



Paul D. Joyce, CPA  
State Examiner

## INDIANA STATE BOARD OF ACCOUNTS

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December 4, 2024

Board of Directors  
Indiana Board for Depositories  
Marion County, Indiana

We have reviewed the audit report of the Indiana Board for Depositories, which was opined upon by Katz, Sapper & Miller, LLP, Independent Public Accountants, for the period July 1, 2023 to June 30, 2024. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Indiana Board for Depositories as of June 30, 2024, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Katz, Sapper & Miller, LLP prepared the audit report in accordance with the guidelines established by the Indiana State Board of Accounts.

The audit report is filed with this letter in our office as a matter of public record.

Tammy R. White, CPA  
Deputy State Examiner

**INDIANA BOARD FOR DEPOSITORIES  
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT WITH  
SUPPLEMENTARY AND OTHER INFORMATION

June 30, 2024 and 2023



**Katz, Sapper & Miller, LLP**  
Certified Public Accountants

**INDIANA BOARD FOR DEPOSITORIES**  
**(A Component Unit of the State of Indiana)**

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## *Independent Auditor's Report*

Board of Directors  
Indiana Board for Depositories

### **Report on the Audit of Financial Statements**

#### ***Opinion***

We have audited the financial statements of Indiana Board for Depositories, a component unit of the State of Indiana, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Indiana Board for Depositories' 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 Indiana Board for Depositories, as of June 30, 2024 and 2023, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Indiana Board for Depositories and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Indiana Board for Depositories' ability to continue as a going concern for twelve 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Indiana Board for Depositories' 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 Indiana Board for Depositories' 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.

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of the Board's proportionate share of the net pension liability and Board contributions and related notes 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2024, on our consideration of Indiana Board for Depositories' 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 Indiana Board for Depositories' 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 Indiana Board for Depositories' internal control over financial reporting and compliance.

*Katz, Sapper & Miller, LLP*

Indianapolis, Indiana  
October 31, 2024

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

**INDIANA BOARD FOR DEPOSITORIES**  
**(A Component Unit of the State of Indiana)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**June 30, 2024 and 2023**

This section of the Indiana Board for Depositories' (the Board) annual financial report provides management's discussion and analysis of the financial performance during the fiscal years ended June 30, 2024 and 2023. Please read it in conjunction with the Board's financial statements and accompanying notes.

The Board was established by Indiana Code 5-13-12 to ensure the safekeeping and prompt payment of all public funds deposited in any approved depository, to the extent they are not covered by insurance of any federal deposit insurance agency, by maintaining and operating in its own name the Public Deposit Insurance Fund. The Board consists of the Governor, the Treasurer of State, the Auditor of State, the Chairman of the Department of Financial Institutions, the Chief Examiner of the State Board of Accounts, and four directors appointed by the Governor.

**FINANCIAL HIGHLIGHTS**

- Total operating revenues were approximately \$21,847,000 in 2024 and \$9,362,600 in 2023. Total operating revenues consisted of investment income and securities lending income.
- Interest income generated was approximately \$9,923,600 in 2024 and \$4,694,000 in 2023. Interest income increased due to older investments maturing at lower rates, which were then replaced by investments with much higher rates, as overall interest rates increased year over year.
- Net appreciation in fair value of investments was approximately \$7,094,800 in 2024 and \$1,701,900 in 2023. Increase due to increase in market performance and stabilization of interest rates.
- Securities lending income was approximately \$4,828,600 in 2024 and \$2,966,700 in 2023. Securities lending fees were approximately \$4,682,000 in 2024 and \$2,947,700 in 2023. Securities lending income and fees increased due to more investments out on loan and higher rates during fiscal year 2024.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual financial report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements and notes, as well as, required supplementary information. The Board follows enterprise fund reporting; accordingly, the financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short- and long-term financial information about the activities and operations of the Board. These statements are presented in a manner similar to a private business.

The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position provide information about the Board's financial status and the change in financial status. The Statements of Net Position includes all of the Board's assets, liabilities, deferred outflows, deferred inflows and net position. Assets and liabilities are classified as either current or noncurrent. The Statements of Revenues, Expenses and Changes in Net Position report all of the revenues and expenses during the time period. The Statements of Cash Flows report the cash provided and used by operating activities as well as other cash sources and uses.

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

The notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 12 through 21 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information including the Schedule of the Board’s Proportionate Share of the Net Pension Liability, the Schedule of Board Contributions and the related notes on pages 22 through 24.

**FINANCIAL ANALYSIS**

**Statements of Net Position**

Below are the condensed statements of net position relating to the Board at June 30, 2024, 2023, and 2022.

**Indiana Board for Depositories  
Condensed Statements of Net Position**

|                                | June 30, 2024        | June 30, 2023        | June 30, 2022        |
|--------------------------------|----------------------|----------------------|----------------------|
| Current assets                 | \$ 96,692,200        | \$185,661,200        | \$154,154,600        |
| Noncurrent Assets              | <u>238,539,700</u>   | <u>132,881,700</u>   | <u>157,824,100</u>   |
| Total Assets                   | <u>335,231,900</u>   | <u>318,542,900</u>   | <u>311,978,700</u>   |
| Deferred Outflows of Resources | <u>2,300</u>         | <u>18,900</u>        | <u>11,100</u>        |
| Current liabilities            | 648,700              | 670,500              | 51,500               |
| Noncurrent liabilities         | <u>5,300</u>         | <u>36,600</u>        | <u>2,800</u>         |
| Total Liabilities              | <u>654,000</u>       | <u>707,100</u>       | <u>54,300</u>        |
| Deferred Inflows of Resources  | <u>500</u>           | <u>4,600</u>         | <u>5,800</u>         |
| Net Position                   | <u>\$334,579,700</u> | <u>\$317,850,100</u> | <u>\$311,929,700</u> |

2024 to 2023 Comparative Statements of Net Position

As of June 30, 2024, total assets increased due to increase in investments, which is related to increase in interest income and significant unrealized gains on investments driven by market conditions in fiscal year 2024. Total liabilities increased significantly due to an increase in lending expense in fiscal year 2024. Net position increased by approximately \$16,729,600 during fiscal year 2024, which was driven by increase in interest income and significant unrealized gains on investments in the current fiscal year.

2023 to 2022 Comparative Statements of Net Position

As of June 30, 2023 total assets increased due to increase in investments, which is related to increase in interest income and significant unrealized gains on investments driven by market conditions in fiscal year 2023. Total liabilities increased significantly due to an increase in lending expense in fiscal year 2023. Net position increased by approximately \$5,920,300 during fiscal year 2023, which was driven by increase in interest income and significant unrealized gains on investments in the current fiscal year.

## FINANCIAL ANALYSIS (CONTINUED)

### Statements of Revenues, Expenses and Changes in Net Position

Below are the condensed statements of revenues, expenses and changes in net position relating to the Board for the years ended June 30, 2024, 2023, and 2022.

#### Indiana Board for Depositories Condensed Statements of Revenues, Expenses and Changes in Net Position

|  | Year Ended<br>June 30, 2024 | Year Ended<br>June 30, 2023 | Year Ended<br>June 30, 2022 |
|--|-----------------------------|-----------------------------|-----------------------------|
| Operating Revenues (Loss)  |                             |                             |                             |
| Interest income  | \$ 9,923,600                | \$ 4,694,000                | \$ 1,708,800                |
| Net appreciation (depreciation) in<br>in fair value of investments | 7,094,800                   | 1,701,900                   | (7,963,200)                 |
| Securities lending income  | 4,828,600                   | 2,966,700                   | 135,700                     |
| Total Operating Revenues (Loss)                                    | <u>21,847,000</u>           | <u>9,362,600</u>            | <u>(6,118,700)</u>          |
| Operating Expenses   |                             |                             |                             |
| Securities lending fees  | 4,682,100                   | 2,947,700                   | 127,000                     |
| General and administrative   | 435,300                     | 494,500                     | 478,000                     |
| Total Operating Expenses   | <u>5,117,400</u>            | <u>3,442,200</u>            | <u>605,000</u>              |
| Increase (Decrease) in Net Position                                | 16,729,600                  | 5,920,400                   | (6,723,700)                 |
| Net Position:  |                             |                             |                             |
| Beginning of Year  | <u>317,850,100</u>          | <u>311,929,700</u>          | <u>318,653,400</u>          |
| End of Year  | <u>\$334,579,700</u>        | <u>\$317,850,100</u>        | <u>\$311,929,700</u>        |

#### 2024 to 2023 Comparative Statements of Revenue, Expenses and Changes in Net Position

Total revenues for the fiscal year ended June 30, 2024, were \$21,847,000, which was a \$12.5 million increase from the prior year. Interest income increased due to older investments maturing at lower rates, which were replaced by investments with much higher rates. Net appreciation (depreciation) in fair value of investments increase in market performance and stabilization of rates. Security lending income increased due to more investments out on loan and higher rates during fiscal year 2024.

Expenses for the fiscal year ended June 30, 2024, were \$5.1 million, which was a \$1.7 million increase from the prior year. Securities lending fees increased due to more investments out on loan and higher rates during fiscal year 2024. General and administrative expenses remained consistent with the prior year.

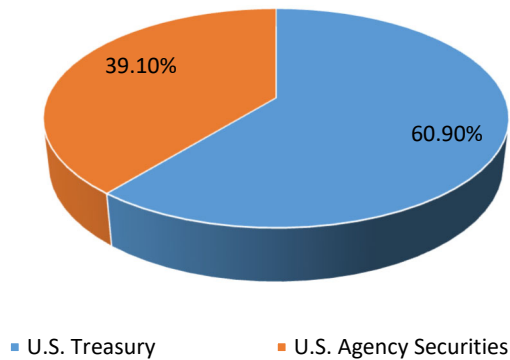
## FINANCIAL ANALYSIS (CONTINUED)

### 2023 to 2022 Comparative Statements of Revenue, Expenses and Changes in Net Position

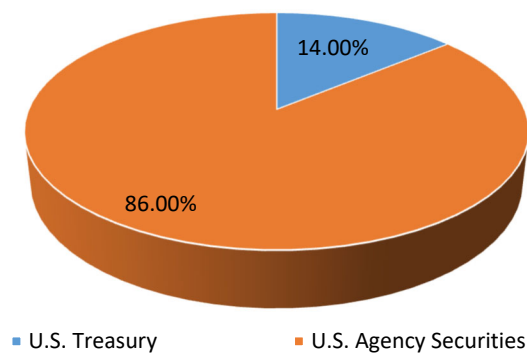
Total revenues for the fiscal year ended June 30, 2023, were \$9,362,600, which was a \$15.5 million increase from the prior year. Interest income increased due to older investments maturing at lower rates, which were replaced by investments with much higher rates. Net appreciation (depreciation) in fair value of investments increase in market performance and stabilization of rates. Security lending income increased due to more investments out on loan and higher rates during fiscal year 2023.

Expenses for the fiscal year ended June 30, 2023, were \$3.4 million, which was a \$2.8 million increase from the prior year. Securities lending fees increased due to more investments out on loan and higher rates during fiscal year 2023. General and administrative expenses remained consistent with the prior year.

### Composition of 2024 Investments



### Composition of 2023 Investments



**CAPITAL ASSET ADMINISTRATION**

The Board’s investment in capital assets was \$18,900, \$45,700, and \$156,100 (net of accumulated depreciation) at June 30, 2024, 2023, and 2022, respectively. The investment in capital assets includes computer equipment, computer software, and office equipment.

|                                | <b>Capital Assets</b> |                      |                      |
|--------------------------------|-----------------------|----------------------|----------------------|
|                                | <b>June 30, 2024</b>  | <b>June 30, 2023</b> | <b>June 30, 2022</b> |
| Capital assets                 | \$689,800             | \$685,500            | \$689,100            |
| Less: Accumulated Depreciation | <u>670,900</u>        | <u>639,800</u>       | <u>533,000</u>       |
| Net                            | <u>\$ 18,900</u>      | <u>\$ 45,700</u>     | <u>\$156,100</u>     |

Additional information on the Board’s capital assets can be found in Note 4 to the financial statements on page 18 of this report.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Board’s finances. Questions concerning any of the information should be addressed to Indiana Board for Depositories, One North Capitol Ave., Suite 900, Indianapolis, IN 46204.

## **FINANCIAL STATEMENTS**

**INDIANA BOARD FOR DEPOSITORIES**  
**(A Component Unit of the State of Indiana)**

**STATEMENTS OF NET POSITION**  
**June 30, 2024 and 2023**

|   | <b>2024</b>          | <b>2023</b>          |
|---|----------------------|----------------------|
| <b>CURRENT ASSETS</b>                     |                      |                      |
| Cash                                      | \$ 223,047           | \$ 1,391,956         |
| Interest receivable                       | 3,660,041            | 2,275,249            |
| Prepaid expenses and other current assets | 13,889               | 11,607               |
| Investments                               | <u>92,795,255</u>    | <u>181,982,413</u>   |
| Total Current Assets                      | <u>96,692,232</u>    | <u>185,661,225</u>   |
| <b>NONCURRENT ASSETS</b>                  |                      |                      |
| Investments                               | 238,520,837          | 132,835,989          |
| Capital assets, net                       | <u>18,895</u>        | <u>45,680</u>        |
| Total Noncurrent Assets                   | <u>238,539,732</u>   | <u>132,881,669</u>   |
| <b>TOTAL ASSETS</b>                       | <u>335,231,964</u>   | <u>318,542,894</u>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>     | <u>2,242</u>         | <u>18,860</u>        |
| <b>CURRENT LIABILITIES</b>                |                      |                      |
| Accounts payable and accrued expenses     | <u>648,673</u>       | <u>670,522</u>       |
| Total Current Liabilities                 | <u>648,673</u>       | <u>670,522</u>       |
| <b>NONCURRENT LIABILITIES</b>             |                      |                      |
| Pension liability                         | <u>5,276</u>         | <u>36,573</u>        |
| Total Noncurrent Liabilities              | <u>5,276</u>         | <u>36,573</u>        |
| <b>TOTAL LIABILITIES</b>                  | <u>653,949</u>       | <u>707,095</u>       |
| <b>DEFERRED INFLOWS OF RESOURCES</b>      | <u>547</u>           | <u>4,598</u>         |
| <b>NET POSITION</b>                       |                      |                      |
| Net investment in capital assets          | 18,895               | 45,680               |
| Unrestricted                              | <u>334,560,815</u>   | <u>317,804,381</u>   |
| <b>TOTAL NET POSITION</b>                 | <u>\$334,579,710</u> | <u>\$317,850,061</u> |

*See accompanying notes.*

**INDIANA BOARD FOR DEPOSITORIES**  
**(A Component Unit of the State of Indiana)**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**Years Ended June 30, 2024 and 2023**

|   | <b>2024</b>           | <b>2023</b>           |
|---|-----------------------|-----------------------|
| <b>OPERATING REVENUES</b>                     |                       |                       |
| Interest income                               | \$ 9,923,592          | \$ 4,693,983          |
| Net appreciation in fair value of investments | 7,094,809             | 1,701,886             |
| Securities lending income                     | <u>4,828,582</u>      | <u>2,966,695</u>      |
| Total Operating Revenues                      | <u>21,846,983</u>     | <u>9,362,564</u>      |
| <b>OPERATING EXPENSES</b>                     |                       |                       |
| Securities lending fees                       | 4,682,033             | 2,947,709             |
| Salaries, wages, and employee benefits        | 145,673               | 55,339                |
| Maintenance contracts                         | 44,126                | 38,657                |
| Depreciation                                  | 31,019                | 139,674               |
| Professional fees                             | 160,946               | 205,846               |
| Office supplies                               | 13,404                | 24,247                |
| Travel  | 17,226                | 5,438                 |
| Rent  | 16,071                | 15,187                |
| Other   | <u>6,836</u>          | <u>10,150</u>         |
| Total Operating Expenses                      | <u>5,117,334</u>      | <u>3,442,247</u>      |
| <b>INCREASE IN NET POSITION</b>               | 16,729,649            | 5,920,317             |
| <b>NET POSITION</b>                           |                       |                       |
| Beginning of Year                             | <u>317,850,061</u>    | <u>311,929,744</u>    |
| End of Year                                   | <u>\$ 334,579,710</u> | <u>\$ 317,850,061</u> |

*See accompanying notes.*

**INDIANA BOARD FOR DEPOSITORIES**  
**(A Component Unit of the State of Indiana)**

**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2024 and 2023**

|   | <b>2024</b>         | <b>2023</b>         |
|---|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                     |                     |
| Cash received from interest   | \$ 7,246,393        | \$ 3,247,793        |
| Cash received from securities lending   | 6,120,989           | 2,332,055           |
| Cash payments for securities lending fees   | (4,700,992)         | (2,312,483)         |
| Cash payments to suppliers and employees  | (428,184)           | (326,231)           |
| Net Cash Provided by Operating Activities   | <u>8,238,206</u>    | <u>2,941,134</u>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                     |                     |
| Repayment from State of Indiana general fund  |                     | 5,000,000           |
| Purchase of investments   | (390,329,514)       | (223,457,264)       |
| Proceeds from redemption of investments   | 380,926,633         | 215,803,368         |
| Net Cash Provided (Used) by Investing Activities  | <u>(9,402,881)</u>  | <u>(2,653,896)</u>  |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                                 |                     |                     |
| Purchase of capital assets  | (4,234)             | (29,216)            |
| Net Cash Used by Capital and Related Financing Activities                                       | <u>(4,234)</u>      | <u>(29,216)</u>     |
| <b>NET INCREASE IN CASH</b>   | (1,168,909)         | 258,022             |
| <b>CASH</b>   |                     |                     |
| Beginning of Year   | <u>1,391,956</u>    | <u>1,133,934</u>    |
| End of Year   | <u>\$ 223,047</u>   | <u>\$ 1,391,956</u> |
| <b>RECONCILIATION OF INCREASE IN NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>  |                     |                     |
| Increase in net position  | \$ 16,729,649       | \$ 5,920,317        |
| Adjustments to reconcile increase in net position to net cash provided by operating activities: |                     |                     |
| Depreciation  | 31,019              | 139,674             |
| Net appreciation in fair value of investments   | (7,094,809)         | (1,701,886)         |
| (Increase) decrease in certain assets and deferred outflows:                                    |                     |                     |
| Interest receivable   | (1,384,792)         | (2,080,830)         |
| Prepaid expenses and other current assets   | (2,282)             | 19,989              |
| Deferred outflows of resources related to pension   | 16,618              | (7,772)             |
| Increase (decrease) in certain liabilities and deferred inflows:                                |                     |                     |
| Accounts payable and accrued expenses   | (21,849)            | 619,030             |
| Pension liability   | (31,297)            | 33,746              |
| Deferred inflows of resources related to pension  | (4,051)             | (1,134)             |
| Net Cash Provided by Operating Activities   | <u>\$ 8,238,206</u> | <u>\$ 2,941,134</u> |

See accompanying notes.

**INDIANA BOARD FOR DEPOSITORIES**  
**(A Component Unit of the State of Indiana)**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024 and 2023**

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

**Reporting Entity:** Indiana Board for Depositories (the Board), a component unit of the State of Indiana (the State), was established by Indiana Code (IC) 5-13-12 to ensure the safekeeping and prompt payment of all public funds deposited in any approved depository, to the extent they are not covered by insurance of any federal deposit insurance agency, by maintaining and operating in its own name the Public Deposit Insurance Fund (PDIF). Effective December 13, 2010, the Board adopted a framework of collateralization requirements for institutions requiring collateral deposits for state and local funds held in deposit accounts for institutions with an elevated risk of failure. This collateral is based upon the financial condition of each institution, which requires the institutions to post collateral with the Board ranging from 0%, 50%, or 100% of their total public fund balance.

The Board consists of the Governor, the Treasurer of State, the Auditor of State, the Chairman of the Department of Financial Institutions, the Chief Examiner of the State Board of Accounts, and four directors appointed by the Governor.

**Basis of Presentation:** The Board prepares its financial statements in accordance with accounting principles generally accepted in the United States of America as applied to enterprise fund activities of government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Board applies all applicable GASB pronouncements.

**Estimates:** Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could vary from those estimates.

**Cash** includes cash on hand and bank deposit accounts. The Board maintains a cash balance in bank deposit accounts which, at times, may exceed federally insured limits. There have been no losses in such accounts.

**Investments** are recorded at fair value. See Note 3 for discussion of fair value measurements. Interest income is recorded on the accrual basis. Purchase and sales of investments are recorded on the trade date. Realized gains and losses on the sale of investments are determined using the specific-identification method. Change in the fair value of investments, including accrued interest, amortization of premiums and discounts, and realized and unrealized gains and losses, are included in the statements of revenues, expenses and changes in net position.

**Capital Assets** are recorded at cost. Capital assets are defined as assets with an initial, individual cost or value of more than \$500 and an estimated useful life of at least three years. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets ranging from 3 to 7 years.

**Deferred Outflows of Resources:** The Board reports decreases in net assets that relate to future periods as deferred inflows of resources in a separate section of its statements of net position. Deferred outflows of resources reported at June 30, 2024, related to the defined benefit pension plan. Deferred outflows of resources related to the defined benefit pension plan are amortized over the expected future working lifetime of all plan members, except for the net difference between projected and actual earnings on pension plan investments, which is amortized over five years.

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

**Deferred Inflows of Resources:** The Board reports increases in net assets that relate to future periods as deferred inflows of resources in a separate section of its statements of net position. Deferred inflows of resources related to the defined benefit pension plan are amortized over the expected future working lifetime of all plan members, except the net difference between projected and actual earnings on pension plan investments, which is amortized over five years.

**Net Position:** The Board's resources are classified for accounting and financial reporting purposes into the following net position categories:

- **Net Investment in Capital Assets** includes capital assets net of the accumulated depreciation.
- **Unrestricted Net Position** reports the remaining difference between assets and liabilities.

**Retirement Plan:** The employees of the Board participate in the Indiana Public Retirement System (INPRS). The Board 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. See Note 6.

**Subsequent Events:** The Board has evaluated the financial statements for subsequent events occurring through October 31, 2024, the date the financial statements were available to be issued.

## NOTE 2 - DEPOSITS AND INVESTMENTS

According to IC 5-13-12-7(d), the Board may invest, reinvest, and exchange investments of the insurance fund in excess of the cash working balance in any of the following:

- 1) In bonds, notes, certificates, and other valid obligations of the United States.
- 2) In bonds, notes, debentures, and other securities issued by a federal agency or a federal instrumentality and fully guaranteed by the United States.
- 3) In bonds, notes, certificates, and other valid obligations of a state or of an Indiana political subdivision that are issued under law.
- 4) In bonds or other obligations of the Indiana Finance Authority issued under IC 5-1.2.
- 5) In investments permitted the state under IC 5-13-10.5.
- 6) In guarantees of economic development obligations or credit enhancement obligations, or both.
- 7) In guarantees of bonds or notes issued under IC 5-1.5-4-1.
- 8) In bonds, notes, or other valid obligations of the Indiana Finance Authority that have been issued in conjunction with the Board's acquisition, development, or improvement of property or other interests for an economic development project (as defined in IC 5-1.2-2).
- 9) In notes or other debt obligations of counties, cities, and towns that have been issued under IC 6-1.1-39 for borrowings from the industrial development fund under IC 5-28-9.
- 10) In bonds or other obligations of the Indiana Housing and Community Development Authority.

## NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

IC 5-13-12-3 (a)(8) authorizes the Board to deposit all uninvested funds of the PDIF in a separate account or accounts in financial institutions that are designated as depositories to receive state funds under IC 5-13-9.5.

The Board is authorized by statute (IC 5-13-10.5) to accept as collateral safekeeping receipts for securities from: (1) a duly designated depository or (2) a financial institution located either in or out of Indiana, having physical custody of securities, with a combined capital and surplus of at least ten million dollars, according to the last statement of condition filed by the financial institution with its governmental supervisory body. The Treasurer may not deposit aggregate funds in deposit accounts in any one designated depository in an amount aggregating at any one time more than 50% of the combined capital, surplus, and undivided profits of that depository as determined by the last published statement.

The Board's deposits and investments at June 30, 2024 and 2023 are summarized as follows:

|                                    | 2024                  |                       |
|------------------------------------|-----------------------|-----------------------|
|                                    | Cost                  | Fair Value            |
| Cash                               | \$ 223,047            | \$ 223,047            |
| U.S. Treasury                      | 200,384,212           | 201,692,037           |
| U.S. Agency Securities             | 130,949,750           | 129,474,055           |
| Pooled Investments at TrustIndiana | 150,000               | 150,000               |
| Total Deposits and Investments     | <u>\$ 331,707,009</u> | <u>\$ 331,539,139</u> |

|                                | 2023                  |                       |
|--------------------------------|-----------------------|-----------------------|
|                                | Cost                  | Fair Value            |
| Cash                           | \$ 1,391,956          | \$ 1,391,956          |
| U.S. Treasury                  | 44,265,919            | 44,083,463            |
| U.S. Agency Securities         | 276,377,405           | 270,734,939           |
| Total Deposits and Investments | <u>\$ 322,035,280</u> | <u>\$ 316,210,358</u> |

### Deposits with Financial Institutions

Custodial risk is the risk that in the event of bank failure, the Board's deposits may not be returned to it. The Board's cash is insured by Federal Deposit Insurance Corporation (FDIC). From time to time, certain cash balances maintained by the Board exceed federally insured limits.

### Investments

Investments are used to support the PDIF, which, with Board oversight, ensures the safekeeping and prompt payment of all public funds deposited in any approved depository, to the extent they are not covered by insurance of any deferral approved depository insurance agency.

## NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

### Interest Rate Risk

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

As of June 30, 2024 and 2023, the Board had investments with maturities as follows:

| Investment Type                    | 2024<br>Investment Maturities (in Fiscal Years) |                      |                       |                      |                      |                      |
|------------------------------------|---|----------------------|-----------------------|----------------------|----------------------|----------------------|
|                                    | Fair Value                                      | FY 2025              | FY 2026               | FY 2027              | FY 2028              | FY 2029              |
| U.S. Treasury                      | \$ 201,692,037                                  | \$ 62,855,255        | \$ 93,590,441         | \$ 30,276,549        | \$ -                 | \$ 14,969,792        |
| U.S. Agency Securities             | 129,474,055                                     | 29,940,000           | 68,814,780            | 922,330              | 14,934,000           | 14,862,945           |
| Pooled Investments at TrustIndiana | 150,000   | 150,000              | -                     | -                    | -                    | -                    |
| Totals                             | <u>\$ 331,316,092</u>                           | <u>\$ 92,945,255</u> | <u>\$ 162,405,221</u> | <u>\$ 31,198,879</u> | <u>\$ 14,934,000</u> | <u>\$ 29,832,737</u> |

| Investment Type        | 2023<br>Investment Maturities (in Fiscal Years) |                       |                      |                      |                   |                      |
|------------------------|---|-----------------------|----------------------|----------------------|-------------------|----------------------|
|                        | Fair Value                                      | FY 2024               | FY 2025              | FY 2026              | FY 2027           | FY 2028              |
| U.S. Treasury          | \$ 44,083,463                                   | \$ 29,573,363         | \$ 14,510,100        | \$ -                 | \$ -              | \$ -                 |
| U.S. Agency Securities | 270,734,939                                     | 152,409,050           | 59,498,400           | 28,347,450           | 893,740           | 29,586,299           |
| Totals                 | <u>\$ 314,818,402</u>                           | <u>\$ 181,982,413</u> | <u>\$ 74,008,500</u> | <u>\$ 28,347,450</u> | <u>\$ 893,740</u> | <u>\$ 29,586,299</u> |

### Custodial Credit Risk of Investments

Custodial credit risk is the risk that the Board 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 Board, and are held by either the counterparty or the counterparty's trust department or agent but not in the Board's name. The Board has no custodial risk on investments because all securities are held in the Board's name.

### Credit Risk Disclosure

The following table provides information on the credit ratings associated with the Board's investments as of June 30, 2024 and 2023, excluding obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government, which are not considered to have credit risk and do not require disclosure of credit quality:

#### 2024

| Credit Ratings          | S & P | Fitch | Moody's | Fair Value            |
|-------------------------|-------|-------|---------|-----------------------|
| U.S. Agency Securities  | AA+   | AAA   | Aaa     | <u>\$129,474,055</u>  |
| Total Rated Investments |       |       |         | <u>\$ 129,474,055</u> |

#### 2023

| Credit Ratings          | S & P | Fitch | Moody's | Fair Value            |
|-------------------------|-------|-------|---------|-----------------------|
| U.S. Agency Securities  | AA+   | AAA   | Aaa     | <u>\$270,734,939</u>  |
| Total Rated Investments |       |       |         | <u>\$ 270,734,939</u> |

## NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Additionally, according to Indiana Code 5-13-10-3, the State Treasurer may not deposit aggregate funds in deposit accounts in any one designated depository in an amount aggregating at any one time more than 50% of the combined capital, surplus, and undivided profits of that depository as determined by its last published statement of condition filed with the Treasurer of State. At June 30, 2024 and 2023, the Board was in compliance with Indiana Code 5-13-10-3.

The following table shows investments in issuers, not exempt from disclosure, that represent 5% or more of the total investments at June 30, 2024:

|                               |     |
|-------------------------------|-----|
| Federal Home Loan Mort Corp   | 18% |
| Federal Home Loan Bank        | 14% |
| Federal Agriculture Mort Corp | 7%  |

## NOTE 3 - FAIR VALUE MEASUREMENTS

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

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

**Level 1** – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Board 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 Board 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 Board for assets and liabilities that are measured at fair value on a recurring basis. There have been no changes in the methodologies used at June 30, 2024 and 2023.

**U.S. Treasury (Level 1):** Valued at the closing price reported on the active market on which the individual securities are traded.

**U.S. Agency (Level 2):** Valued using pricing models maximizing the use of observable inputs for similar securities.

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

**Pooled Investments at TrustIndiana (NAV):** Valued at the Board's proportionate share of the investments held within the pooled fund. Investments held in the investment pool are valued using the market value unit method, which assigns a number of units to each participant based on the relationship of the individual participant's investments to the total investments at the time the investments are pooled. Periodically, the pooled assets are valued and new unit values are assigned and used for valuing additions to, or withdrawals from, the pool by existing members or by new participants entering the pool. The Board may withdraw from the pool at any time. The underlying investments held by the pool include money market funds, commercial paper, and Indiana bank deposits. The Board's proportionate share of the pooled investments is valued at the published net asset value (NAV). Assets valued at NAV are not classified in the fair value hierarchy.

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 Board's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of these assets and liabilities could result in a different fair value measurement at the reporting date.

Following is a summary, by major nature and risks class within each level of the fair value hierarchy, of the Board's assets that are measured at fair value on a recurring basis as of June 30, 2024 and 2023:

| <b>2024</b>                        | <b>Level 1</b>        | <b>Level 2</b>        | <b>Total</b>          | <b>NAV</b>        |
|------------------------------------|-----------------------|-----------------------|-----------------------|-------------------|
| U.S. Treasury                      | \$ 201,692,037        |                       | \$ 201,692,037        |                   |
| U.S. Agency Securities             |                       | \$ 129,474,055        | 129,474,055           |                   |
| Pooled Investments at TrustIndiana |                       |                       |                       | \$ 150,000        |
|                                    | <u>\$ 201,692,037</u> | <u>\$ 129,474,055</u> | <u>\$ 331,166,092</u> | <u>\$ 150,000</u> |
| <b>Investments at Fair Value</b>   |                       |                       |                       |                   |
|                                    | <u>\$ 201,692,037</u> | <u>\$ 129,474,055</u> | <u>\$ 331,166,092</u> | <u>\$ 150,000</u> |
| <b>2023</b>                        |                       |                       |                       |                   |
| U.S. Treasury                      | \$ 44,083,463         |                       | \$ 44,083,463         |                   |
| U.S. Agency securities             |                       | \$ 270,734,939        | 270,734,939           |                   |
|                                    | <u>\$ 44,083,463</u>  | <u>\$ 270,734,939</u> | <u>\$ 314,818,402</u> |                   |
| <b>Investments at Fair Value</b>   |                       |                       |                       |                   |
|                                    | <u>\$ 44,083,463</u>  | <u>\$ 270,734,939</u> | <u>\$ 314,818,402</u> |                   |

#### Assets Measured Using Net Asset Value per Share (or Equivalent) Practical Expedient

The following table summarizes assets measured at fair value based on the NAV per share (or equivalent) as of June 30, 2024 and 2023:

|                                    | <b>Fair Value</b> |             | <b>Unfunded<br/>Commitments</b> | <b>Redemption<br/>Frequency</b> | <b>Redemption<br/>Notice Period</b> |
|------------------------------------|-------------------|-------------|---------------------------------|---------------------------------|-------------------------------------|
|                                    | <b>2024</b>       | <b>2023</b> |                                 |                                 |                                     |
| Pooled Investments at TrustIndiana | <u>\$ 150,000</u> | <u>\$ -</u> | None                            | Daily                           | Daily                               |

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the years ended June 30, 2024 and 2023 was as follows:

| <b>2024</b>                             | <b>Beginning<br/>Balance</b> | <b>Increases</b>   | <b>Decreases</b> | <b>Ending<br/>Balance</b> |
|---|------------------------------|--------------------|------------------|---------------------------|
| Depreciable capital assets:             |                              |                    |                  |                           |
| Computer equipment                      | \$ 298,008                   | \$ 2,998           | \$ -             | \$ 301,006                |
| Office equipment                        | 9,782                        | 1,236              |                  | 11,018                    |
| Computer software                       | 377,748                      |                    |                  | 377,748                   |
| <b>Total Depreciable Capital Assets</b> | <b>685,538</b>               | <b>4,234</b>       | <b>-</b>         | <b>689,772</b>            |
| Less: Accumulated depreciation          | 639,858                      | 31,019             |                  | 670,877                   |
| <b>Total Capital Assets, net</b>        | <b>\$ 45,680</b>             | <b>\$ (26,785)</b> | <b>\$ -</b>      | <b>\$ 18,895</b>          |

| <b>2023</b>                             | <b>Beginning<br/>Balance</b> | <b>Increases</b>    | <b>Decreases</b> | <b>Ending<br/>Balance</b> |
|---|------------------------------|---------------------|------------------|---------------------------|
| Depreciable capital assets:             |                              |                     |                  |                           |
| Computer equipment                      | \$ 302,723                   | \$ 28,082           | \$ (32,797)      | \$ 298,008                |
| Office equipment                        | 8,648                        | 1,134               |                  | 9,782                     |
| Computer software                       | 377,748                      |                     |                  | 377,748                   |
| <b>Total Depreciable Capital Assets</b> | <b>689,119</b>               | <b>29,216</b>       | <b>(32,797)</b>  | <b>685,538</b>            |
| Less: Accumulated depreciation          | 532,981                      | 139,674             | (32,797)         | 639,858                   |
| <b>Total Capital Assets, net</b>        | <b>\$ 156,138</b>            | <b>\$ (110,458)</b> | <b>\$ -</b>      | <b>\$ 45,680</b>          |

**NOTE 5 - SECURITIES LENDING TRANSACTIONS**

According to IC 5-13-10.5-13, securities may be lent only if the agreement under which the securities are lent is collateralized by (1) cash or (2) non-cash collateral if the State is indemnified by the custodian holding the non-cash collateral; in excess of the total market value of the loaned securities.

Collateral securities and cash are initially pledged at 102% of the market value of the securities lent. The collateral securities cannot be pledged or sold by the Board unless the borrower defaults, but cash collateral may be invested. Cash collateral is generally invested in securities of a longer term with the difference of maturities generally 0-15 days. At June 30, 2024 and 2023, there were no securities lent out.

**NOTE 6 - BENEFIT PLAN**

**Plan Description**

The Board is a participating employer of the Public Employees' Hybrid plan (PERF Hybrid), and its employees are participating members. PERF Hybrid is part of the Public Employees' Retirement Fund (PERF) and consists of two components: the Public Employees' Defined Benefit Account (PERF DB), the monthly employer-funded defined benefit component, and the Public Employees' Hybrid Members Defined Contribution Account (PERF DC), a member-funded account.

PERF Hybrid is administered by the Indiana Public Retirement System (INPRS). INPRS issues a publicly available financial report, including PERF Hybrid, that may be obtained at <http://www.inprs.in.gov/>.

## **NOTE 6 - BENEFIT PLAN (CONTINUED)**

### **Public Employees' Defined Benefit Account**

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

#### **Eligibility for Pension Benefit Payment**

*Full Retirement Benefit:* A member is entitled to a full retirement benefit at 1) at age 65 with at least 10 years of creditable service (eight years for certain elected officials), 2) at age 60 with at least 15 years of creditable service, 3) at age 55 if age and creditable service total at least 85, 4) at age 55 with 20 years of creditable service and active as an elected official in the PERF-covered position, or 5) at age 70 with 20 years of creditable service and still active in the PERF-covered position.

*Early Retirement Benefit:* A member is entitled to an early retirement benefit at age 50 and a minimum of 15 years of creditable service. The benefit is 44% of full benefits at age 50, increasing 5% per year up to 89% at age 59.

*Disability Benefit:* An active member qualifying for Social Security disability with five years of creditable service may receive an unreduced retirement benefit for the duration of disability.

*Survivor Benefit:* If a member dies after June 30, 2018, a spouse or dependent beneficiary of a member with a minimum of 10 years of creditable service receives a benefit as if the member retired the later of age 50 or the age the day before the member's death. If a member dies while receiving a benefit, a beneficiary receives the benefit associated with the member's selected form of payment.

#### **Contribution Rates**

Contributions are determined by the INPRS Board and are based on a percentage of covered payroll. If determined to be necessary by the actuaries of INPRS, the INPRS Board updates the percentage of covered payroll annually effective July 1. Employers currently contribute 11.2% of covered payroll. No member contributions are required. The Board's contributions to PERF DB were \$0 and \$1,335 for the years ended June 30, 2024 and 2023, respectively.

#### **Benefit Formula and Postretirement Benefit Adjustment**

The lifetime annual benefit equals years of creditable service multiplied by the average highest five-year annual salary multiplied by 1.1% (minimum of \$180 per month). Postretirement benefit increases are granted on an ad hoc basis pursuant to IC 5-10.2-12.4 and administered by the INPRS Board.

### **Public Employees' Defined Contribution Account**

PERF DC is a multiple-employer defined contribution fund providing retirement benefits to full-time employees of the State not covered by another plan and those political subdivisions (counties, cities, townships, and other governmental units) that elect to participate in the retirement fund. Administration of the account is generally in accordance with IC 5-10.2, IC 5-10.3, 35 IAC 1.2, and other Indiana pension law.

**NOTE 6 - BENEFIT PLAN (CONTINUED)**

**Contribution Rates**

Member contributions under PERF DC are set by statute and the INPRS Board at 3% of covered payroll. The employer may choose to make these contributions on behalf of the member. The Board made no contributions to PERF DC for the years ended June 30, 2024 and 2023. Under certain limitations, voluntary post-tax member contributions up to 10% of compensation can be made solely by the member.

**Benefit Terms**

Members (or their beneficiaries) are entitled to the sum total of contributions plus earnings 30 days after separation from employment (retirement, termination, disability, or death) or upon providing proof of the member’s qualification for Social Security disability benefits. The amount may be paid in a lump sum, partial lump sum, direct rollover to another eligible retirement plan, or a monthly annuity. PERF DC members are 100% vested in their account balance.

**Significant Actuarial Assumptions**

The total pension liability is determined using an actuarial valuation performed by the actuaries of INPRS, which involves estimates of the value of reported amounts (e.g., salaries, credited service, etc.) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations, etc.). Actuarially determined amounts are subject to review and modifications, as actual results are compared with past expectations and new estimates are developed.

Key methods, assumptions, and dates of experience studies used in calculating the total pension liability in the latest actuarial valuation are included in the publicly available financial report published by INPRS. In addition, the INPRS financial report includes a target asset allocation and geometric real rates of return expected to be realized in calculating the total pension liability, as well as how those rates of return were determined.

The 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 calculated using the current discount rate of 6.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.25%), or one percentage point higher (7.25%) than the current rate as of June 30, 2024 and 2023:

|             | <b>1% Decrease<br/>(5.25%)</b> | <b>Current Discount<br/>Rate (6.25%)</b> | <b>1% Increase<br/>(7.25%)</b> |
|-------------|--------------------------------|--|--------------------------------|
| <b>2024</b> | <u>\$ 8,598</u>                | <u>\$ 5,276</u>                          | <u>\$ 2,506</u>                |
| <b>2023</b> | <u>\$61,785</u>                | <u>\$36,573</u>                          | <u>\$15,544</u>                |

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

At June 30, 2024 and 2023, the Board reported a liability of \$5,276 and \$36,573 for its proportionate share of the net pension liability, respectively. The Board’s proportionate share of the net pension liability was based on the Board’s wages as a proportion of total wages for PERF Hybrid. The proportionate share used at the June 30, 2023 and 2022, measurement dates was 0.00015% and 0.00116%, respectively.

For the years ended June 30, 2024 and 2023, the Board recognized pension expense of \$954 and \$7,518, respectively, which includes expenses from the net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions of \$(117) and \$2,841, respectively.

**NOTE 6 - BENEFIT PLAN (CONTINUED)**

At June 30, 2024 and 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to PERF DB from the following sources:

|  | 2024                                 |                                     | 2023                                 |                                     |
|--|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
| Differences between expected and actual experience   | \$ 108                               |                                     | \$ 789                               | \$ 139                              |
| Net differences between projected and actual earnings on pension plan investments                                | 1,209                                |                                     | 4,513                                |                                     |
| Changes of assumptions   | 288                                  |                                     | 4,954                                | 1,565                               |
| Changes in proportion and differences between the Board's contributions and proportionate share of contributions | 637                                  | \$547                               | 7,269                                | 2,894                               |
| Total that will be recognized in pension expense based on table below  | 2,242                                | 547                                 | 17,525                               | 4,598                               |
| Pension contribution subsequent to measurement date  | _____                                | _____                               | 1,335                                | _____                               |
| Total  | <u>\$2,242</u>                       | <u>\$547</u>                        | <u>\$18,860</u>                      | <u>\$4,598</u>                      |

Deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Year Ending<br>June 30, | Amount         |
|-------------------------|----------------|
| 2025                    | \$ 826         |
| 2026                    | 38             |
| 2027                    | 666            |
| 2028                    | 165            |
|                         | <u>\$1,695</u> |

**REQUIRED SUPPLEMENTARY INFORMATION**

**INDIANA BOARD FOR DEPOSITORIES  
(A Component Unit of the State of Indiana)**

**SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY (UNAUDITED)**

**PUBLIC EMPLOYEES' RETIREMENT FUND  
Last 10 Fiscal Years**

|  | <b>2023</b> | <b>2022</b> | <b>2021</b> | <b>2020</b> | <b>2019</b> | <b>2018</b> | <b>2017</b> | <b>2016</b> | <b>2015</b> | <b>2014</b> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Board's proportion of the net pension liability  | 0.00015%    | 0.00116%    | 0.00016%    | 0.00006%    | 0.00078%    | 0.00054%    | 0.00181%    | 0.00175%    | 0.00204%    | 0.00215%    |
| Board's proportionate share of the net pension liability   | \$ 5,276    | \$ 36,573   | \$ 2,827    | \$ 1,823    | \$ 25,092   | \$ 17,805   | \$ 80,669   | \$ 79,391   | \$ 83,112   | \$ 56,511   |
| Board's covered-employee payroll   | \$ 11,920   | \$ 68,321   | \$ 11,837   | \$ 3,257    | \$ 39,546   | \$ 27,474   | \$ 89,277   | \$ 83,948   | \$ 83,948   | \$ 104,863  |
| Board's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 44.26%      | 53.53%      | 23.88%      | 55.97%      | 63.45%      | 64.81%      | 90.36%      | 94.57%      | 99.00%      | 53.89%      |
| Plan fiduciary net position as a percentage of the total pension liability                               | 80.80%      | 82.50%      | 92.50%      | 81.40%      | 80.10%      | 78.90%      | 72.70%      | 71.20%      | 73.30%      | 81.10%      |

**INDIANA BOARD FOR DEPOSITORIES  
(A Component Unit of the State of Indiana)**

**SCHEDULE OF BOARD CONTRIBUTIONS (UNAUDITED)**

**PUBLIC EMPLOYEES' RETIREMENT FUND  
Last 10 Fiscal Years**

|  | 2024        | 2023         | 2022         | 2021         | 2020        | 2019         | 2018         | 2017          | 2016         | 2015          |
|--|-------------|--------------|--------------|--------------|-------------|--------------|--------------|---------------|--------------|---------------|
| Contractually required contribution                                  | \$ -        | \$ 1,335     | \$ 7,652     | \$ 1,323     | \$ 365      | \$ 4,429     | \$ 3,077     | \$ 10,040     | \$ 9,402     | \$ 11,424     |
| Contributions in relation to the contractually required contribution | <u>-</u>    | <u>1,335</u> | <u>7,652</u> | <u>1,323</u> | <u>365</u>  | <u>4,429</u> | <u>3,077</u> | <u>10,040</u> | <u>9,402</u> | <u>11,424</u> |
| Contribution deficiency  | <u>\$ -</u> | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u> | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>   | <u>\$ -</u>  | <u>\$ -</u>   |
| Board's covered-employee payroll                                     | \$ -        | \$ 11,920    | \$ 68,321    | \$ 11,837    | \$ 3,257    | \$ 39,546    | \$ 27,474    | \$ 89,277     | \$ 83,948    | \$ 102,000    |
| Contributions as a percentage of covered-employee payroll            | 0.0%        | 11.2%        | 11.2%        | 11.2%        | 11.2%       | 11.2%        | 11.2%        | 11.2%         | 11.2%        | 11.2%         |

**INDIANA BOARD FOR DEPOSITORIES  
(A Component Unit of the State of Indiana)**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
June 30, 2024**

**SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED)**

**Plan Amendments:** In 2024, the full retirement benefit eligibility condition of age 70 and 20 years of credible service while still active in a covered position was changed to age 65 and 20 years of creditable service while still active in a covered position. This change was deemed immaterial and has no impact on the actuarial liability.

**SCHEDULE OF THE BOARD'S CONTRIBUTIONS (UNAUDITED)**

**Methods Used in Calculating Contributions:** Contributions are determined by the INPRS Board and are based on a percentage of covered payroll. If determined to be necessary by the actuaries of INPRS, the INPRS Board updates the percentage of covered payroll annually effective July 1. Employers currently contribute 11.2% of covered payroll. There have been no changes in the percentage of covered payroll used since 2015.

**Trends:** There were no factors that significantly affected trends in contributions to the Plan.

## **OTHER REPORT**

*Independent Auditor's 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*

Board of Directors  
Indiana Board for Depositories

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Indiana Board for Depositories, a component unit of the State of Indiana, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Indiana Board for Depositories' basic financial statements, and have issued our report thereon dated October 31, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Indiana Board for Depositories' 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 Indiana Board for Depositories' internal control. Accordingly, we do not express an opinion on the effectiveness of Indiana Board for Depositories' 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 Indiana Board for Depositories' 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.

*Katz, Sapper & Miller, LLP*

Indianapolis, Indiana  
October 31, 2024