Relief Fund	21.019	-	4,388,919	4,388,919
COVID-19 - Indiana Emergency Rental Assistance	21.023	-	99,892,667	99,892,667
COVID-19 - Homeowners Assistance Program	21.026	-	80,849	80,849
Total U.S. Department of Treasury		<u>-</u>	<u>104,362,435</u>	<u>104,362,435</u>
U.S. DEPARTMENT OF ENERGY:				
Weatherization Assistance for Low-Income Persons	81.042	6,418,166	327,874	6,746,040
Total U.S. Department of Energy		<u>6,418,166</u>	<u>327,874</u>	<u>6,746,040</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Temporary Housing for Needy Families	93.558	45,530	-	45,530
Low Income Home Energy Assistance Program	93.568	7,788,097	41,470,186	49,258,283
COVID - 19 - Low Income Home Energy Assistance Program	93.568	16,786,273	22,095,358	38,881,631
Total Low Income Home Energy Assistance Program		<u>24,574,370</u>	<u>63,565,544</u>	<u>88,139,914</u>
Community Services Block Grant	93.569	9,096,425	698,347	9,794,772
COVID - 19 - Community Services Block Grant	93.569	6,776,153	32,010	6,808,163
Total - Community Services Block Grant		<u>15,872,578</u>	<u>730,357</u>	<u>16,602,935</u>
Assets for Independence Demonstration Program	93.602	452	37,204	37,656
Total U.S. Department of Health and Human Services		<u>40,492,930</u>	<u>64,333,105</u>	<u>104,826,035</u>
Total Expenditures of Federal Awards		<u>\$ 338,916,571</u>	<u>\$ 195,444,091</u>	<u>\$ 534,360,662</u>

(a) Pass-through Identifying Numbers: A192-IH-PSH12-001, A192-IH-PSC16-001, A192-IH-PSH18-001, A192-10-PSC-DR2-001, and A192-20-MOU-101.

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

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, 2021. 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 or other applicable regulatory guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. 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, 2021, consist of:

Federal Assistance Listing Number	Program Name	Outstanding Balance at December 31, 2021
10.415	Rural Rental Housing Loans	\$ 1,434,321
14.228	Community Development Block Grants	15,674,211
14.239	Home Investment Partnerships Program	18,349,325
		<hr/>
		\$ 35,457,857
		<hr/>

During 2021, the Authority granted noncash assistance in the form of loans totaling \$2,376,574 for the Home Investment Partnerships Program.

**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, 2021 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 12, 2022.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

BKD, LLP

Indianapolis, Indiana
April 12, 2022

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 the 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

Opinion on Each Major Federal Program

We have audited Indiana Housing and Community Development Authority (Authority)'s compliance with the types of compliance requirements identified as subject to audit 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, 2021. 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.

In our opinion, the Authority complied, in all material respects, with the 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, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 “Auditor’s Responsibilities for the Audit of Compliance” section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Indiana Housing and Community Development Authority, a component unit of the State of Indiana, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements. We have issued our report thereon dated April 12, 2022, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming 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 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

BKD, LLP

Indianapolis, Indiana
April 12, 2022

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Schedule of Findings and Questioned Costs
Year Ended December 31, 2021

Section I – Summary of Auditor’s Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP was:
☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. Internal control over financial reporting:
Material weakness(es) identified? ☐ Yes ☒ No
Significant deficiency(ies) identified? ☐ Yes ☒ None Reported
Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

3. Internal control over major federal awards programs:
Material weakness(es) identified? ☐ Yes ☒ No
Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

4. Type of auditor’s report issued on compliance for major federal award program(s):
☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

5. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2021

6. Identification of major federal programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
14.228	Community Development Block Grants
14.267	Continuum of Care
14.275	Housing Trust Fund
21.019	Coronavirus Relief Fund
21.023	Indiana Emergency Rental Assistance
81.042	Weatherization Assistance for Low-Income Persons
93.568	Low Income Home Energy Assistance Program

7. Dollar threshold used to distinguish between Type A and Type B programs was \$3,000,000.

8. Auditee qualified as a low-risk auditee? ☐ Yes ☒ No

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2021

Section II – Financial Statement Findings

Reference Number	Finding
-----------------------------	----------------

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

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, 2021

Reference Number	Summary of Finding	Status
No matters are reportable.		

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, 2021, 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 (or OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*) 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 contract 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 contract 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.

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 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

Significant Unusual Transactions

No matters are reportable.

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:

- Note 5 – Capital and Lease Assets
- Note 6 – Bonds Payable
- Note 10 – Lease Liability

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. A misstatement is a difference between the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework. Some adjustments proposed were not recorded because their aggregate effect is not currently material; however, they involve areas in which adjustments in the future could be material, individually or in the aggregate.

Attached is a summary of uncorrected misstatements we aggregated during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, but more than trivial to the financial statements as a whole.

We would like to call your attention to the fact that although these uncorrected misstatements, individually and in the aggregate, were deemed to be immaterial to the current year financial statements, it is possible that the impact these uncorrected misstatements, or matters underlying these uncorrected misstatements, could potentially cause future-period financial statements to be materially misstated.

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 a deficiency in internal control identified during our audit that is not considered a material weakness or significant deficiency.

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.

GASB Statement No. 91, *Conduit Debt Obligations*

The primary objectives GASB 91 are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB 91 clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures.

The requirements of GASB 91 are effective for the Authority's 2022 fiscal year. Earlier application is encouraged.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*

Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). The Authority's variable rate debt and related interest rate swaps are examples of such financial instruments. As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates by either (a) changing the reference rate or (b) adding or changing fallback provisions related to the reference rate. The objective of GASB 93 is to address the accounting and financial reporting effects that result from the replacement of LIBORs with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information.

The removal of LIBOR as an appropriate benchmark interest rate is effective for the Authority's 2023 fiscal year. All other requirements of this Statement are effective for the Authority's 2022 fiscal year.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

It has become common for governments to enter into subscription-based contracts to use vendor-provided IT. Subscription-based Information technology arrangements (SBITAs) provide governments with access to vendors' IT software and associated tangible capital assets for subscription payments without granting governments perpetual license or title to the IT software and associated tangible capital assets. The objective of GASB 96 is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs.

Under GASB 96, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

The requirements of GASB 96 are effective for the Authority's 2023 fiscal year. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented.

* * * * *

This communication is intended solely for the information and use of management, Board of Directors, and others within the Authority, and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

April 12, 2022

Indiana Housing and Community Development Authority

ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

Business Type Activities (Government-Wide Statements)

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Current Assets	705,005,719		705,005,719	
Non-Current Assets & Deferred Outflows	795,325,825		795,325,825	
Current Liabilities	(369,306,042)		(369,306,042)	
Non-Current Liabilities & Deferred Inflows	(646,940,217)		(646,940,217)	
Current Ratio	1.91		1.91	
Total Assets & Deferred Outflows	1,500,331,544		1,500,331,544	
Total Liabilities & Deferred Inflows	(1,016,246,259)		(1,016,246,259)	
Total Net Position	(484,085,285)		(484,085,285)	
Revenues	(556,068,937)	(1,374,695)	(557,443,632)	0.25%
Expenses	546,319,873	1,374,695	547,694,568	0.25%
Change in Net Position	(9,749,064)		(9,749,064)	

Description		Financial Statement Line Item	Factual (F), Judgmental (J) or Projected (P)	Assets & Deferred Outflows		Liabilities & Deferred Inflows		Revenues		Expenses		Net Position		Net Effect on Following Year			
				Current		Noncurrent		Current		Noncurrent		Net Position		Change in Net Position		Net Position	
				DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)
To record activity related to invoice found in the SURL.			F	0	0	0	0	(1,374,695)	1,374,695	0			0	0			
		Program expense							1,374,695								
		Accounts payable				(1,374,695)											
		Deferred revenue				1,374,695											
		Program revenue						(1,374,695)									
Total passed adjustments				0	0	0	0	(1,374,695)	1,374,695	0			0	0			
Impact on Change in Net Position														0			
Impact on Net Position														0			

Representation of:

Indiana Housing & Community Development Authority (IHCDA)
30 South Meridian Street, Suite 900
Indianapolis, Indiana 46204

Provided to:

BKD, LLP

Certified Public Accountants
201 N. Illinois Street, Suite 700
Indianapolis, Indiana 46244

The undersigned (“We”) are providing this letter in connection with BKD’s audit(s) of our financial statements as of and for the year ended December 31, 2021 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, 2021.

Our representations are current and effective as of the date of BKD’s report: April 12, 2022.

Our engagement with BKD is based on our contract for services dated: December 29, 2021.

Our Responsibility and Consideration of Material Matters

We confirm that we are responsible for the fair presentation of the financial statements subject to BKD’s report 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.

Confirmation of Matters Specific to the Subject Matter of BKD’s Report

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 contract, 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:
 - a. Internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
 - b. Internal control to prevent and detect fraud.

3. 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.
4. We have everything we need to keep our books and records.
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 or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the governing body, if applicable, and maintained as part of our records.
 - 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 our procedures with respect to:
 - a. Misappropriation of assets.
 - b. Misrepresented or misstated assets, deferred outflows of resources, liabilities, deferred inflows of resources, or net position.
8. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
9. We have no knowledge of any known or suspected fraudulent financial reporting or misappropriation of assets involving:
 - a. Management or employees who have significant roles in internal control, or
 - b. Others, where activities of others could have a material effect on the financial statements.
10. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, customers, regulators, suppliers, or others.

11. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.
12. We have disclosed to you the identity of all of the entity's related parties and all the related-party relationships of which we are aware. In addition, we have disclosed to you all related-party 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.
13. 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 the entity 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, the entity.
14. We are not aware of any side agreements or other arrangements (either written or oral) that are in place.
15. 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 records.
 - c. Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
 - d. Events occurring subsequent to the statement of net position 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 entity is contingently liable.
16. 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.
17. We have no reason to believe the entity 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.
18. 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.

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

- a. Uncollectible receivables.
- b. Reducing obsolete or excess inventories to estimated net realizable value.
- c. Sales commitments, including those unable to be fulfilled.
- d. Purchase commitments in excess of normal requirements or above prevailing market prices.

20. Except as disclosed in the financial statements, the entity has:

- 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.

21. The financial statements disclose all significant estimates and material concentrations known to us. Significant estimates are estimates at the statement of net position date that 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 that 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.

22. 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.

23. 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.

24. With respect to any nonattest services you have provided us during the year, including assisting with the preparation of the draft 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 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.

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

26. 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.

27. As an entity subject to *Government Auditing Standards*:

- a. We acknowledge that we are responsible for compliance with applicable laws, regulations, and provisions of contracts and grant agreements.
- b. 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.
- c. 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.
- d. 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.
- e. We have a process to track the status of audit findings and recommendations.
- f. 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.
- g. 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*.

28. With regard to federal awards programs:

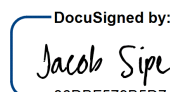
- a. We have identified in the schedule of expenditures of federal awards all assistance provided (either directly or passed through other entities) by federal agencies in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, commodities, insurance, 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 entity has complied with all applicable compliance requirements.
- e. We are responsible for the design, implementation, and maintenance of internal controls over compliance that 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. Except as described in the schedule of findings and questioned costs, we are in agreement with the findings contained therein and our views regarding any disagreements with such findings are consistent, as of the date of this letter, with the description thereof in that schedule.
 - q. We are responsible for taking corrective action on any audit findings and have developed a corrective action plan that meets the requirements of Uniform Guidance.
 - r. 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.
 - s. The reporting package does not contain any protected personally identifiable information.
29. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis, (budgetary comparisons, modified approach to infrastructure, pension, and other postemployment benefit 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.

30. 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.
31. We acknowledge the current economic volatility presents difficult circumstances and challenges for our industry. Entities are potentially facing [declines in the fair values of investments and other assets, declines in the volume of business, constraints on liquidity, difficulty obtaining financing, etc. We understand the values of the assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments to [asset values, allowances for accounts and notes receivable, net realizable value of inventory], etc., that could negatively impact the entity's ability to meet debt covenants or maintain sufficient liquidity.

We acknowledge that you have no responsibility for future changes caused by the current economic environment and the resulting impact on the entity's financial statements. Further, management and governance are solely responsible for all aspects of managing the entity, including questioning the quality and valuation of investments, inventory, and other assets; reviewing allowances for uncollectible amounts; evaluating capital needs and liquidity plans; etc.

DocuSigned by:

4/12/2022
96DBFE570B6D7487...
Jacob Sipe
Executive Director
Jsipe@ihcda.IN.gov

DocuSigned by:

4/12/2022
532CDBFB4C2C4E8...
Richard Harcourt
Chief Financial Officer
Rharcourt@ihcda.IN.gov



To: Indiana Housing and Community Development Authority Board of Directors
From: Finance Department
Date: April 28, 2022
Re: Barrington Village Apartments

Background

The purpose of this memo and the attached resolution is to request the approval for the issuance of the Series 2022 Multifamily Housing Revenue Bonds (Barrington Village Apartments Project) (not to exceed \$30,000,000) (the “Bonds”).

Process

The Bonds will be issued on behalf of Lucky Heights IN TC, LP, an Indiana limited partnership (the “Borrower”). The Indiana Housing and Community Development Authority (the “Authority”) will serve as a conduit issuer for the Bonds; thereby, loaning the proceeds to the Borrower to finance the new construction of a residential rental development. **The Bonds are backed solely by the revenues derived from the development and will not constitute a debt, liability, or obligation of the Authority or the State of Indiana.**

Barrington Village Apartments will be the rehabilitation of 172 apartment units Indianapolis, currently known as Stonekey Apartments. With the Authority serving as the issuer of the bonds, an additional approval by the Board, in addition to the approval of the allocation of tax credits and bond volume is necessary.

Recommendation

Staff recommends the Board to approve issuance of the Series 2022 Multifamily Housing Revenue Bonds (Barrington Village Apartments Project) pursuant to the attached Resolution.

Action Needed

Staff respectfully requests the Board approve the following resolution:

RESOLVED, that the Board approve the issuance of the Series 2022 Multifamily Housing Revenue Bonds (Barrington Village Apartments Project), pursuant to the attached Resolution, as recommended by staff.

Exhibit A: Bond Resolution

A RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$30,000,000 AGGREGATE PRINCIPAL AMOUNT OF MULTIFAMILY HOUSING REVENUE BONDS, SERIES 2022 (BARRINGTON VILLAGE APARTMENTS) IN ONE OR MORE SERIES, TAXABLE AND/OR TAX-EXEMPT, BY THE INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY, THE PROCEEDS OF WHICH SHALL BE LOANED TO LUCKY HEIGHTS IN TC, LP , AN INDIANA LIMITED PARTNERSHIP TO FINANCE THE ACQUISITION, REHABILITATION, CONSTRUCTION, INSTALLATION, IMPROVING AND EQUIPPING OF A MULTIFAMILY RESIDENTIAL RENTAL FACILITY; PROVIDING FOR THE PLEDGE OF REVENUES FOR THE PAYMENT OF SUCH BONDS; AUTHORIZING A LOAN AGREEMENT AND AN INDENTURE OF TRUST APPROPRIATE FOR THE PROTECTION AND DISPOSITION OF SUCH REVENUES AND TO FURTHER SECURE SUCH BONDS; AUTHORIZING A BOND PURCHASE AGREEMENT, TAX AGREEMENT, LAND USE RESTRICTION AGREEMENT, PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING OTHER DOCUMENTS AND ACTIONS IN CONNECTION WITH THE ISSUANCE OF SUCH BONDS

WHEREAS, the Indiana Housing and Community Development Authority (the "Issuer") is a public body corporate and politic of the State of Indiana (the "State"), by virtue of Title 5, Article 20, Chapter 1, of the Indiana Code, as amended (the "Act"), and is authorized and empowered by the Act (a) to meet the stated public purpose of the State of improving the economic and general welfare of the people of the State and promoting the development and rehabilitation of safe and sanitary residential housing within the financial means of low and moderate income persons and families and to stimulate the residential housing industry; (b) to issue its revenue bonds to accomplish the stated purpose of the Issuer, including, but not limited to, making mortgage loans to finance the construction and equipping or acquisition and rehabilitation of housing, or to refinance existing housing, which revenue bonds shall be payable solely from the revenues and security interests pledged therefor; (c) to enact this Resolution (the "Bond Resolution"); and (d) to execute and deliver the documents, agreements and instruments identified below to be executed by it, upon the terms and conditions provided therein; and

WHEREAS, the Issuer has determined and does hereby confirm that the acquisition, rehabilitation, construction, installation, improving and equipping of an approximately 172-unit multifamily residential rental facility and certain functionally-related improvements to be occupied by individuals of low income within the meaning of Section 142 of the Internal Revenue Code of 1986, as amended (the "Code") to be known as Barrington Village Apartments located at 1504 Renton Street, in the City of Indianapolis, Indiana in Marion County (the "Project") and to be owned by Lucky Heights IN TC, LP, an Indiana limited partnership (the "Borrower"), will be in all respects for the benefit of the people of the State, for the improvement of their health, safety, convenience, and economic welfare and for the enhancement of the opportunities for safe and sanitary housing and is a public purpose and that the Issuer, by assisting with the financing of the Project through the issuance of its Multifamily Housing Revenue Bonds, Series 2022 (Barrington Village Apartments) (the "Bonds"), in one or more series, taxable and/or tax-exempt, in a total aggregate principal amount of

not to exceed \$30,000,000 will be acting in the manner consistent with and in furtherance of the provisions of the Act; and

WHEREAS, the Issuer is, by virtue of the laws of the State, including the Act, authorized and empowered among other things, to secure the Bonds by a pledge and assignment of revenues and other documents, as provided for herein and to adopt this Resolution and execute the Issuer Documents, as hereinafter identified, and all other documents to be executed by it, upon the terms and conditions provided herein; and

WHEREAS, the Bonds will not constitute a debt, liability or obligation of the State or the Issuer or a pledge of the faith and credit of the State or the Issuer; and

WHEREAS, proposed forms of the following documents have been presented to the Issuer for approval in connection with the issuance, sale, and delivery of the Bonds:

1. An Indenture of Trust (the "Indenture"), by and between the Issuer and The Huntington National Bank, the trustee for the Bonds (the "Trustee");
2. A Loan Agreement (the "Loan Agreement"), by and between the Issuer and the Borrower;
3. A Bond Purchase Agreement (the "Bond Purchase Agreement"), by and among the Issuer, the Borrower, and FMSBONDS, INC. (the "Underwriter");
4. A Land Use Restriction Agreement (the "Land Use Agreement"), by and among the Issuer, the Borrower and the Trustee;
5. A Tax Agreement (the "Tax Agreement"), by and among the Issuer, the Borrower and the Trustee; and
6. A Preliminary Official Statement (the "POS").

WHEREAS, in accordance with the applicable provisions of the Act, the Issuer proposes to enter into the Indenture, the Loan Agreement, the Land Use Agreement, the Tax Agreement, the Bond Purchase Agreement and the POS (collectively, the "Issuer Documents") in accordance with their respective terms; and

NOW THEREFORE, BE IT RESOLVED by the members of the Indiana Housing and Community Development Authority (the "Board of Directors") that:

SECTION 1. Definitions. All defined terms used herein and not otherwise defined herein shall have the respective meanings given to them in the Indenture.

Any reference herein to the Issuer, or to any officers or members thereof, shall include those which succeed to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions.

Unless the context shall otherwise indicate, words importing the singular number shall include the plural number, and vice versa, and the terms "hereof," "hereby," "hereto," "hereunder," and similar terms, mean this Bond Resolution.

SECTION 2. Determination of Issuer. Pursuant to the Act, the Issuer hereby finds and determines that the Project to be financed with the proceeds of the Bonds consists of the acquisition, rehabilitation, construction, installation, improving and equipping of housing and is consistent with and in furtherance of the provisions of the Act.

SECTION 3. Authorization of Bonds. It is hereby determined to be necessary to, and the Issuer shall, issue, sell and deliver, as provided herein and pursuant to the authority of the Act, the Bonds for the purpose of assisting the Borrower with the permanent financing of the acquisition, rehabilitation, construction, installation, improving and equipping of the Project, including a debt service reserve fund and costs incidental thereto and of the financing thereof, all in accordance with the provisions of the Issuer Documents. The maximum amount of all Bonds to be outstanding at any one time is not to exceed \$30,000,000.

SECTION 4. Terms and Execution of the Bonds. The Bonds shall be designated, shall be issued in the forms and denominations and shall be numbered, dated and payable as provided in the Indenture. The Bonds shall mature as provided in the Indenture, and have such terms, bear such interest, and be subject to mandatory and optional redemption as provided in the Indenture; provided, however, that the Bonds shall mature not later than forty-five (45) years from the date of issuance and shall bear interest at a rate of interest not to exceed twelve percent (12.00 %) per annum. The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of the Chair or Vice Chair of the Board of Directors and attested by manual or facsimile signature of the Executive Director of the Issuer and the seal of the Issuer may be impressed or printed on the Bonds. In case any member or officer whose signature or a facsimile thereof shall appear on the Bonds shall cease to be such member or officer before the issuance or delivery of the Bonds, such signature or facsimile thereof shall nevertheless be valid and sufficient for all purposes, the same as if they had remained in office until after that time.

The form of the Bonds submitted to this meeting, subject to appropriate insertions and revisions in order to comply with the provisions of the Indenture, is hereby approved, and when the same shall be executed on behalf of the Issuer by the appropriate members or officers thereof in the manner contemplated hereby and by the Indenture, shall represent the approved form of Bonds of the Issuer.

SECTION 5. Sale of the Bonds. In accordance with a request of the Borrower that the sale of the Bonds be made upon a negotiated basis, and subject to the parameters set forth in Section 4 hereof, the Bonds are hereby awarded to the Underwriter at the purchase price and the terms and conditions to be described in the Bond Purchase Agreement; provided that purchase price shall not

be less than 96% nor more than 110% of the aggregate principal amount of the Bonds. The Executive Director, the Deputy Executive Director, the Chief Financial Officer, the General Counsel and the Chief Operating Officer of the Issuer are authorized and directed to make on behalf of the Issuer the necessary arrangements to establish the dates, location, procedures and conditions for the delivery of the Bonds to or at the order of the Underwriter and to take all steps necessary to effect due execution and delivery to or at the order of the Underwriter (or temporary bonds delivered in lieu of definitive Bonds) until their preparation and delivery can be effectuated under the terms of this Bond Resolution, the Bond Purchase Agreement, the Loan Agreement and the Indenture.

SECTION 6. Arbitrage Provisions and Post-Issuance Provisions. The Issuer will, by entering in the Tax Agreement, cause the Borrower and the Trustee to restrict the use of the proceeds of the Bonds in such manner and to such extent, if any, as may be necessary, after taking into account reasonable expectations existing as of the Closing Date, so that they will not constitute arbitrage bonds under Section 148 of the Code. Each of the Executive Director, the Deputy Executive Director, the Chief Financial Officer, the General Counsel and the Chief Operating Officer of the Issuer is authorized and directed, alone or in conjunction with any of the foregoing or with any other officer, employee, consultant or agent of the Issuer, to deliver certificates for inclusion in the transcripts of proceedings for the Bonds, setting forth the facts, estimates and circumstances and reasonable expectations pertaining to said Section 148 and regulations thereunder. The Issuer hereby agrees to cooperate with the Borrower in establishing documentation sufficient to provide for post-issuance compliance with respect to the Bonds under the Code and the regulations thereunder. Any one of the Executive Director, the Deputy Executive Director, the Chief Financial Officer, the General Counsel and the Chief Operating Officer of the Issuer is hereby specifically authorized and empowered to execute and deliver such certificates and enter into such agreements concerning such post-issuance compliance.

SECTION 7. Authorization of Issuer Documents and All Other Documents to be Executed by the Issuer. In order to better secure the payment of the principal of, premium, if any, and interest on the Bonds as the same shall become due and payable, the Chairman of the Board, the Vice Chairman of the Board, the Executive Director, the Deputy Executive Director, the Chief Financial Officer, the General Counsel and the Chief Operating Officer and/or any other officer of the Issuer (collectively, the "Authorized Officers") is authorized and directed to execute, acknowledge and deliver in the name and on behalf of the Issuer, the Issuer Documents in substantially the forms submitted to the Issuer on the date hereof, which are hereby approved, with such changes therein not inconsistent with this Bond Resolution and not substantially adverse to the Issuer as may be permitted by the Act and approved by the Authorized Officer executing the same on behalf of the Issuer. The approval of such changes by said Authorized Officer, and that such are not substantially adverse to the Issuer, shall be conclusively evidenced by the execution of such Issuer Documents by such officer.

The Authorized Officer is authorized to take any and all actions and to execute such financing statements, assignments, certificates and other instruments that may be necessary or

appropriate in the opinion of Taft Stettinius & Hollister LLP, as Bond Counsel, in order to effect the issuance of the Bonds and the intent of this Bond Resolution. The Secretary of the Board of Directors, or other appropriate officer of the Issuer, shall certify a true transcript of all proceedings had with respect to the issuance of the Bonds, along with such information from the records of the Issuer as is necessary to determine the regularity and validity of the issuance of the Bonds.

SECTION 8. Covenants of Issuer. In addition to other covenants of the Issuer in this Bond Resolution, the Issuer further covenants and agrees that it will at all times faithfully observe and perform all agreements, covenants, undertakings, stipulations and provisions contained in the Bonds and the Issuer Documents, and in all proceedings of the Issuer pertaining to the Bonds. The Issuer warrants and covenants that it is, and upon delivery of the Bonds, will be, duly authorized by the laws of the State, including particularly and without limitation the Act, to issue the Bonds and to execute the related Issuer Documents and all other documents to be executed by it, which documents provide for the security for payment of the principal of, premium, if any, and interest on the Bonds in the manner and to the extent herein and in the Indenture set forth; that all actions on its part for the issuance of the Bonds and execution and delivery of the Issuer Documents and all other documents to be executed by it in connection with the issuance of the Bonds, have been or will be duly and effectively taken; and that the Bonds will be valid and enforceable special, limited obligations of the Issuer according to the terms thereof. Each provision of the Bond Resolution, the Issuer Documents and each Bond, and all other documents to be executed by the Issuer in connection with the issuance of the Bonds, is binding upon the Issuer and the officers of the Issuer shall take such actions as may be necessary to perform all or any part of the duty required by such provision; and each duty of the Issuer undertaken pursuant to such proceedings for the Bonds is established as a duty of the Issuer and of each such officer and employee having authority to perform such duty.

SECTION 9. No Personal Liability. No recourse under or upon any obligation, covenant, acceptance or agreement contained in this Bond Resolution, or in any Bond, or in the Issuer Documents, or under any judgment obtained against the Issuer or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise, or under any circumstances, shall be had against any officer as such, past, present, or future, of the Issuer, either directly or through the Issuer, or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to any holder of any Bond, or otherwise, of any sum that may be due and unpaid by the Issuer upon any of the Bonds. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such officer, as such, to respond by reason of any act or omission on his or her part, or otherwise, for, directly or indirectly, the payment for or to the Issuer or any receiver thereof, or for or to the owner or any holder of any Bond, or otherwise, of any sum that may remain due and unpaid upon any Bond, shall be deemed to be expressly waived and released as a condition of and consideration for the execution and delivery of the Issuer Documents and the issuance of the Bonds.

SECTION 10. No Debt or Tax Pledge. The Bonds are limited obligations of the Issuer, payable solely from the revenues and other funds and money pledged and assigned under the

Indenture. Neither the Issuer, the State, nor any political subdivision thereof, nor any public agency shall in any event be liable for the payment of the principal of, premium (if any) or interest on the Bonds, or for the performance of any pledge, obligation or agreement of any kind whatsoever except as set forth in the Indenture, and none of the Bonds or any of the Issuer's agreements or obligation shall be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of or a moral obligation of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever. The Issuer has no taxing power.

SECTION 11. Severability. If any section, paragraph or provision of this Bond Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Bond Resolution.

SECTION 12. Open Door Law. The Issuer hereby finds and determines that all formal actions relative to the adoption of this Bond Resolution were taken in an open meeting of the Issuer, and that all deliberations of the Issuer and of its committees, if any, which resulted in formal action, were in meetings open to the public, in full compliance with applicable legal requirements.

SECTION 13. Effective Date. This Bond Resolution shall take effect and be in force immediately upon its passage by the Issuer.

Adopted: April 28, 2022.

ADOPTED BY THE BOARD OF DIRECTORS OF INDIANA HOUSING AND
COMMUNITY DEVELOPMENT AUTHORITY at a meeting held on April 28, 2022.

INDIANA HOUSING AND COMMUNITY
DEVELOPMENT AUTHORITY

By: _____
Suzanne Crouch, Chair, or her designee

By: _____
Kelly Mitchell, Vice Chair, or her designee

By: _____
Dan Huge, Public Finance Director of the State
of Indiana, or his designee

By: _____
Thomas K. McGowan, Board Member

By: _____
J. June Midkiff, Board Member

By: _____
G. Michael Schopmeyer, Board Member

By: _____
Andy Place, Sr., Board Member

ATTEST:

By: _____
J. Jacob Sipe, Executive Director



To: Indiana Housing and Community Development Authority Board of Directors
From: Finance Department
Date: April 28, 2022
Re: Avondale Meadows, LP

Background

The purpose of this memo and the attached resolution is to request the approval for the issuance of the Series 2022 Multifamily Housing Revenue Notes (West Village at Avondale Meadows Apartments Project) (not to exceed \$25,000,000) (\$22,500,000 of which will be tax-exempt) (the “Notes”).

Process

The Notes will be issued on behalf of Avondale Meadows, LP, an Indiana limited partnership (the “Borrower”). The Indiana Housing and Community Development Authority (the “Authority”) will serve as a conduit issuer for the Notes; thereby, loaning the proceeds to the Borrower to finance the new construction of a residential rental development. **The Notes are backed solely by the revenues derived from the development and will not constitute a debt, liability, or obligation of the Authority or the State of Indiana.**

West Village at Avondale Meadows Apartments will be the new construction of a 216-unit development in the Avondale Meadows neighborhood of Indianapolis. With the Authority serving as the issuer of the Notes, an additional approval by the Board, in addition to the approval of the allocation of tax credits and bond volume is necessary. The Board’s approval will also include approval of the option to have the Notes refunded through the Federal Home Loan Mortgage Corporation Tax-Exempt Loan program upon the completion of the project.

Recommendation

Staff recommends the Board to approve issuance of the Series 2022 Multifamily Housing Revenue Notes (West Village at Avondale Apartments Project) pursuant to the Resolution attached hereto as **Exhibit A**.

Action Needed

Staff respectfully requests the Board approve the following resolution:

RESOLVED, that the Board approve the Series 2022 Multifamily Housing Revenue Notes (West Village at Avondale Meadows Project), pursuant to the Resolution attached hereto as **Exhibit A**, as recommended by staff.

**RESOLUTION OF THE
INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY
CONCERNING THE ISSUANCE OF
INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY
MULTIFAMILY HOUSING REVENUE NOTES
(WEST VILLAGE AT AVONDALE MEADOWS APARTMENTS PROJECT)**

WHEREAS, the Indiana Housing and Community Development Authority (the “Authority”) is a public body corporate and politic of the State of Indiana (the “State”), created and existing under the authority of Title 5, Article 20, Chapter 1, of the Indiana Code, as amended (the “Act”). The Indiana General Assembly in 1978 found and declared to be a matter of legislative determination and made further findings that (i) there has existed in the State a need for safe and sanitary residential housing within the financial means of low and moderate income persons and families, a need which if unmet, is a threat to the health, safety, morals, and welfare of State residents and which will require an excessive expenditure of public funds for the social problems thus created; (ii) private enterprise and investment is more adequately able to produce the needed construction of decent, safe, and sanitary residential housing at prices or rentals which persons and families of low and moderate income can afford, or to achieve the urgently needed rehabilitation of much of the present low and moderate income housing; (iii) the provision of decent, safe, and sanitary housing for persons and families of low and moderate income who would otherwise be unable to obtain adequate housing at costs they could afford is a valid public purpose for which public moneys may be spent; and (iv) the provision of money for mortgage loans through the issuance of mortgage-backed bonds, notes, or other securities will assist in meeting the needs identified in the Act; and

WHEREAS, in a case challenging the constitutionality of the Act, the State Supreme Court has determined that the Act comports with the constitution of both the State and the United States of America and that the financing of housing for persons and families of low and moderate income pursuant to the Act is a valid and constitutional public purpose; and

WHEREAS, pursuant to the Act, the Authority has all the powers necessary or convenient to make or participate in the making of construction loans to sponsors of multiple family residential housing; and

WHEREAS, Avondale Meadows, LP, an Indiana limited partnership (the “Borrower”) submitted application materials and other information to the Authority and has requested that the Authority make a loan to the Borrower (the “Loan”) through the issuance of revenue bonds or notes to assist in the financing of the acquisition, construction, improving, and equipping of privately owned real and personal property to be comprised of a multifamily housing complex, located or to be located at 4115 Meadows Dr., Indianapolis, Indiana, containing 216 affordable living units (the “Project”); and

WHEREAS, the Act specifically empowers the Authority to issue revenue notes and refunding notes and make loans of the proceeds thereof in order to carry out and effectuate its purposes, the payment of principal of and interest on such revenue notes or refunding notes to be

paid solely from the revenues derived from operations and loan repayments of a development and in no manner from the general funds of the Authority; and

WHEREAS, the Authority staff has reviewed the application materials and other information submitted by the Borrower and has made a recommendation to the Executive Director and a determination that the Project is eligible for financing with a Loan; and

WHEREAS, the Borrower has also requested that the Authority authorize the potential issuance of refunding revenue notes, if desirable to the Authority as directed by the Borrower (the "Refunding Notes," and with the hereinafter defined 2022 Notes, the "Notes"), the proceeds thereof, if any, to be loaned to the Borrower (the "Refunding Loan," and with the Loan, the "Loans") to be used for the refunding and redemption of the 2022 Notes following the placed in service date of the Project in order to refinance the Project (the "Refunding Transaction") through the Federal Home Loan Mortgage Corporation's Tax-Exempt Loan program; and

WHEREAS, the Authority staff has completed its review of the Project and the Executive Director, based upon the Authority staff analysis, has recommended that the Authority make the Loans to the Borrower with respect to the Project; and

WHEREAS, the Authority has reviewed the Authority staff analysis and recommendation of the Executive Director and has determined that the Project meets the requirements of the Act and the rules and regulations of the Authority; and

WHEREAS, the Authority has reviewed the Authority staff and analysis and recommendation of the Executive Director and has determined that the potential Refunding Transaction will be beneficial and convenient and meets the requirements of the Act and the rules and regulations of the Authority; and

WHEREAS, the Authority has determined to issue, initially, its 2022 Notes (as hereinafter defined), and subsequently and if desirable, its Refunding Notes to assist in financing and potentially refinancing the Project, which revenue notes will not constitute a debt, liability or obligation of the State of Indiana or the Authority or a pledge of the faith and credit of the State of Indiana or the Authority, but shall be payable solely from the revenues of the Project and loan repayments made to the Authority by the Borrower;

NOW, THEREFORE, BE IT RESOLVED BY THE INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY THAT:

1. The legislative findings of the Indiana General Assembly itemized in Section 1 of the Act hereby are ratified and confirmed and it is specifically found that:

(a) there continues to exist in the State a need for safe and sanitary residential housing within the financial means of low and moderate income persons and families, a need which if unmet is a threat to the health, safety, morals and welfare of Indiana residents and which will require an excessive expenditure of public funds for social programs thus created;

(b) private enterprise and investment continue to be able to more adequately produce the needed construction of adequate, safe and sanitary residential housing at prices which

persons and families of low and moderate income can afford or to achieve the urgently needed rehabilitation of the present low and moderate income housing, and that private enterprise and investment be encouraged to sponsor, build and rehabilitate residential housing for such persons and families;

(c) the provision of decent, safe and sanitary housing for persons and families of low and moderate income who would otherwise be unable to obtain adequate housing at a cost they could afford continues to be a valid purpose for which public moneys may be spent; and

(d) there exists a need in the State to stimulate the residential housing industry.

2. The Authority hereby makes the following additional findings and determinations in connection with the Loans to be made by the Authority with proceeds of the Notes to assist in the financing or refinancing of the Project:

(a) The Loans to the Borrower pursuant to a Project Loan Agreement (as defined herein) accomplish the purposes of the Authority by permitting the Borrower to provide decent, safe and sanitary housing for persons and families of low and moderate income who would otherwise be unable to obtain adequate housing at a cost they could afford;

(b) Based upon representations made and information presented by the Borrower:

(i) There exists a need for continued safe and sanitary housing within the financial means of persons and families of low and moderate income and within the general housing market area to be served by the proposed Project;

(ii) The financing and refinancing of the Project will assist private enterprise and investment in providing decent, safe, and sanitary residential housing at rentals which persons of low and moderate income can afford;

(iii) The Borrower will supply well-planned, well-designed residential housing for persons of low and moderate income;

(iv) The Borrower is financially responsible; and

(v) The proposed Project will be of public use and will provide a public benefit.

3. The issuance and sale by the Authority of the Notes in one or more series and the use of the funds therefrom to make the Loans to the Borrower to finance and refinance a portion of the costs of the Project in accordance with the Act are hereby determined to be consistent in all respects with the purposes for which the Authority was created and exists.

4. The Authority hereby authorizes the making of the Loans to the Borrower with proceeds of the Notes with respect to the Project. The Project Loan Agreement shall include conditions requiring the Borrower to comply with all provisions of the Act and the rules and regulations of the Authority and any other requirements deemed necessary or appropriate by the Executive Director and the Authority staff. The interest rate with respect to the Loans, the

estimated total development cost of the Project and the initial principal amounts of the Loans, together with terms and conditions applicable to any equity contribution by the Borrower or its limited partners, assurances of successful completion and operational stability of the Project, procedures for the determination of the total development costs and the final principal amounts of the Loans, the terms and amortization requirements of the Loans, related matters and terms and conditions shall be as set forth in the Project Loan Agreement and the hereinafter defined Funding Loan Agreement.

5. To further the purposes of the Authority under the Act, the Authority hereby authorizes and ratifies the issuance of its Multifamily Housing Revenue Note, Series 2022 (West Village at Avondale Meadows Apartments Project) (the “2022 Notes”) and, subsequent to the issuance of the 2022 Notes, if desirable, its Multifamily Housing Refunding Revenue Note, Series 20__ (West Village at Avondale Meadows Apartments Project) (the “Refunding Notes”) (to be completed by Authority staff with the proper series designation) in one or more taxable or tax-exempt series or sub-series, each in an aggregate principal amount not to exceed Twenty-Five Million Dollars (\$25,000,000) (provided that federally tax-exempt Multifamily Housing Revenue Notes shall be limited to a principal amount of \$22,500,000), each issued as fixed rate notes or variable rate notes bearing interest at a rate not to exceed eight percent (8%) and maturing no later than forty (40) years from the date of issue. The amount of the Authority’s volume cap used regarding the Notes pursuant to Section 146 of the Code shall be limited to \$22,500,000. The Authority hereby authorizes and ratifies:

- (i) the issuance of the Notes pursuant to a separate Funding Loan Agreement among the Authority, a funding lender selected by the Borrower and a fiscal agent selected by the Borrower and acceptable to the Authority (“Fiscal Agent”), as fiscal agent (the “Funding Loan Agreement”) for each series of the Notes, such Funding Loan Agreements substantially in the form of the Funding Loan Agreement presented to the Authority at this meeting;

- (ii) the loan of the proceeds of the Notes by the Authority to the Borrower pursuant to the terms of the Funding Loan Agreement and a separate Project Loan Agreement among the Authority, Fiscal Agent and the Borrower (the “Project Loan Agreement”) for each series of the Notes, such Project Loan Agreements substantially in the form of the Project Loan Agreement presented to the Authority at this meeting;

- (iii) the sale and delivery of the Notes;

- (iv) the regulation of the Project pursuant to one or more Regulatory Agreements substantially in the form presented to the Authority at this meeting, among the Authority, the Fiscal Agent and the Borrower (the “Regulatory Agreement”); and

- (v) the use of the proceeds received from the sale of the Notes in accordance with the terms of the Project Loan Agreement, as applicable to the Notes, and in accordance with the Act and the applicable provisions of the Internal Revenue Code of 1986, as amended (the “Code”).

6. The Authority hereby approves the substantially final forms of the Funding Loan Agreement, the Project Loan Agreement and the Regulatory Agreement (all such foregoing documents referred to collectively as the “Note Documents”). The forms of the Note Documents presented hereby are substantially final forms and the Authority hereby authorizes the Chair, the Executive Director and the Chief Financial Officer (the “Authorized Officers”), or any one of them individually, with the advice of counsel to the Authority, to execute and deliver by manual or facsimile signature the Note Documents to which they are a party with such changes in form or substance as may be necessary or appropriate to accomplish the purposes of this Resolution as shall be approved by the Authorized Officers, such approvals to be conclusively evidenced by the execution thereof or certification as applicable, and to take such further actions necessary or appropriate to approve the sale and issuance of the Notes, such approvals to be conclusively evidenced by their execution of the Notes.

7. The Authority hereby delegates to the Authorized Officers the authority to execute and deliver by manual or facsimile signature the Note Documents provided that any of the Authorized Officers acting alone is authorized and has full power to execute by manual or facsimile signature and deliver the Note Documents, as appropriate, and hereby authorizes the Authorized Officers to take such further actions necessary and appropriate to approve the sale and issuance of the Notes. Notwithstanding the foregoing, if the Refunding Notes require additional volume cap pursuant to Section 146 of the Code, further approval of the Authority shall be required.

8. The Authority authorizes each of the Authorized Officers to execute by manual or facsimile signature such other documents and to take any and all other actions on behalf of the Authority as may be necessary or appropriate to carry out and implement the purposes of this Resolution, including the execution by manual or facsimile signature and delivery of any certificates or other agreements in connection therewith. Any Authorized Officer is hereby authorized to execute and deliver the Notes by manual or facsimile signature pursuant to the Funding Loan Agreement and to direct the Fiscal Agent thereunder to authenticate the Notes, and to contract for a book-entry-only registration system for all or any portion of the Notes.

9. The Authority hereby agrees to cooperate with the Borrower in establishing documentation sufficient to provide for post-issuance compliance with respect to the Notes under the Code and the regulations promulgated thereunder. Any one of the Authorized Officers is hereby specifically authorized and empowered to execute and deliver such certificates and enter into such agreements concerning such post-issuance compliance.

* * * * *

APPROVED AND ADOPTED this 28th day of April, 2022, in Indianapolis, Indiana.

INDIANA HOUSING AND COMMUNITY
DEVELOPMENT AUTHORITY

By: _____
Suzanne Crouch, Chair, or her designee

By: _____
Kelly Mitchell, Vice Chair, or her designee

By: _____
Public Finance Director of the State of Indiana,
or designee thereof

By: _____
Thomas K. McGowan, Board Member

By: _____
J. June Midkiff, Board Member

By: _____
G. Michael Schopmeyer, Board Member

By: _____
Andy Place, Sr., Board Member

ATTEST:

By: _____
J. Jacob Sipe, Executive Director



To: Indiana Housing and Community Development Authority Board of Directors
From: Real Estate Department
Date: April 28, 2022
Re: Bond Volume/4% Credits – Claysburg Tower II

Background

IHCDA is empowered to act as the housing credit agency for the State to administer, operate, and manage the allocation of the Internal Revenue Service Section 42 low-income housing tax credit (LIHTC) program. The purpose of the LIHTC is to provide an incentive for private developers and investors to provide more affordable rental housing. This may be accomplished by new construction and/or rehabilitation of existing structures.

Process

On January 1, 2021, IHCDA began the 2021A-B bond round for multi-family bond volume. The 25th application received and reviewed represented a total development cost of \$37,661,531 with \$22,300,000 in bond volume and \$1,592,075 in LIHTC annually for 10 years to preserve 228 units of affordable housing. The Development Summary Sheet is attached hereto as **Exhibit A**.

Steele Properties IV, LLC is proposing the rehabilitation of an existing 228-unit senior housing development in Jeffersonville. The property is currently subject to a Project Based Section 8 Housing Assistance Payment Contract which covers 100% of the units. The scope of rehabilitation includes interior upgrades, exterior upgrades, and mechanical upgrades. Highlights include a new heating system, water heaters, cabinet and countertop replacement, full appliance replacement, and accessibility upgrades. Once completed, the rehabilitation will help to ensure that Claysburg Tower II remains a high quality, affordable housing option for seniors in Jeffersonville.

During the round, the Real Estate Department staff reviewed the application to ensure it met the criteria set forth in the 2022 Qualified Allocation Plan.

Key Performance Indicators

Location	# Affordable Units	Construction Type	Development Type
Whitestown	264	New Construction	Family
Gary	142	Rehabilitation	Age-Restricted
New Castle & Indianapolis	114	Rehabilitation	Family
Hebron	80	Rehabilitation	Family
Hammond	64	Rehabilitation	Family
South Bend	168	Rehabilitation	Family
Bloomington	204	Rehabilitation	Family
Indianapolis	332	Rehabilitation	Family

Indianapolis	137	New Construction	Family
Valparaiso	119	Rehabilitation	Family
Indianapolis	216	New Construction	Family
Indianapolis	78	New Construction	Family (IDD Population)
Greenfield	92	New Construction	Affordable Assisted Living
New Whiteland	100	New Construction	Affordable Assisted Living
Kendallville	150	Rehabilitation	Family
New Albany	83	New Construction	Family
Total Units:	2,343		

Recommendation

Staff recommends the allocation of \$22,300,000 in bond volume and \$1,592,075 in annual LIHTC to Claysburg II Holdings LLC for Claysburg Tower II.

Action Needed

Staff respectfully requests the Board approve the following resolution:

RESOLVED, that the Board approve awarding \$22,300,000 in bond volume and \$1,592,075 in annual LIHTC to Claysburg II Holdings LLC for Claysburg Tower II according to the terms of the 2021A-B Application Round, as recommended by staff.

Exhibit A : Summary Sheet- Claysburg Tower II



INDIANA HOUSING & COMMUNITY DEVELOPMENT AUTHORITY RENTAL HOUSING TAX CREDIT (RHTC) PROGRAM PROPOSED DEVELOPMENT SUMMARY 2021A-B Bond Round



PROJECT NAME:	Claysburg Tower II
SITE LOCATION:	1306 Wall St. Jeffersonville, IN 47130
PROJECT TYPE:	Rehabilitation
PROJECT DESIGNATION:	Elderly
APPLICANT:	Steele Claysburg LLC
PRINCIPALS:	David Asarch Chad Asarch Hud Karshmer The Heller Family Trust 2019

OF UNITS AT EACH SET ASIDE

60% of AMI:	114
50% of AMI:	57
40% of AMI:	0
30% of AMI:	57
Market Rate:	0

UNIT MIX

Efficiency:	0
One bedroom:	228
Two bedroom	0
Three bedroom:	0
Four bedroom:	0
Total units:	228

TOTAL PROJECTED COSTS:	\$37,661,531
TAX CREDITS PER UNIT:	\$6,982.79

CREDIT REQUESTED:	\$1,592,075
CREDIT RECOMMENDED:	\$1,592,075
BOND VOLUME REQUESTED:	\$22,300,000

{00042328-1}

BOND VOLUME RECOMMENDED:	\$22,300,000
DEVELOPMENT FUND REQUESTED:	\$0
DEVELOPMENT FUND RECOMMENDED:	\$0

APPLICANT NUMBER:	2021A-B-025
BIN NUMBER:	IN-22-02500
DEVELOPMENT FUND LOAN NUMBER:	N/A
SELF SCORE:	66
IHCDA SCORE:	68



To: Indiana Housing and Community Development Authority Board of Directors
From: Real Estate Department
Date: April 28, 2022
Re: Monthly Update - Tax Credit Assistance Program (TCAP) Policy and Delegated Authority

Background:

On September 23, 2021, the Board authorized IHCDA's Deputy Executive Director and Chief Real Estate Development Officer to take all actions necessary to distribute additional allocations of Tax Credit Assistance Program (TCAP) funds to Low Income Housing Tax Credit (LIHTC) developments that have been negatively impacted by cost increases, provided that the Board is informed of all awards made on a monthly basis. On March 24, 2022, the Board approved an extension of the delegated authority, which was set to expire on March 31, 2022.

The following award was made after the finalization of March's Board Meeting Agenda. This brings the total number of approvals to 12 projects totaling \$5,342,411 in TCAP funding.

Development Name	Location	Developer	Type of Construction	TCAP Amount Awarded	Date Awarded	Year of Tax Credits
Founders Square Senior Apartments	Indianapolis	T&H Investment Properties LLC	New Construction	\$500,000	April 6, 2022	2021

Action Needed:

No action needed.



To: Indiana Housing and Community Development Authority Board of Directors
From: Real Estate Department
Date: April 28, 2022
Re: Bond Volume/4% Credits – Southern Meadows

Background

IHCDA is empowered to act as the housing credit agency for the State to administer, operate, and manage the allocation of the Internal Revenue Service Section 42 low-income housing tax credit (LIHTC) program. The purpose of the LIHTC is to provide an incentive for private developers and investors to provide more affordable rental housing. This may be accomplished by new construction and rehabilitation of existing structures.

Process

On January 1, 2021, IHCDA began the 2021A-B bond round for multi-family bond volume. The 23rd application received and reviewed represented a total development cost of \$39,745,840 with \$32,000,000 in bond volume and \$1,465,911 in LIHTC annually for 10 years to create 207 units of affordable housing. The Development Summary Sheet is attached hereto as **Exhibit A**.

Kittle Property Group is proposing the new construction of 207 units of affordable housing on the southeast side of Indianapolis. The project will consist of one and two-bedroom units for residents age 55 and older. All units will be adaptable allowing them to be easily converted to accessible units so residents can age in place. Both interior and exterior amenities will be provided for residents, including a clubhouse, fitness center, dog park, and outdoor covered patios. The site is located near local amenities including a grocery store, pharmacy, hair salon, health and wellness center, and dentist.

During the round, the Real Estate Department staff reviewed the application to ensure it met the criteria set forth in the 2022 Qualified Allocation Plan.

Key Performance Indicators

Location	# Affordable Units	Construction Type	Development Type
Whitestown	264	New Construction	Family
Gary	142	Rehabilitation	Age-Restricted
New Castle & Indianapolis	114	Rehabilitation	Family
Hebron	80	Rehabilitation	Family
Hammond	64	Rehabilitation	Family
South Bend	168	Rehabilitation	Family
Bloomington	204	Rehabilitation	Family
Indianapolis	332	Rehabilitation	Family

Indianapolis	137	New Construction	Family
Valparaiso	119	Rehabilitation	Family
Indianapolis	216	New Construction	Family
Indianapolis	78	New Construction	Family (IDD Population)
Greenfield	92	New Construction	Affordable Assisted Living
New Whiteland	100	New Construction	Affordable Assisted Living
Kendallville	150	Rehabilitation	Family
New Albany	83	New Construction	Family
Total Units:	2,343		

Recommendation

Staff recommends the allocation of \$32,000,000 in bond volume and \$1,465,911 in annual LIHTC to Southern Meadows, L.P. for Southern Meadows.

Action Needed

Staff respectfully requests the Board approve the following resolution:

RESOLVED, that the Board approve awarding \$32,000,000 in bond volume and \$1,465,911 in annual LIHTC to Southern Meadows, L.P. for Southern Meadows, according to the terms of the 2021A-B Application Round, as recommended by staff.



INDIANA HOUSING & COMMUNITY DEVELOPMENT AUTHORITY
RENTAL HOUSING TAX CREDIT (RHTC) PROGRAM
PROPOSED DEVELOPMENT SUMMARY
2021A-B Bond Round



PROJECT NAME: Southern Meadows

SITE LOCATION: 8701 East Southport Road
Indianapolis, IN 46259

PROJECT TYPE: New Construction
PROJECT DESIGNATION: Age-Restricted

APPLICANT: Kittle Property Group, Inc

PRINCIPALS: Southern Meadows GP, LLC
Jeffrey L. Kittle Trust

OF UNITS AT EACH SET ASIDE

70% of AMI: 66
60% of AMI: 73
50% of AMI: 68
30% of AMI: 0
Market Rate: 0

UNIT MIX

Efficiency: 0
One bedroom: 112
Two bedroom: 95
Three bedroom: 0
Four bedroom: 0
Total units: 207

TOTAL PROJECTED COSTS: \$39,745,840
TAX CREDITS PER UNIT: \$7,081.70

CREDIT REQUESTED: \$1,465,911
CREDIT RECOMMENDED: \$1,465,911
BOND VOLUME REQUESTED: \$32,000,000
BOND VOLUME RECOMMENDED: \$32,000,000
DEVELOPMENT FUND REQUESTED: \$0
DEVELOPMENT FUND RECOMMENDED: \$0

APPLICANT NUMBER: 2021A-B-023
BIN NUMBER: IN-22-02600
DEVELOPMENT FUND LOAN NUMBER: N/A
SELF SCORE: 40.5
IHCDA SCORE: 44

{00042332-1}



To: Indiana Housing & Community Development Authority Board of Directors
From: Community Programs Division
Date: April 28, 2022
Re: Administration of Low Income Home Energy Assistance Program Service Territory for Clark, Floyd and Harrison Counties

Background

The Low Income Home Energy Assistance Program (LIHEAP) provides utility assistance to low-income households throughout the State of Indiana. LIHEAP is funded by the U.S. Department of Health and Human Services. Heating benefits are provided between November and May. LIHEAP funds are allocated according to a formula that was previously approved by the Board. The allocation table currently in use by IHCDA allocates funds to each local service provider's (LSP's) service territory based on the relative proportions of households in which: (01) income is at or below 150% of the federal poverty level, (02) at least one member of the household is age 60 years or over, (03) at least one member of the household qualifies as disabled, (04) the household was served with a LIHEAP benefit in the previous year, and (05) the household's primary heating source uses a deliverable bulk fuel.

According to the LIHEAP Act of 1981, service delivery may be provided through any community-based organization or state and local government entity. For the 2021-2022 program year, the Indiana Housing and Community Development Authority ("IHCDA") received \$70,324,793 and will serve an estimated 104,000 households throughout the State. Currently, service delivery is provided by Indiana's 21 local service providers, most of which are Community Action Agencies. In Clark, Floyd and Harrison Counties, service delivery has historically been provided by Community Action of Southern Indiana.

For program year 2022, the regular LIHEAP allocation for the Clark, Floyd, and Harrison County service territory is \$1,734,684.00. Over the past 3 years, an average of 3,271 households have been served in the tri-county service area.

Decision to Rebid the Territory

IHCDA periodically may determine to re-bid a territory based on factors such as meeting program benchmarks, program performance history, concerning staffing/personnel changes, client feedback, and/or community feedback. In these cases, IHCDA may either allow or not allow the incumbent to bid for the territory, based on the specific circumstances regarding the determination to re-bid the territory. In this case, the incumbent was allowed to submit a response to the Request for Proposals for the territory.

Request for Proposals Process

On January 21, 2022, IHCDA issued a Request for Proposals ("RFP") to seek an entity to become the local service provider for Clark, Floyd and Harrison Counties, effective October 1, 2022. The RFP was posted on IHCDA's Public Notices website.

Respondents to the RFP were required to provide the following information: 01) Credentials; 02) Experience in administering large scale assistance programs; 03) Previous LIHEAP, IHCDA or federally-funded award performance; 04) Program management and staff development plans; 05) Community outreach plans; 06) Distribution of regular and crisis assistance plans; 07) Capacity to coordinate with local community resources; 08) Fiscal accounting and reporting practices; 09) Internal controls for program integrity, and 10) Organizational Financial Documents.

Proposals were due on March 14, 2022, and IHCDa received four responses. The respondent agencies can be seen in the Final Scores table below.

To review proposals, IHCDa developed a Review Team that consisted of three (3) non-Energy Assistance Program staff members who have little to no previous experience with the EAP RFP applicants in the Clark, Floyd, and Harrison County area, as well as two (2) Energy Assistance Program staff members. The Review Team received training on the RFP review process, including confidentiality and ethics regarding the review. Each reviewed the applications and made notes separately, then participated in a session in which they determined consensus scoring for each applicant. This session was led by IHCDa's Chief of Staff and Chief Operating Officer, Kyleen Welling, who then compiled the scores, and worked with the Review Team to put together this recommendation to the IHCDa Board.

Note: This RFP allowed for applicants to identify all or some of the counties in the region that they would be able to serve. IHCDa's allocation table identifies funding at the regional level but is based on county-level calculations. Should it be necessary, based on the recommendation below, IHCDa staff will update the allocation table based on county breakouts without changing the methodology behind the allocation table to determine funding for the region's counties separately.

Final Scores on the four applications are as follows (maximum possible score = 125):

Applicant	Counties	Score
001 – Ohio Valley Opportunities, Inc	Clark, Floyd	122
002 – Lincoln Hills Development Corporation	Harrison	114
003 – Harrison County Community Services, Inc	Harrison	83
004 - Community Action of Southern Indiana	Clark, Floyd, Harrison	82

Recommendation

Staff recommends that the Board approve the designation of Ohio Valley Opportunities Inc. for Clark and Floyd Counties, and Lincoln Hills Development Corporation for Harrison County as the Low Income Home Energy Assistance Program local service providers.

Action Needed

Staff respectfully requests that the Board pass the following resolution:

RESOLVED, that the Board approve the designation of Ohio Valley Opportunities Inc. for Clark and Floyd Counties, and Lincoln Hills Development Corporation for Harrison County as the Low Income Home Energy Assistance Program local service providers, as recommended by staff.