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State Examiner

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April 29, 2025

Board of Directors  
Indiana Housing and Community Development Authority  
Marion County, Indiana

We have received the audit report of the Indiana Housing and Community Development Authority, which was opined upon by Forvis Mazars, LLP, Independent Public Accountants, for the period January 1, 2024 to December 31, 2024. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Indiana Housing and Community Development Authority as of December 31, 2024, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

Tammy R. White, CPA  
Deputy State Examiner



A COMPONENT UNIT OF THE STATE OF INDIANA

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT

December 31, 2024

**Indiana Housing and Community Development Authority**  
**(A Component Unit of the State of Indiana)**  
**Contents**  
**December 31, 2024**

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**Independent Auditor’s Report** ..... 1

**Management’s Discussion and Analysis (Unaudited)** ..... 4

**Financial Statements**

    Statement of Net Position..... 12

    Statement of Revenues, Expenses and Changes in Net Position ..... 14

    Statements of Cash Flows ..... 15

    Notes to Financial Statements ..... 17

**Required Supplementary Information**

    Schedule of the Authority’s Proportionate Share of the Net Pension Liability ..... 45

    Consolidating Schedule – Statements of Income Information ..... 46

**Supplementary Information**

    Combining Schedule of Net Position..... 47

    Combining Schedule of Revenues, Expenses and Changes in Net Position ..... 48

    Combining Schedule of Cash Flows ..... 49

## **Independent Auditor's Report**

Board of Directors  
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, 2024, 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, 2024, 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 (*Government Auditing Standards*). 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.

### ***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 GAAS, 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 GAAS. 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 15, 2025, on our consideration of 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 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 Authority's internal control over financial reporting and compliance.

***Forvis Mazars, LLP***

**Indianapolis, Indiana  
April 15, 2025**

## **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, 2024**

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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, 2024. 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 auditor's 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 almost entirely self-supporting and does not rely 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 noteworthy 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 like 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.

The Statement of Revenues, Expenses and Changes in Net Position accounts for all the current year's revenues and expenses. 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 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, or worse as a result of the year's activities?"

**Indiana Housing and Community Development Authority  
(A Component Unit of the State of Indiana)  
Management's Discussion and Analysis (Unaudited)  
December 31, 2024**

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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, 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, 2024**

**Financial Highlights**

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

	<u>2024</u>	<u>2023</u>	<u>Change</u>	<u>% Change</u>
<b>Assets and Deferred Outflows of Resources</b>				
<b>Current Assets</b>				
Cash and cash equivalents				
Unrestricted	\$ 100,225,170	\$ 100,902,278	\$ (677,108)	-1%
Restricted	468,950,031	425,011,816	43,938,215	10%
Accrued interest receivable				
Investments	2,042,486	1,794,337	248,149	14%
Investments held against bonds	7,973,513	4,821,942	3,151,571	65%
Accounts and loan receivable, net	14,963,375	20,318,717	(5,355,342)	-26%
Other assets	395,998	179,698	216,300	120%
Total current assets	<u>594,550,573</u>	<u>553,028,788</u>	<u>41,521,785</u>	<u>8%</u>
<b>Noncurrent Assets</b>				
Investments				
Unrestricted	194,379,203	189,053,470	5,325,733	3%
Investments held against bonds	1,716,479,236	1,178,650,657	537,828,579	46%
Accounts and loans receivable, net	223,651,604	182,461,716	41,189,888	23%
Derivative instrument - interest rate swap agreements	3,809,560	2,975,199	834,361	28%
Capital assets, at cost, less accumulated depreciation	1,371,459	1,423,153	(51,694)	-4%
Lease and subscription assets, less accumulated amortization	5,812,992	6,768,209	(955,217)	-14%
Total noncurrent assets	<u>2,145,504,054</u>	<u>1,561,332,404</u>	<u>584,171,650</u>	<u>37%</u>
Total assets	<u>2,740,054,627</u>	<u>2,114,361,192</u>	<u>625,693,435</u>	<u>30%</u>
<b>Deferred Outflows of Resources</b>				
Pension-related	3,008,338	3,539,610	(531,272)	-15%
Deferred refunding costs	716,171	814,340	(98,169)	-12%
Total deferred outflows of resources	<u>3,724,509</u>	<u>4,353,950</u>	<u>(629,441)</u>	<u>-14%</u>
Total assets and deferred outflows of resources	<u>\$ 2,743,779,136</u>	<u>\$ 2,118,715,142</u>	<u>\$ 625,063,994</u>	<u>30%</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>				
<b>Current Liabilities</b>				
Bonds payable	\$ 29,430,000	\$ 22,660,000	\$ 6,770,000	30%
Accrued interest payable	40,876,345	24,895,693	15,980,652	64%
Unearned revenue	116,318,065	197,213,694	(80,895,629)	-41%
Government advances	300,263	635,105	(334,842)	-53%
Lease and subscription liability	941,964	882,195	59,769	7%
Accounts payable and other liabilities	16,635,270	17,942,436	(1,307,166)	-7%
Total current liabilities	<u>204,501,907</u>	<u>264,229,123</u>	<u>(59,727,216)</u>	<u>-23%</u>
<b>Noncurrent Liabilities</b>				
Bonds payable	1,958,310,111	1,303,876,050	654,434,061	50%
Original issue premium	33,274,202	34,603,018	(1,328,816)	-4%
Bonds payable, net	<u>1,991,584,313</u>	<u>1,338,479,068</u>	<u>653,105,245</u>	<u>49%</u>
Notes payable	1,318,551	1,394,772	(76,221)	-5%
Pension liability	7,154,594	6,059,160	1,095,434	18%
Government advances	31,650,393	30,969,151	681,242	2%
Lease and subscription liability	5,874,220	6,747,853	(873,633)	-13%
Other non-current liabilities	35,687	121,319	(85,632)	-71%
Total noncurrent liabilities	<u>2,037,617,758</u>	<u>1,383,771,323</u>	<u>653,846,435</u>	<u>47%</u>
Total liabilities	<u>2,242,119,665</u>	<u>1,648,000,446</u>	<u>594,119,219</u>	<u>36%</u>
<b>Deferred Inflows of Resources</b>				
Pension-related	-	2,125	(2,125)	-100%
Accumulated increase in fair value of derivative	3,809,560	2,975,199	834,361	28%
Total deferred inflows of resources	<u>3,809,560</u>	<u>2,977,324</u>	<u>832,236</u>	<u>28%</u>
<b>Net Position</b>				
Net investment in capital assets	368,267	561,314	(193,047)	-34%
Restricted	185,221,339	157,764,715	27,456,624	17%
Unrestricted	312,260,305	309,411,343	2,848,962	1%
Total net position	<u>497,849,911</u>	<u>467,737,372</u>	<u>30,112,539</u>	<u>6%</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 2,743,779,136</u>	<u>\$ 2,118,715,142</u>	<u>\$ 625,063,994</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, 2024**

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Total assets and deferred outflows of resources increased by \$625.1 million, or 30%, when compared to 2023. Total current assets increased \$41.5 million while the noncurrent assets increased by \$584.2 million. Total deferred outflow of resources decreased by \$0.6 million.

The overall increase in total assets was driven by an increase in Investments held against bonds of \$537.8 million. This incorporates an increase in Single Family Fund of \$541.5 million and a decrease in MBS Pass-thru Fund of \$3.7 million. These investments represent new mortgages purchased from the proceeds of new bonds issued less repayments and redemptions. An additional increase in total assets is attributed to accounts and loans receivable in the amount of \$35.8 million. This increase is due in large part to down payment assistance loans made to first time home buyers through the Single Family Fund.

Total liabilities increased by \$594.1 million, or 36%, when compared to 2023. Total deferred inflows of resources increased by \$0.8 million and total net position increased by \$30.1 million.

The increase in bonds payable of \$659.9 million is being driven by the \$730.8 million in new bonds issued in 2024 for the Single Family Fund, as mentioned above and detailed below, less paydowns. This is partially offset by a decrease of \$80.9 million in unearned revenue. In 2023, the Indiana Emergency Rental Assistance (IERA) comprised a significant portion of the total Unearned revenue balance. During 2024, IERA recognized most of those dollars in the form of benefits paid to help Hoosiers stay in their homes.

Total net position at December 31, 2024 and 2023 was as follows (in millions of dollars):

	<u>2024</u>	<u>2023</u>
Assets and deferred outflows of resources	\$ 2,743.8	\$ 2,118.7
Liabilities and deferred inflows of resources	<u>2,245.9</u>	<u>1,651.0</u>
Net position	<u>\$ 497.9</u>	<u>\$ 467.7</u>

**Indiana Housing and Community Development Authority**  
**(A Component Unit of the State of Indiana)**  
**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2024**

**Operating Analysis**

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

	<u>2024</u>	<u>2023</u>	<u>Change</u>	<u>% Change</u>
<b>Revenues</b>				
Interest income				
Investments	\$ 22,713,942	\$ 17,612,616	\$ 5,101,326	29%
Investments held against bonds	81,759,167	48,211,717	33,547,450	70%
Loans	1,379,056	1,468,257	(89,201)	-6%
Fee income	10,522,337	7,602,631	2,919,706	38%
Program income	608,276,482	709,588,242	(101,311,760)	-14%
Sale of Next Home investments	904,843	1,240,812	(335,969)	-27%
Net increase in fair value of investments	1,035,984	11,989,882	(10,953,898)	-91%
Other income	1,506,084	2,112,507	(606,423)	-29%
Total revenues	<u>728,097,895</u>	<u>799,826,664</u>	<u>(71,728,769)</u>	<u>-9%</u>
<b>Expenses</b>				
Investment expense (down payment assistance)	239,282	412,192	(172,910)	-42%
Loss on sale of investments	620,009	960,349	(340,340)	-35%
Interest expense	70,961,612	42,345,533	28,616,079	68%
Issuance costs	6,798,300	4,898,416	1,899,884	39%
Program expenses	571,385,740	658,580,346	(87,194,606)	-13%
Arbitrage expense	(85,632)	121,319	(206,951)	100%
General and administrative expenses	48,066,045	53,809,315	(5,743,270)	-11%
Total expenses	<u>697,985,356</u>	<u>761,127,470</u>	<u>(63,142,114)</u>	<u>-8%</u>
<b>Change in Net Position</b>	30,112,539	38,699,194	(8,586,655)	-22%
<b>Net Position, Beginning of Year</b>	<u>467,737,372</u>	<u>429,038,178</u>	<u>38,699,194</u>	<u>9%</u>
<b>Net Position, End of Year</b>	<u>\$ 497,849,911</u>	<u>\$ 467,737,372</u>	<u>\$ 30,112,539</u>	<u>6%</u>

For 2024, the change in net position decreased by \$8.6 million, or 22%, when compared to 2023. Total revenue decreased by \$71.7 million, or 9%. Total expenses decreased by \$63.1 million, or 8%.

The decrease in total revenues is largely being driven by the decrease in program income of \$101.3 million when compared to 2023. The Low-Income Energy Assistance Program (LIHEAP), Indiana Emergency Rental Assistance (IERA) and Homeowner Assistance Fund (HAF) programs have declined in program revenue when compared to 2023. Interest income has increased by \$38.6 million from 2023. This is primarily due to continued increases in Single Family Fund activity coupled with higher interest rates on investments and deposit balances.

The decrease in total expenses is being driven primarily by program expense of \$87.2 million. As mentioned above, there is a net decrease in activity for LIHEAP, IERA and HAF. The associated program expenses from these programs have also decreased. There is also a decrease in General and Administrative expenses of \$5.7 million. This is partially offset by an increase of \$28.6 million in interest expense. This increase is due to the continued issuance of new bonds for the Single Family Fund as discussed in further details below.

**Indiana Housing and Community Development Authority**  
**(A Component Unit of the State of Indiana)**  
**Management’s Discussion and Analysis (Unaudited)**  
**December 31, 2024**

Total operating income/change in net position for 2024 and 2023 was as follows (in millions of dollars):

	<u>2024</u>	<u>2023</u>
Operating revenues, gains and losses	\$ 728.1	\$ 799.8
Operating expenses	<u>698.0</u>	<u>761.1</u>
Operating income/change in net position	<u>\$ 30.1</u>	<u>\$ 38.7</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 increase of \$1.0 million in the net fair value of investments held at year end. Without the GASB No. 31 adjustment, the change in net position for 2024 was \$29.1 million, resulting in a net increase in the change in net position of \$2.4 million between years.

	<u>2024</u>	<u>2023</u>	<u>Change</u>	<u>% Change</u>
Change in net position	\$ 30,112,539	\$ 38,699,194	\$ (8,586,655)	-22%
Net increase in fair value of investments	<u>1,035,984</u>	<u>11,989,882</u>	<u>(10,953,898)</u>	<u>-91%</u>
Change in net position excluding GASB No. 31 adjustment	<u>\$ 29,076,555</u>	<u>\$ 26,709,312</u>	<u>\$ 2,367,243</u>	<u>9%</u>

**Financial Condition**

IHCDA’s Board of Directors, working with IHCDA’s Budget Committee, annually approves the Authority’s general fund budget, which encompasses review, oversight, and approval of the Authority’s net position, liquidity, mortgage portfolio performance, and unrestricted asset levels. Net position on December 31, 2024, consisted of \$185.2 million restricted by funding sources, \$312.3 million unrestricted and available to meet the obligations of the Authority’s operations, and \$0.4 million net investment in capital assets. The Authority believes these balances to be sufficient to meet the objectives of the Board of Directors.

**Capital, Lease and Subscription Assets**

As of December 31, 2024 and 2023, the Authority had \$7.2 million and \$8.2 million, respectively, invested in capital, lease and subscription assets, primarily the building, computer software and hardware, and computer software subscriptions. Depreciation and amortization expense was \$1.5 in 2024 and \$1.4 million in 2023, respectively.

**Indiana Housing and Community Development Authority  
(A Component Unit of the State of Indiana)  
Management’s Discussion and Analysis (Unaudited)  
December 31, 2024**

***Debt Administration***

Total current and noncurrent bonds payable, not including any original issue premium or discount, as of December 31, 2024, was \$2.0 billion, which increased \$661.2 million compared to \$1.3 billion as of December 31, 2023. This increase was due to the \$730.8 million in mortgage revenue bond issuances in 2024, offset against the \$69.6 million of maturities and redemptions of bonds previously issued by the Authority. The Authority has maintained its long-term bond rating of Aaa from Moody’s Investors Services. On August 1, 2023, Fitch Ratings downgraded the United States of America’s Long-Term Foreign-Currency Issuer Default Rating (IDR) to AA+ from AAA. The Rating Watch Negative was removed and a Stable Outlook assigned. Fitch sighted “erosion of governance”, “rising general government deficits”, “medium term fiscal challenges unaddressed”, and other concerns in support of the USA downgrade. Further, Fitch went on to define the categories of debt that would be affected by the downgrade to include municipal housing bonds that are primarily secured by mortgage-backed securities issued by Ginnie Mae, Fannie Mae, and Freddie Mac. Since all IHCD’s mortgage revenue bonds are secured by Ginnie, Fannie, or Freddie guarantees, both the Single Family and MBS Pass Through resolutions were subsequently downgraded to AA+ with a Stable Outlook. 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 2024 (dollars in thousands):

<b>Bond Series</b>	<b>Tax-Exempt Amount</b>	<b>Taxable Amount</b>	<b>Total</b>	<b>Moody’s Rating</b>	<b>Fitch Rating</b>
2024 Series A	\$ 101,250	\$ 33,050	\$ 134,300	Aaa	AA+
2024 Series B	90,000	109,480	199,480	Aaa	AA+
2024 Series C	99,245	98,655	197,900	Aaa	AA+
2024 Series D	100,000	99,125	199,125	Aaa	AA+
Total	<u>\$ 390,495</u>	<u>\$ 340,310</u>	<u>\$ 730,805</u>		

***Economic Factors and Other Financial Information***

The primary business activity of the Authority is funding the purchase of single-family home mortgages, multi-family development tax credits, tax exempt conduit bond financing 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, rates available in the conventional mortgage markets, the availability of affordable housing and the availability of private activity bond volume cap. The availability of long-term tax-exempt and taxable 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, 2024**

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

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

## **BASIC FINANCIAL STATEMENTS**

**Indiana Housing and Community Development Authority**  
**(A Component Unit of the State of Indiana)**  
**Statement of Net Position**  
**December 31, 2024**

**2024**

**Assets and Deferred Outflows of Resources**

**Current Assets**

Cash and cash equivalents	
Unrestricted	\$ 100,225,170
Restricted	468,950,031
Accrued interest receivable	
Investments	2,042,486
Investments held against bonds	7,973,513
Accounts and loans receivable, net	14,963,375
Other assets	395,998
Total current assets	<u>594,550,573</u>

**Noncurrent Assets**

Investments	
Unrestricted	194,379,203
Investments held against bonds	1,716,479,236
Accounts and loans receivable, net	223,651,604
Derivative instruments - interest rate swap agreements	3,809,560
Capital assets, at cost, less accumulated depreciation	1,371,459
Lease and subscription assets, less accumulated amortization	5,812,992
Total noncurrent assets	<u>2,145,504,054</u>
Total assets	<u>2,740,054,627</u>

**Deferred Outflows of Resources**

Pension-related	3,008,338
Deferred refunding costs	716,171
Total deferred outflows of resources	<u>3,724,509</u>

Total assets and deferred outflows of resources \$ 2,743,779,136

**Indiana Housing and Community Development Authority**  
**(A Component Unit of the State of Indiana)**  
**Statement of Net Position (Continued)**  
**December 31, 2024**

**2024**

**Liabilities, Deferred Inflows of Resources  
and Net Position**

**Current Liabilities**

Bonds payable	\$ 29,430,000
Accrued interest payable	40,876,345
Unearned revenue	116,318,065
Government advances	300,263
Lease and subscription liability	941,964
Accounts payable and other liabilities	16,635,270
Total current liabilities	<u>204,501,907</u>

**Noncurrent Liabilities**

Bonds payable	1,958,310,111
Original issue premium	33,274,202
Bonds payable, net	<u>1,991,584,313</u>
Notes payable	1,318,551
Pension liability	7,154,594
Government advances	31,650,393
Lease and subscription liability	5,874,220
Other non-current liabilities	35,687
Total noncurrent liabilities	<u>2,037,617,758</u>
Total liabilities	<u>2,242,119,665</u>

**Deferred Inflows of Resources**

Accumulated increase in fair value of derivatives	3,809,560
Total deferred outflows of resources	<u>3,809,560</u>

**Net Position**

Net investment in capital assets	368,267
Restricted	
General fund	3,542,877
Program fund	151,708,237
Single Family fund	29,970,225
Total restricted net position	<u>185,221,339</u>
Unrestricted	<u>312,260,305</u>
Total net position	<u>497,849,911</u>

Total liabilities, deferred inflows of resources and net position	<u>\$ 2,743,779,136</u>
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**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, 2024**

	<b>2024</b>
<b>Revenues</b>	
Interest income	
Investments	\$ 22,713,942
Investments held against bonds	81,759,167
Loans	1,379,056
Fee income	10,522,337
Program income	608,276,482
Sale of Next Home investments	904,843
Net increase in fair value of investments	1,035,984
Other income	1,506,084
Total revenues	<u>728,097,895</u>
<b>Expenses</b>	
Investment expense (down payment assistance)	239,282
Loss on sale of investments	620,009
Interest expense	70,961,612
Issuance costs	6,798,300
Program expenses	571,385,740
Arbitrage expense	(85,632)
General and administrative expenses	48,066,045
Total expenses	<u>697,985,356</u>
<b>Change in Net Position</b>	30,112,539
<b>Net Position, Beginning of Year</b>	<u>467,737,372</u>
<b>Net Position, End of Year</b>	<u>\$ 497,849,911</u>

**Indiana Housing and Community Development Authority**  
**(A Component Unit of the State of Indiana)**  
**Statement of Cash Flows**  
**Year Ended December 31, 2024**

	<u>2024</u>
<b>Cash Flows From Operating Activities</b>	
Receipts for services	\$ 12,226,319
Receipts for program revenue	521,891,641
Principal issued on loans receivable	(1,862,541)
Interest received on investments	22,465,793
Interest received on investments held against bonds	73,100,751
Interest received on loans	1,379,056
Payments for program expenses	(611,190,628)
Interest paid on bonds and bank loans	(54,882,791)
Debt issuance costs incurred	(6,798,300)
Payments for suppliers and employees	(6,706,930)
Net cash provided by (used in) operating activities	<u>(50,377,630)</u>
<b>Cash Flows From Noncapital Financing Activities</b>	
Proceeds from bond issues	734,983,030
Repayments and redemption of bonds and bank loans	(69,677,161)
Net cash provided by (used in) noncapital financing activities	<u>665,305,869</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Purchases of capital assets	(373,110)
Payments on lease	(909,937)
Net cash provided by (used in) capital and related financing activities	<u>(1,283,047)</u>
<b>Cash Flows From Investing Activities</b>	
Proceeds from sale and maturities of investments	114,848,029
Principal received on investments held against bonds	93,697,020
Purchases of investments held against bonds	(631,287,144)
Purchase of investments	(119,719,184)
Purchase of DPA loans	(27,922,806)
Net cash provided by (used in) investing activities	<u>(570,384,085)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	43,261,107
<b>Cash and Cash Equivalents, January 1</b>	<u>525,914,094</u>
<b>Cash and Cash Equivalents, December 31</b>	<u>\$ 569,175,201</u>
<b>Cash and Cash Equivalents</b>	
Cash	\$ 195,824,756
Money market investments	<u>373,350,445</u>
Total cash and cash equivalents	<u>\$ 569,175,201</u>

**Indiana Housing and Community Development Authority**  
**(A Component Unit of the State of Indiana)**  
**Statement of Cash Flows (Continued)**  
**Year Ended December 31, 2024**

	<u>2024</u>
<b>Noncash Transactions From Capital and Related Financing Activities</b>	
Issuance of capital lease obligation	\$ 96,073
<b>Reconciliation of Change in Net Position to Net Cash</b>	
<b>    Provided by Operating Activities:</b>	
Change in net position	\$ 30,112,539
Adjustment to reconcile change in net position to net cash	
provided by operating activities:	
Net increase in fair value of investments	(1,035,984)
Loss on sale of investments	342,951
Depreciation and amortization	1,476,094
Amortization of bond premium/discount	(5,506,845)
Changes in operating assets and liabilities:	
Accounts and loan receivable	(7,911,740)
Accrued interest receivable	(3,399,720)
Other assets	(216,300)
Deferred pension costs	531,272
Deferred refunding costs	98,169
Unearned revenue	(80,895,629)
Accounts payable and other liabilities	(1,392,798)
Accrued interest payable	15,980,652
Net pension liability	1,095,434
Deferred pension revenue	(2,125)
Government advances	346,400
Total adjustments	<u>(80,490,169)</u>
Net cash provided by (used in) operating activities	<u>\$ (50,377,630)</u>

## **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.

### ***Single Family and Mortgage-Backed Securities Pass-Thru Funds***

The Single Family 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.

IHCDA provides down payment assistance (DPA) for most of its Single Family Fund homeownership programs. DPA is provided in the form of a noninterest-bearing, non-amortizing second mortgage recorded against the home at the time of closing and forgivable after nine years. IHCDA estimates an allowance for loan losses on DPA loans based on current economic conditions and historical collection information.

### ***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.

**Indiana Housing and Community Development Authority**  
**(A Component Unit of the State of Indiana)**  
**Notes to Financial Statements**  
**December 31, 2024**

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, 2024:

	<b>Total Assets and Deferred Outflows of Resources</b>	
	<b>Fair Value</b>	<b>Cost</b>
General Fund	\$ 223,329,184	\$ 224,915,554
Program Fund	311,120,464	311,120,464
Single Family Fund	2,185,943,538	2,221,639,528
MBS Pass-thru Fund	23,385,950	23,909,960
	<u>2,743,779,136</u>	<u>2,781,585,506</u>
Total assets and deferred outflows of resources	<u>\$ 2,743,779,136</u>	<u>\$ 2,781,585,506</u>

	<b>Net Position</b>	
	<b>Fair Value</b>	<b>Cost</b>
General Fund	\$ 202,699,419	\$ 204,285,789
Program Fund	151,748,348	151,748,348
Single Family Fund	143,734,522	179,430,512
MBS Pass-thru Fund	(332,378)	191,632
	<u>497,849,911</u>	<u>535,656,281</u>
Total net position	<u>\$ 497,849,911</u>	<u>\$ 535,656,281</u>

	<b>Operating Income</b>	
	<b>Fair Value</b>	<b>Cost</b>
General Fund	\$ 11,777,246	\$ 10,979,717
Program Fund	13,486,819	13,486,819
Single Family Fund	5,101,739	4,504,110
MBS Pass-thru Fund	(253,265)	105,909
	<u>30,112,539</u>	<u>29,076,555</u>
Total operating income	<u>\$ 30,112,539</u>	<u>\$ 29,076,555</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.

**Indiana Housing and Community Development Authority**  
**(A Component Unit of the State of Indiana)**  
**Notes to Financial Statements**  
**December 31, 2024**

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***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.

***Subscription Assets***

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

***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 and debt refunding costs. 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.

***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 and the accumulated increase in the fair value of hedging derivative instruments. The deferred inflows of resources related to pension is attributable to pension expense over a total of ten years, including the current year. In addition, deferred inflows of resources include the fair value of interest rate swap agreements (see Note 7).

***Compensated Absences***

During 2024, the Authority implemented GASB Statement No. 101, *Accounting for Compensated Absences*. In accordance with the vesting method provided in this statement, accumulated vacation, personal and sick 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.

**Indiana Housing and Community Development Authority**  
**(A Component Unit of the State of Indiana)**  
**Notes to Financial Statements**  
**December 31, 2024**

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***Unearned Revenue***

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

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

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

***Interest Rate Swap Agreements***

The Authority uses interest rate swap agreements to protect against the potential of rising interest rates. The agreements are reported at fair value on the Statement of Net Position; however, changes in fair value are deferred until the termination or expiration of the instruments. The accumulated increase in the fair value of the interest rate swap agreements is reported as a deferred inflows 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 \$8,397,829 at December 31, 2024, and amortization expense, which is reported as part of interest expense, was \$98,169 for the year then ended.

***Original Issue Premiums and Discounts***

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

***Net Position***

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

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

**Indiana Housing and Community Development Authority  
(A Component Unit of the State of Indiana)  
Notes to Financial Statements  
December 31, 2024**

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

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

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

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

***Operating Revenues***

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

***Program Income***

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

***Fee Income***

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

***Bond Issuance Costs***

Bond issuance costs are expensed as incurred.

***Allocation of Expenses Between Funds***

The Program, Single Family 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.

**Indiana Housing and Community Development Authority**  
**(A Component Unit of the State of Indiana)**  
**Notes to Financial Statements**  
**December 31, 2024**

**Note 3. Deposits and Investments**

	General Fund	Program Fund	Single Family Fund	MBS Pass-Thru Fund	2024 Total
<b>Current</b>					
Cash and cash equivalents					
Unrestricted	\$ 66,987,705	\$ -	\$ 33,237,465	\$ -	\$ 100,225,170
Restricted	3,542,877	186,417,318	278,927,436	62,400	468,950,031
Total current cash and cash equivalents	<u>70,530,582</u>	<u>186,417,318</u>	<u>312,164,901</u>	<u>62,400</u>	<u>569,175,201</u>
<b>Noncurrent Assets</b>					
Investments					
Unrestricted	111,705,800	-	82,673,403	-	194,379,203
Investments held against bonds	-	-	1,693,937,599	22,541,637	1,716,479,236
Total noncurrent investments	<u>111,705,800</u>	<u>-</u>	<u>1,776,611,002</u>	<u>22,541,637</u>	<u>1,910,858,439</u>
Total cash, cash equivalents, and investments	<u>\$ 182,236,382</u>	<u>\$ 186,417,318</u>	<u>\$ 2,088,775,903</u>	<u>\$ 22,604,037</u>	<u>\$ 2,480,033,640</u>

Cash, cash equivalents and investments held by the Authority as of December 31, 2024 were as follows:

	<u>Fair Value</u>	<u>Cost</u>
Deposits		
Cash	\$ 195,773,880	\$ 195,773,880
Money market mutual funds	373,401,321	373,380,384
Investments		
US Treasuries	45,902,586	45,743,523
Federal agency obligations	148,476,617	151,765,735
Federal agency obligations held against bonds	<u>1,716,479,236</u>	<u>1,751,176,488</u>
Total cash, cash equivalents and investments	<u>\$ 2,480,033,640</u>	<u>\$ 2,517,840,010</u>

**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, 2024, all investments held by the Authority were in compliance with the requirements of the Indentures.

**Indiana Housing and Community Development Authority**  
**(A Component Unit of the State of Indiana)**  
**Notes to Financial Statements**  
**December 31, 2024**

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, 2024, the Authority had the following investments and maturities (in thousands):

	Fair Value	Less Than 1	Investment Maturities (in Years)		
			1 - 5	6 - 10	More Than 10
Money market mutual funds	\$ 373,401	\$ 373,401	\$ -	\$ -	\$ -
US Treasuries	45,903	28,267	17,636	-	-
Federal agency obligations	148,477	26,521	110,511	7,293	4,152
Federal agency obligations held against bonds	1,716,479	15	660	3,344	1,712,460
	<u>\$ 2,284,260</u>	<u>\$ 428,204</u>	<u>\$ 128,807</u>	<u>\$ 10,637</u>	<u>\$ 1,716,612</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, 2024, 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, 2024, all of the Authority's cash was deposited in approved financial institutions.

**Credit Risk**

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

	S&P	Fitch	Moody's	Fair Value
Money market mutual funds	AAAm	AAAmf	Aaa-mf	\$ 373,401,321
US Treasuries	AA+	AAA	Aaa	45,902,586
Federal agency obligations	AA+	AAA	Aaa	148,476,617
Federal agency obligations held against bonds	AA+	AAA	Aaa	1,716,479,236
				<u>\$ 2,284,259,760</u>

**Indiana Housing and Community Development Authority**  
**(A Component Unit of the State of Indiana)**  
**Notes to Financial Statements**  
**December 31, 2024**

**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.

<b>Investment</b>	<b>Fair Value</b>
Ginnie Mae	50.1%
Freddie Mac	15.2%
Fannie Mae	11.6%
Dreyfus Institutional Government Money Market Fund	11.5%

**Note 4. Accounts and Loans Receivable**

Accounts and loans receivable at December 31, 2024 were as follows:

**General Fund:**

Hardest hit fund loans	\$ 101,095,119
Tax credit assistance program loans	18,383,945
Next Home ownership mortgage down payment assistance loans	2,682,546
Accounts receivable	1,637,416
Mortgage loans	30,037
Loans provided to sub-recipients of certain programs	11,025
	<u>123,840,088</u>
Less: allowance for credit losses	<u>(104,327,475)</u>
	19,512,613
Current	<u>(1,867,924)</u>
Noncurrent	<u>\$ 17,644,689</u>

**Single Family Fund**

Down payment assistance interest	\$ 189,934
Down payment assistance loans	107,115,473
	<u>107,305,407</u>
Less: allowance for uncollectible loans	<u>(19,708,532)</u>
	87,596,875
Current	<u>(189,934)</u>
Noncurrent	<u>\$ 87,406,941</u>

**Indiana Housing and Community Development Authority**  
**(A Component Unit of the State of Indiana)**  
**Notes to Financial Statements**  
**December 31, 2024**

*(Continued)*

**Program Fund:**

Development fund loans	\$ 91,656,922
Section 1602 tax credit exchange program loans	27,525,686
Reimbursements due from other governments	18,174,511
Home investment partnership program loans	13,475,882
Community development block grant loans	11,793,915
Rural rental housing loans	1,248,958
	<u>163,875,874</u>
Less: allowance for credit losses	<u>(32,370,383)</u>
	131,505,491
Current	<u>(12,905,517)</u>
	118,599,974
Noncurrent	<u>\$ 118,599,974</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, Lease and Subscription Assets**

Capital assets activity for the year ended December 31, 2024 was:

	<u>January 1, 2024</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31, 2024</u>
Computer software	\$ 7,977,177	\$ 347,135	\$ -	\$ 8,324,312
Computer hardware	1,135,048	-	-	1,135,048
Furniture and equipment	948,472	15,850	-	964,322
Leasehold Improvements	196,000	10,125	-	206,125
	<u>10,256,697</u>	<u>373,110</u>	<u>-</u>	<u>10,629,807</u>
Less accumulated depreciation	<u>(8,833,544)</u>	<u>(424,804)</u>	<u>-</u>	<u>(9,258,348)</u>
Capital assets, net	<u>\$ 1,423,153</u>	<u>\$ (51,694)</u>	<u>\$ -</u>	<u>\$ 1,371,459</u>

**Indiana Housing and Community Development Authority**  
**(A Component Unit of the State of Indiana)**  
**Notes to Financial Statements**  
**December 31, 2024**

Lease assets activity for the year ended December 31, 2024 was:

	<u>January 1, 2024</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31, 2024</u>
Building	\$ 8,806,801	\$ -	\$ -	\$ 8,806,801
Furniture and equipment	585,587	-	-	585,587
	9,392,388	-	-	9,392,388
Less accumulated amortization	<u>(2,967,637)</u>	<u>(793,670)</u>	<u>-</u>	<u>(3,761,307)</u>
Leased assets, net	<u>\$ 6,424,751</u>	<u>\$ (793,670)</u>	<u>\$ -</u>	<u>\$ 5,631,081</u>

Subscription assets activity for the year ended December 31, 2024 was:

	<u>January 1, 2024</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31, 2024</u>
Subscription asset	\$ 544,231	\$ 96,073	\$ -	\$ 640,304
Less accumulated amortization	<u>(200,773)</u>	<u>(257,620)</u>	<u>-</u>	<u>(458,393)</u>
Subscription assets, net	<u>\$ 343,458</u>	<u>\$ (161,547)</u>	<u>\$ -</u>	<u>\$ 181,911</u>

**Note 6. Bonds Payable**

Bonds payable at December 31, 2024, consist of (dollars in thousands):

<u>Single Family Fund</u>	<u>Original Amount</u>	<u>Balance</u>
2016 Series A-1		
Term bonds (2.85%), due 2031	\$ 14,735	\$ 685
	<u>14,735</u>	<u>685</u>
2016 Series A-2		
PAC bonds (3.50%), due 2038	25,990	1,125
	<u>25,990</u>	<u>1,125</u>
2017 Series B-1		
Serial bonds (2.00% to 2.75%), due 2025 - 2028	15,210	6,395
	<u>15,210</u>	<u>6,395</u>
2017 Series B-2		
PAC bonds (4.00%), due 2038	15,740	1,035
	<u>15,740</u>	<u>1,035</u>

**Indiana Housing and Community Development Authority**  
**(A Component Unit of the State of Indiana)**  
**Notes to Financial Statements**  
**December 31, 2024**

<b>Single Family Fund (Continued)</b>	<b>Original Amount</b>	<b>Balance</b>
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>
2017 Series C-1		
Serial bonds (2.45% to 2.85%), due 2025 - 2027	7,355	4,545
	<u>7,355</u>	<u>4,545</u>
2017 Series C-3		
Term bonds (variable), due 2047	20,705	20,705
	<u>20,705</u>	<u>20,705</u>
2018 Series A		
PAC bonds (4.00%), due 2048	20,590	6,690
	<u>20,590</u>	<u>6,690</u>
2019 Series A		
PAC bonds (4.25%), due 2048	15,990	6,150
	<u>15,990</u>	<u>6,150</u>
2019 Series B		
Serial bonds (2.05% to 2.25%), due 2030 - 2032	16,240	3,910
Term bonds (2.40%), due 2034	3,420	2,720
Term bonds (2.65%), due 2039	9,835	2,125
PAC bonds (3.50%), due 2049	17,845	8,305
	<u>47,340</u>	<u>17,060</u>
2020 Series A:		
Serial bonds (2.20% to 5.00%), due 2025 - 2032	18,545	8,925
PAC bonds (3.75%), due 2049	20,485	10,580
	<u>39,030</u>	<u>19,505</u>
2020 Series B:		
Serial bonds (1.15% to 5.00%), due 2025 - 2032	31,315	31,315
Serial bonds (5.00%), due 2025	12,715	900
Term bonds (1.95%), due 2035	14,850	14,850
Term bonds (2.05%), due 2039	21,355	715
PAC bonds (3.25%), due 2049	32,980	14,855
	<u>113,215</u>	<u>62,635</u>
2021 Series A:		
Serial bonds (1.35% to 5.00%), due 2025 - 2033	16,300	12,725
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	12,100
	<u>55,945</u>	<u>46,555</u>

**Indiana Housing and Community Development Authority**  
**(A Component Unit of the State of Indiana)**  
**Notes to Financial Statements**  
**December 31, 2024**

<b>Single Family Fund (Continued)</b>	<b>Original Amount</b>	<b>Balance</b>
2021 Series B:		
Serial bonds (1.30% to 5.00%), due 2025 - 2033	\$ 32,625	\$ 26,075
Term bonds (1.90%), due 2036	10,690	10,690
Term bonds (2.13%), due 2041	22,685	22,090
PAC bonds (3.00%), due 2050	33,205	23,380
	<u>99,205</u>	<u>82,235</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 2052	27,010	22,140
	<u>69,290</u>	<u>64,420</u>
2021 Series C-2:		
Serial bonds (0.85% to 1.15%), due 2025 - 2026	6,710	3,205
	<u>6,710</u>	<u>3,205</u>
2022 Series A:		
Serial bonds (2.00% to 5.00%), due 2025 - 2034	23,095	19,925
Term bonds (2.35%), due 2037	10,305	10,305
Term bonds (2.60%), due 2042	19,950	19,950
Term bonds (2.70%), due 2045	2,360	2,360
PAC bonds (3.00%), due 2052	29,860	26,030
	<u>85,570</u>	<u>78,570</u>
2022 Series B:		
Serial bonds (3.85% to 5.00%), due 2025 - 2034	24,845	22,000
Term bonds (4.15%), due 2037	10,255	10,255
Term bonds (4.30%), due 2042	19,110	19,110
Term bonds (4.38%), due 2047	20,650	20,650
PAC bonds (4.75%), due 2052	41,995	37,830
	<u>116,855</u>	<u>109,845</u>
2022 Series C-1:		
Serial bonds (4.00% to 4.15%), due 2033 - 2034	7,160	7,160
Term bonds (4.35%), due 2037	12,570	12,570
Term bonds (4.60%), due 2042	27,025	27,025
Term bonds (4.75%), due 2047	37,015	37,015
Term bonds (4.85%), due 2051	41,055	41,055
PAC bonds (5.00%), due 2053	25,000	23,090
	<u>149,825</u>	<u>147,915</u>
2022 Series C-2:		
Serial bonds (3.20%), due 2025	3,780	1,000
	<u>3,780</u>	<u>1,000</u>
2022 Series D:		
Serial bonds (3.93% to 4.88%), due 2025 - 2032	20,000	19,850
	<u>20,000</u>	<u>19,850</u>

**Indiana Housing and Community Development Authority**  
**(A Component Unit of the State of Indiana)**  
**Notes to Financial Statements**  
**December 31, 2024**

<b>Single Family Fund (Continued)</b>	<b>Original Amount</b>	<b>Balance</b>
<b>2023 Series A-1:</b>		
Serial bonds (3.70% to 4.00%), due 2033 - 2035	\$ 3,630	\$ 3,630
Term bonds (4.30%), due 2038	5,310	5,310
Term bonds (4.50%), due 2043	11,810	11,810
Term bonds (4.65%), due 2048	16,880	16,880
Term bonds (4.70%), due 2050	10,455	10,455
PAC bonds (5.75%), due 2053	24,560	23,595
	<u>72,645</u>	<u>71,680</u>
<b>2023 Series A-2:</b>		
Serial bonds (4.28% to 5.22%), due 2025 - 2033	12,485	11,450
Term bonds (5.24%), due 2038	2,720	2,720
Term bonds (5.41%), due 2043	3,905	3,905
Term bonds (5.46%), due 2049	5,890	5,890
	<u>25,000</u>	<u>23,965</u>
<b>2023 Series B-1:</b>		
Serial bonds (2.90% to 3.55%), due 2028 - 2034	2,545	2,545
Term bonds (4.00%), due 2038	4,400	4,400
Term bonds (4.35%), due 2043	7,690	7,690
Term bonds (4.60%), due 2048	11,155	11,155
Term bonds (4.70%), due 2053	19,015	19,015
	<u>44,805</u>	<u>44,805</u>
<b>2023 Series B-2:</b>		
Serial bonds (5.00%), due 2025 - 2027	5,020	3,890
	<u>5,020</u>	<u>3,890</u>
<b>2023 Series B-3:</b>		
Serial bonds (4.67% to 5.25%), due 2027 - 2033	11,585	11,585
Term bonds (5.32%), due 2038	11,060	11,060
Term bonds (5.38%), due 2043	15,275	15,275
Term bonds (5.43%), due 2048	26,835	26,835
PAC bonds (5.75%), due 2054	34,175	33,410
	<u>98,930</u>	<u>98,165</u>
<b>2023 Series C-1:</b>		
Serial bonds (4.00%), due 2034 - 2035	7,160	7,160
Term bonds (4.13%), due 2038	3,090	3,090
Term bonds (4.45%), due 2043	11,490	11,490
Term bonds (4.55%), due 2048	9,770	9,770
Term bonds (4.60%), due 2053	13,490	13,490
	<u>45,000</u>	<u>45,000</u>
<b>2023 Series C-2:</b>		
Serial bonds (5.07% to 5.40%), due 2025 - 2033	16,660	15,890
Term bonds (5.47%), due 2038	18,465	18,465
Term bonds (5.55%), due 2043	26,380	26,380
Term bonds (5.60%), due 2047	28,495	28,495
	<u>90,000</u>	<u>89,230</u>

**Indiana Housing and Community Development Authority**  
**(A Component Unit of the State of Indiana)**  
**Notes to Financial Statements**  
**December 31, 2024**

<b>Single Family Fund (Continued)</b>	<b>Original Amount</b>	<b>Balance</b>
2023 Series D-1:		
Serial bonds (4.15% to 4.80%), due 2028 - 2035	\$ 3,880	\$ 3,880
Term bonds (4.80%), due 2038	4,580	4,580
Term bonds (5.00%), due 2043	10,325	10,325
Term bonds (5.13%), due 2048	15,000	15,000
Term bonds (5.20%), due 2053	32,105	32,105
	<u>65,890</u>	<u>65,890</u>
2023 Series D-2:		
Serial bonds (4.40 to 4.50%), due 2025 - 2027	4,110	3,685
	<u>4,110</u>	<u>3,685</u>
2023 Series D-3:		
Serial bonds (5.55% to 6.09%), due 2027 - 2033	9,745	9,745
Term bonds (6.13%), due 2038	8,070	8,070
Term bonds (6.27%), due 2043	5,405	5,405
Term bonds (6.37%), due 2048	14,330	14,330
Term bonds (6.40%), due 2053	12,060	12,060
PAC bonds (6.50%), due 2054	15,000	14,980
	<u>64,610</u>	<u>64,590</u>
2024 Series A-1:		
Serial bonds (3.65% to 3.85%), due 2034 - 2036	4,995	4,995
Term bonds (4.00%), due 2039	7,250	7,250
Term bonds (4.50%), due 2044	15,985	15,985
Term bonds (4.65%), due 2049	23,285	23,285
Term bonds (4.75%), due 2054	49,735	49,735
	<u>101,250</u>	<u>101,250</u>
2024 Series A-2:		
Serial bonds (4.674% to 5.064%), due 2025 - 2031	11,225	11,070
PAC bonds (6.00%), due 2049	21,825	21,825
	<u>33,050</u>	<u>32,895</u>
2024 Series B-1:		
Serial bonds (3.50% to 4.05%), due 2028 - 2036	6,070	6,070
Term bonds (4.15%), due 2039	6,305	6,305
Term bonds (4.65%), due 2044	13,975	13,975
Term bonds (4.75%), due 2049	19,885	19,885
Term bonds (4.85%), due 2054	39,700	39,700
	<u>85,935</u>	<u>85,935</u>
2024 Series B-2:		
Serial bonds (3.90% to 3.95%), due 2025 - 2027	4,065	4,065
	<u>4,065</u>	<u>4,065</u>
2024 Series B-3:		
Serial bonds (5.029% to 5.688%), due 2025 - 2035	21,280	21,280
Term bonds (5.808%), due 2039	9,895	9,895
Term bonds (5.932%), due 2044	17,030	17,030
Term bonds (5.962%), due 2049	30,350	30,350
PAC bonds (6.25%), due 2054	30,925	30,925
	<u>109,480</u>	<u>109,480</u>

**Indiana Housing and Community Development Authority**  
**(A Component Unit of the State of Indiana)**  
**Notes to Financial Statements**  
**December 31, 2024**

<b>Single Family Fund (Continued)</b>	<b>Original Amount</b>	<b>Balance</b>
<b>2024 Series C-1:</b>		
Serial bonds (3.90% to 3.95%), due 2035 - 2036	\$ 3,770	\$ 3,770
Term bonds (4.10%), due 2039	2,350	2,350
Term bonds (5.00%), due 2039	5,000	5,000
Term bonds (4.55%), due 2044	10,155	10,155
Term bonds (5.00%), due 2044	5,000	5,000
Term bonds (4.70%), due 2049	21,785	21,785
Term bonds (4.80%), due 2054	51,185	51,185
	<u>99,245</u>	<u>99,245</u>
<b>2024 Series C-2:</b>		
Serial bonds (4.554% to 5.319%), due 2025 - 2035	25,970	25,970
Term bonds (5.449%), due 2039	8,670	8,670
Term bonds (5.794%), due 2044	15,095	15,095
Term bonds (5.894%), due 2048	16,730	16,730
Term bonds (6.250%), due 2054	32,190	32,190
	<u>98,655</u>	<u>98,655</u>
<b>2024 Series D-1:</b>		
Serial bonds (3.30% to 4.05%), due 2027 - 2036	6,035	6,035
Term bonds (4.10%), due 2039	7,075	7,075
Term bonds (4.55%), due 2044	15,220	15,220
Term bonds (4.70%), due 2049	21,060	21,060
Term bonds (4.75%), due 2054	47,735	47,735
	<u>97,125</u>	<u>97,125</u>
<b>2024 Series D-2:</b>		
Serial bonds (3.80% to 3.85%), due 2025 - 2027	2,875	2,875
	<u>2,875</u>	<u>2,875</u>
<b>2024 Series D-3:</b>		
Serial bonds (4.445% to 5.398%), due 2026 - 2035	23,045	23,045
Term bonds (5.518%), due 2039	9,520	9,520
Term bonds (5.874%), due 2044	15,140	15,140
Term bonds (5.944%), due 2049	20,750	20,750
PAC bonds (6.00%), due 2054	30,670	30,670
	<u>99,125</u>	<u>99,125</u>
<b>Total Single Family Fund</b>	<u>\$ 2,212,895</u>	<u>\$ 1,964,675</u>

**Indiana Housing and Community Development Authority**  
**(A Component Unit of the State of Indiana)**  
**Notes to Financial Statements**  
**December 31, 2024**

<b>MBS Pass-thru Fund</b>	<b>Original Amount</b>	<b>Balance</b>
2012 Series 1 Term bonds (3.029%), due 2038	\$ 73,532	\$ 5,933
2013 Series 1 Taxable term bonds (3.027%), due 2041	62,674	8,204
2013 Series 2 Taxable term bonds (4.038%), due 2036	51,839	6,033
2014 Series 1 Taxable term bonds (4.050%), due 2038	28,667	2,895
Total MBS Pass-Thru Fund	<u>\$ 216,712</u>	<u>\$ 23,065</u>
Total Bonds Payable	<u>\$ 2,429,607</u>	<u>\$ 1,987,740</u>

The Single Family 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 are variable rate demand obligations (3.80% at December 31, 2024).

The following are the scheduled amounts of principal and interest payments on bond payable obligations in the five years subsequent to December 31, 2024 and thereafter (all amounts in thousands). The Authority typically has significant prepayments of principal amounts and, therefore, does not expect to make all interest payments in their scheduled amounts.

	<b>Single Family Fund</b>		<b>MBS Pass-thru Fund</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2025	\$ 29,430	\$ 85,229	\$ -	\$ 789	\$ 29,430	\$ 86,018
2026	32,260	88,022	-	789	32,260	88,811
2027	33,565	86,586	-	789	33,565	87,375
2028	33,510	85,129	-	789	33,510	85,918
2029	32,870	83,698	-	789	32,870	84,487
2030-2034	209,795	396,634	-	3,945	209,795	400,579
2035-2039	275,400	349,513	14,861	2,637	290,261	352,150
2040-2044	353,650	284,102	8,204	465	361,854	284,567
2045-2049	454,685	191,142	-	-	454,685	191,142
2050-2054	509,510	70,084	-	-	509,510	70,084
	<u>1,964,675</u>	<u>1,720,139</u>	<u>23,065</u>	<u>10,992</u>	<u>1,987,740</u>	<u>1,731,131</u>
Original issue premium	32,687	-	587	-	33,274	-
	<u>\$ 1,997,362</u>	<u>\$ 1,720,139</u>	<u>\$ 23,652</u>	<u>\$ 10,992</u>	<u>\$ 2,021,014</u>	<u>\$ 1,731,131</u>

**Indiana Housing and Community Development Authority**  
**(A Component Unit of the State of Indiana)**  
**Notes to Financial Statements**  
**December 31, 2024**

The summary of bonds payable as of December 31, 2024 was as follows:

<b>Interest Rate Ranges</b>	<b>Maturity Range</b>	<b>Payment Range of Principal</b>	<b>Total</b>
0.85 to 6.50%	2025 to 2054	\$29,430 to \$115,780	\$ 1,987,740

**Changes in Obligations**

The following are changes in noncurrent liabilities of the Authority for the year ended December 31, 2024 (dollars in thousands):

	<b>January 1, 2024</b>	<b>Additions</b>	<b>Reductions</b>	<b>December 31, 2024</b>	<b>Due Within One Year</b>	<b>Due Thereafter</b>
Bonds payable	\$ 1,326,536,050	\$ 730,805,000	\$ 69,600,939	\$ 1,987,740,111	\$ 29,430,000	\$ 1,958,310,111
Premium	34,603,018	4,178,030	5,506,846	33,274,202	-	33,274,202
Note payable	1,394,772	-	76,221	1,318,551	-	1,318,551
Net pension liability	6,059,160	2,430,662	1,335,228	7,154,594	-	7,154,594
Lease and subscription liability	7,630,048	96,073	909,937	6,816,184	941,964	5,874,220
Government advances	31,604,256	530,000	183,600	31,950,656	300,263	31,650,393
Total long-term obligations	<u>\$ 1,407,827,304</u>	<u>\$ 738,039,765</u>	<u>\$ 77,612,771</u>	<u>\$ 2,068,254,298</u>	<u>\$ 30,672,227</u>	<u>\$ 2,037,582,071</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 \$69,600,939 of bonds in 2024 from mortgage loan payments and prepayments. The bond redemptions resulted in write-offs of unamortized premium related to the redeemed bonds.

**Conduit Debt Obligations**

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

The Authority has issued debt obligations on behalf of developers and 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 Statement No. 91, *Conduit Debt Obligations*. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. In addition, the Authority has not made any commitments associated with the bonds. At December 31, 2024, the Authority had outstanding conduit debt of \$721,126,179.

**Indiana Housing and Community Development Authority**  
**(A Component Unit of the State of Indiana)**  
**Notes to Financial Statements**  
**December 31, 2024**

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

The Authority entered a swap arrangement with Bank of New York Mellon in 2018. The objective of the swap agreement(s) is to create, with respect to the 2017 Series B-3 Bonds in an amount totaling \$17,250,000 and the 2017 Series C-3 Bonds in an amount totaling \$15,525,000, an approximately fixed rate net obligation. Payments made to the Counterparty by the Authority under this swap agreement are made semi-annually, based on 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 Fallback Rate (SOFR).

**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, 2024, 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 Fallback Rate (SOFR)	\$ 2,124,228	7/1/2047	AA-/Aa1/AA
2017 Series C-3	15,525,000	7/1/2018	2.495%	70% 3 M Fallback Rate (SOFR)	1,685,332	7/1/2047	AA-/Aa1/AA
				Total	\$ 3,809,560		

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

**Fair Value:** The fair values of the swap agreements are based upon a third party's discounted cash flow methodology pursuant to the guidance set forth in GASB 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., SOFR, SIFMA, etc.) as of the valuation date. The present value discounted factors applied to each future scheduled payment is determined by the SOFR, 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 asset on the statement of net position of \$3,809,560 as of December 31, 2024. As the swap agreements are effective hedging instruments, the offsetting balance is reflected as a deferred inflow of resources on the Authority's balance sheet at December 31, 2024 of \$3,809,560.

**Credit Risk:** The fair value of each of the swap agreements represents the Authority's credit exposure to the counterparties as of December 31, 2024. 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, 2024, 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.

**Indiana Housing and Community Development Authority**  
**(A Component Unit of the State of Indiana)**  
**Notes to Financial Statements**  
**December 31, 2024**

**Basis Risk:** The swap agreements expose the Authority to basis risk should the relationship between SOFR and the 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.

**Swap Payments and Associated Debt:** As of December 31, 2024, 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:

	<u>Principal</u>	<u>Interest</u>	<u>Net Swap Payments</u>	<u>Total</u>
2025	\$ -	\$ 1,186,455	\$ (331,585)	\$ 854,870
2026	-	1,186,455	(331,585)	854,870
2027	-	1,186,455	(331,585)	854,870
2028	-	1,186,455	(331,585)	854,870
2029	-	1,186,455	(331,585)	854,870
2030 - 2034	-	5,932,275	(1,657,923)	4,274,352
2035 - 2039	7,275,000	5,588,647	(1,564,468)	11,299,179
2040 - 2044	14,335,000	3,145,509	(885,074)	16,595,435
2045 - 2047	11,165,000	599,925	(169,772)	11,595,153
	<u>\$ 32,775,000</u>	<u>\$ 21,198,631</u>	<u>\$ (5,935,162)</u>	<u>\$ 48,038,469</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, 2024**

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

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

Following is a description of the valuation methodologies used by the Authority for assets and liabilities that are measured at fair value on a recurring basis. There have been no changes in the methodologies used at December 31, 2024.

**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.

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

**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, 2024**

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, 2024:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<b>Investment by Fair Value Level</b>				
Money market mutual funds	\$ 373,401,321	\$ 373,401,321	\$ -	\$ -
US Treasuries	45,902,586	45,902,586	-	-
Federal agency obligations	1,864,955,853	-	1,864,955,853	-
Total investments measured at fair value	<u>\$ 2,284,259,760</u>	<u>\$ 419,303,907</u>	<u>\$ 1,864,955,853</u>	<u>\$ -</u>
<b>Hedging Derivative Instruments</b>				
Interest rate swaps	\$ 3,809,560	\$ -	\$ -	\$ 3,809,560

**Note 9. Lease and Subscription Liability**

**Lease Liability:** The Authority leases office space, the terms of which expire in various years through 2032. The building leases accrue interest at 5.75%.

Future principal and interest requirements to maturity for the lease liability as of December 31, 2024 are:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 735,463	\$ 360,329	\$ 1,095,792
2026	793,761	316,520	1,110,281
2027	855,502	269,268	1,124,770
2028	920,900	218,371	1,139,271
2029	990,146	163,613	1,153,759
2030 - 2032	2,303,253	148,260	2,451,513
	<u>\$ 6,599,025</u>	<u>\$ 1,476,361</u>	<u>\$ 8,075,386</u>

**Subscription Liability:** The Authority leases software, the terms of which expire in various years through 2026. The software leases accrue interest at 5.65%.

**Indiana Housing and Community Development Authority**  
**(A Component Unit of the State of Indiana)**  
**Notes to Financial Statements**  
**December 31, 2024**

Future principal and interest requirements to maturity for the subscription liability as of December 31, 2024 are:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 206,501	\$ 6,816	\$ 213,317
2026	10,658	382	11,040
	<u>\$ 217,159</u>	<u>\$ 7,198</u>	<u>\$ 224,357</u>

**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, 2024**

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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 a COLA adjustment of 1.00% on January 1, 2022 and no additional adjustment on January 1, 2023 or January 1, 2024. For 2025, there will be an indexed 13<sup>th</sup> check issued to retired member.

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.

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.

**Indiana Housing and Community Development Authority**  
**(A Component Unit of the State of Indiana)**  
**Notes to Financial Statements**  
**December 31, 2024**

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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, 2024
Liability valuation date and method:	June 30, 2023 - Member census data as of June 30, 2023 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2023 and June 30, 2024. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2023 to the June 30, 2024 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:	2025 - 13th check. Beginning July 1, 2025 - For members retired before 7/1/2025 - indexed 13th check. For members retired on or after 7/1/2025 - 1% COLA.
Projected salary increases:	2.65% - 8.65%
Inflation:	2.00%

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.

**Indiana Housing and Community Development Authority**  
**(A Component Unit of the State of Indiana)**  
**Notes to Financial Statements**  
**December 31, 2024**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Public equity	20.0%	4.6%
Private equity	15.0%	7.1%
Fixed income - ex inflation linked	20.0%	3.6%
Fixed income - inflation linked	15.0%	2.1%
Commodities	10.0%	2.8%
Real estate	10.0%	5.4%
Absolute return	5.0%	2.5%
Risk parity	20.0%	6.3%
Cash and cash overlay	-15.0%	1.7%
	100%	

Total pension liability for the Plan was calculated using the discount rate of 6.25 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 (6.25 percent). Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members; therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for the Plan.

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability of the Plan calculated using the discount rate of 6.25 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 (5.25%), or one percentage point higher (7.25%) than the current rate:

<b>1% Decrease (5.25%)</b>	<b>Current Discount Rate (6.25%)</b>	<b>1% Increase (7.25%)</b>
\$ 11,398,297	\$ 7,154,594	\$ 3,626,040

***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.

**Indiana Housing and Community Development Authority**  
**(A Component Unit of the State of Indiana)**  
**Notes to Financial Statements**  
**December 31, 2024**

***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, 2024, all participating employers were required to contribute 11.2% of covered payroll for members employed by the State.

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, 2024, the Authority reported a liability of \$7,154,594 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, 2024 measurement date was 0.0017749.

For the year ended December 31, 2024, the Authority recognized pension expense of \$2,940,637, which included net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions of \$548,727. At December 31, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to the PERF Hybrid Plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 733,259	\$ -
Net difference between projected and actual earnings on pension plan investments	947,854	-
Changes in proportion and differences between the Authority's contributions and proportionate share contributions	676,403	-
Authority's contributions subsequent to the measurement date	<u>650,822</u>	<u>-</u>
Total	<u>\$ 3,008,338</u>	<u>\$ -</u>

**Indiana Housing and Community Development Authority**  
**(A Component Unit of the State of Indiana)**  
**Notes to Financial Statements**  
**December 31, 2024**

The Authority reported \$650,822 as deferred outflows of resources that will be recognized as a reduction of the net pension liability for the year ending December 31, 2025. 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:

2025	\$ 736,839
2026	1,327,366
2027	351,833
2028	<u>(58,522)</u>
Total future minimum payments	<u>\$ 2,357,516</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.

***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.

**Note 12. Subsequent Events**

***Debt Issuance***

On January 30, 2025, the Authority issued \$124,440,000 of Indiana Housing and Community Development Authority Single Family Mortgage Revenue Bonds, 2025 Series A (2025 Series A Bonds). The 2025 Series A Bonds include serial bonds maturing through 2037, and term bonds, which mature in 2040, 2045, 2050, 2055 and PAC bonds due 2055. The 2024 Series A Bonds bear interest at rates ranging from 3.80% to 6.00%.

In May of 2025, the Authority plans to issue an estimated \$200,000,000 of Indiana Housing and Community Development Authority Single Family Mortgage Revenue Bonds, 2025 Series B (2025 Series B Bonds). The 2025 Series B Bonds are anticipated to include serial bonds, term bonds, and PAC bonds bearing fixed interest rates.

## **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\***

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the net pension liability	0.17749%	0.17168%	0.14032%	0.10912%	0.10234%	0.10232%	0.09831%	0.09670%	0.10992%	0.09270%
Authority's proportionate share of the net pension liability	\$ 7,154,594	\$ 6,059,160	\$ 4,425,456	\$ 1,435,852	\$ 3,091,072	\$ 3,381,471	\$ 3,339,635	\$ 4,314,313	\$ 4,988,658	\$ 3,775,580
Authority's covered payroll	\$ 11,921,706	\$ 10,793,631	\$ 8,075,593	\$ 6,016,439	\$ 5,524,718	\$ 5,330,879	\$ 5,016,583	\$ 4,797,552	\$ 5,268,120	\$ 4,440,142
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	60.0%	56.1%	54.8%	23.9%	55.9%	63.4%	66.6%	89.9%	94.7%	85.0%
Plan fiduciary net position as a percentage of the total pension liability (a)	79.5%	80.8%	82.5%	92.5%	81.4%	80.1%	78.9%	72.7%	71.2%	73.3%

(a) 2015 - 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.

**Notes to Schedule:**

**Benefit changes:** No changes.

**Changes of assumption:** The COLA assumption was revised by the passage of HEA 1004-2024.

**Changes in actuarial methods:** Change in surcharge rate effective with the 2024 valuation, which is required by HEA 1004-2024 to begin funding for an inflation-indexed 13<sup>th</sup> Check and 1% COLA.

**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\***

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,316,055	\$ 1,306,729	\$ 1,101,307	\$ 697,724	\$ 636,878	\$ 632,393	\$ 588,395	\$ 538,661	\$ 528,036	\$ 475,408
Contributions in relation to the contractually required contribution	<u>1,316,055</u>	<u>1,306,729</u>	<u>1,101,307</u>	<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>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 11,750,522	\$ 11,627,969	\$ 9,836,244	\$ 6,247,065	\$ 5,686,451	\$ 5,646,363	\$ 5,253,524	\$ 4,809,471	\$ 4,719,016	\$ 4,244,707
Contributions as a percentage of covered payroll	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%

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

**Notes to Schedule:**

**Benefit changes:** No changes.

**Changes of assumption:** The COLA assumption was revised by the passage of HEA 1004-2024.

**Changes in actuarial methods:** Change in surcharge rate effective with the 2024 valuation, which is required by HEA 1004-2024 to begin funding for an inflation-indexed 13<sup>th</sup> Check and 1% COLA.

## **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, 2024**

	General Fund	Program Fund	Single Family Fund	MBS Pass-thru Fund	2024 Total
<b>Assets and Deferred Outflows of Resources</b>					
<b>Current Assets</b>					
Cash and cash equivalents					
Unrestricted	\$ 66,987,705	\$ -	\$ 33,237,465	\$ -	\$ 100,225,170
Restricted	3,542,877	186,417,318	278,927,436	62,400	468,950,031
Accrued interest receivable					
Investments	1,154,078	-	888,408	-	2,042,486
Investments held against bonds	-	-	7,907,771	65,742	7,973,513
Accounts and loans receivable, net	1,867,924	12,905,517	189,934	-	14,963,375
Other assets	163,748	232,250	-	-	395,998
Total current assets	<u>73,716,332</u>	<u>199,555,085</u>	<u>321,151,014</u>	<u>128,142</u>	<u>594,550,573</u>
<b>Noncurrent Assets</b>					
Investments					
Unrestricted	111,705,800	-	82,673,403	-	194,379,203
Investments held against bonds	-	-	1,693,937,599	22,541,637	1,716,479,236
Accounts and loans receivable, net	17,644,689	118,599,974	87,406,941	-	223,651,604
Derivative instrument - interest rate swap agreements	-	-	3,809,560	-	3,809,560
Capital assets, at cost, less accumulated depreciation	1,291,422	80,037	-	-	1,371,459
Lease and subscription assets, less accumulated amortization	5,691,315	121,677	-	-	5,812,992
Interfund accounts	10,271,288	(7,236,309)	(3,034,979)	-	-
Total noncurrent assets	<u>146,604,514</u>	<u>111,565,379</u>	<u>1,864,792,524</u>	<u>22,541,637</u>	<u>2,145,504,054</u>
Total assets	<u>220,320,846</u>	<u>311,120,464</u>	<u>2,185,943,538</u>	<u>22,669,779</u>	<u>2,740,054,627</u>
<b>Deferred Outflows of Resources</b>					
Pension-related	3,008,338	-	-	-	3,008,338
Deferred refunding costs	-	-	-	716,171	716,171
Total deferred outflows of resources	<u>3,008,338</u>	<u>-</u>	<u>-</u>	<u>716,171</u>	<u>3,724,509</u>
Total assets and deferred outflows of resources	<u>\$ 223,329,184</u>	<u>\$ 311,120,464</u>	<u>\$ 2,185,943,538</u>	<u>\$ 23,385,950</u>	<u>\$ 2,743,779,136</u>
<b>Liabilities, Deferred Inflows of Resources and Net Positions</b>					
<b>Current Liabilities</b>					
Bonds payable	\$ -	\$ -	\$ 29,430,000	\$ -	\$ 29,430,000
Accrued interest payable	-	-	40,810,603	65,742	40,876,345
Unearned revenue	7,265	116,310,800	-	-	116,318,065
Government advances	-	300,263	-	-	300,263
Lease and subscription liability	784,792	157,172	-	-	941,964
Accounts payable and other liabilities	6,813,325	9,630,506	191,439	-	16,635,270
Total current liabilities	<u>7,605,382</u>	<u>126,398,741</u>	<u>70,432,042</u>	<u>65,742</u>	<u>204,501,907</u>
<b>Noncurrent Liabilities</b>					
Bonds payable	-	-	1,935,245,000	23,065,111	1,958,310,111
Original issue premium	-	-	32,686,727	587,475	33,274,202
Bonds payable, net	<u>-</u>	<u>-</u>	<u>1,967,931,727</u>	<u>23,652,586</u>	<u>1,991,584,313</u>
Notes payable	-	1,318,551	-	-	1,318,551
Pension liability	7,154,594	-	-	-	7,154,594
Government advances	-	31,650,393	-	-	31,650,393
Lease and subscription liability	5,869,789	4,431	-	-	5,874,220
Other non-current liabilities	-	-	35,687	-	35,687
Total noncurrent liabilities	<u>13,024,383</u>	<u>32,973,375</u>	<u>1,967,967,414</u>	<u>23,652,586</u>	<u>2,037,617,758</u>
Total liabilities	<u>20,629,765</u>	<u>159,372,116</u>	<u>2,038,399,456</u>	<u>23,718,328</u>	<u>2,242,119,665</u>
<b>Deferred Inflows of Resources</b>					
Accumulated increase in fair value of derivative	-	-	3,809,560	-	3,809,560
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>3,809,560</u>	<u>-</u>	<u>3,809,560</u>
<b>Net Position</b>					
Net investment in capital assets	328,156	40,111	-	-	368,267
Restricted	3,542,877	151,708,237	29,970,225	-	185,221,339
Unrestricted	198,828,386	-	113,764,297	(332,378)	312,260,305
Total net position	<u>202,699,419</u>	<u>151,748,348</u>	<u>143,734,522</u>	<u>(332,378)</u>	<u>497,849,911</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 223,329,184</u>	<u>\$ 311,120,464</u>	<u>\$ 2,185,943,538</u>	<u>\$ 23,385,950</u>	<u>\$ 2,743,779,136</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, 2024**

	<u>General Fund</u>	<u>Program Fund</u>	<u>Single Family Fund</u>	<u>MBS Pass-thru Fund</u>	<u>2024 Total</u>
<b>Revenues</b>					
Interest income					
Investments	\$ 6,954,743	\$ 1,823,652	\$ 13,932,019	\$ 3,528	\$ 22,713,942
Investments held against bonds	-	-	80,699,428	1,059,739	81,759,167
Loans	-	1,379,056	-	-	1,379,056
Fee income	10,522,337	-	-	-	10,522,337
Program income	2,876,638	605,399,844	-	-	608,276,482
Gain on sale of Next Home investments	627,785	-	277,058	-	904,843
Net increase (decrease) in fair value of investments	797,529	-	597,629	(359,174)	1,035,984
Other income	1,506,084	-	-	-	1,506,084
Total revenues	<u>23,285,116</u>	<u>608,602,552</u>	<u>95,506,134</u>	<u>704,093</u>	<u>728,097,895</u>
<b>Expenses</b>					
Investment expense (down payment assistance)	239,282	-	-	-	239,282
Loss on sale of investments	198,414	-	421,595	-	620,009
Interest expense	85,650	350,423	69,586,365	939,174	70,961,612
Issuance costs	-	-	6,798,300	-	6,798,300
Program expenses	2,518,164	558,973,753	9,893,823	-	571,385,740
Arbitrage expense	-	-	(85,632)	-	(85,632)
General and administrative expenses	8,466,360	35,791,557	3,789,944	18,184	48,066,045
Total expenses	<u>11,507,870</u>	<u>595,115,733</u>	<u>90,404,395</u>	<u>957,358</u>	<u>697,985,356</u>
<b>Operating Income</b>	11,777,246	13,486,819	5,101,739	(253,265)	30,112,539
<b>Transfers</b>					
Interfund transfers	21,228	(21,228)	117,383	(117,383)	-
<b>Increase (Decrease) in Net Position</b>	11,798,474	13,465,591	5,219,122	(370,648)	30,112,539
<b>Net Position, Beginning of Year</b>	190,900,945	138,282,757	138,515,400	38,270	467,737,372
<b>Net Position, End of Year</b>	<u>\$ 202,699,419</u>	<u>\$ 151,748,348</u>	<u>\$ 143,734,522</u>	<u>\$ (332,378)</u>	<u>\$ 497,849,911</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, 2024**

	General Fund	Program Fund	Single Family Fund	MBS Pass-thru Fund	2024 Total
<b>Cash Flows From Operating Activities</b>					
Receipts for services	\$ 12,226,319	\$ -	\$ -	\$ -	\$ 12,226,319
Receipts for program revenue	2,861,357	518,974,448	55,836	-	521,891,641
Principal issued on loans receivable	(1,862,541)	-	-	-	(1,862,541)
Interest received on investments	6,652,922	1,823,652	13,985,691	3,528	22,465,793
Interest received on investments held against bonds	-	-	72,116,313	984,438	73,100,751
Interest received on loans	-	1,379,056	-	-	1,379,056
Payments for program expenses	(2,518,164)	(598,778,641)	(9,893,823)	-	(611,190,628)
Interest paid on bonds and bank loans	(85,650)	(350,423)	(53,596,051)	(850,667)	(54,882,791)
Debt issuance costs incurred	-	-	(6,798,300)	-	(6,798,300)
Payments for suppliers and employees	(2,934,646)	-	(3,754,100)	(18,184)	(6,706,930)
Interfund activity	(1,362,738)	519,042	843,696	-	-
Net cash provided by (used in) operating activities	<u>12,976,859</u>	<u>(76,432,866)</u>	<u>12,959,262</u>	<u>119,115</u>	<u>(50,377,630)</u>
<b>Cash Flows From Noncapital and Related Financing Activities</b>					
Proceeds from bond issues	-	-	734,983,030	-	734,983,030
Repayments and redemption of bonds and bank loans	-	(76,221)	(66,250,001)	(3,350,939)	(69,677,161)
Transfers	21,228	(21,228)	117,383	(117,383)	-
Net cash provided by (used in) noncapital and related financing activities	<u>21,228</u>	<u>(97,449)</u>	<u>668,850,412</u>	<u>(3,468,322)</u>	<u>665,305,869</u>
<b>Cash Flows From Capital and Related Financing Activities</b>					
Purchases of capital assets	(373,110)	-	-	-	(373,110)
Payments on lease and subscription liability	(770,433)	(139,504)	-	-	(909,937)
Net cash provided by (used in) capital and related financing activities	<u>(1,143,543)</u>	<u>(139,504)</u>	<u>-</u>	<u>-</u>	<u>(1,283,047)</u>
<b>Cash Flows From Investing Activities</b>					
Proceeds from sale and maturities of investments	87,147,450	-	27,700,579	-	114,848,029
Principal received on investments held against bonds	-	-	90,346,055	3,350,965	93,697,020
Purchases of investments held against bonds	-	-	(631,287,144)	-	(631,287,144)
Purchase of DPA loans	-	-	(27,922,806)	-	(27,922,806)
Purchase of investments	(95,000,000)	-	(24,719,184)	-	(119,719,184)
Net cash provided by (used in) investing activities	<u>(7,852,550)</u>	<u>-</u>	<u>(565,882,500)</u>	<u>3,350,965</u>	<u>(570,384,085)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	4,001,994	(76,669,819)	115,927,174	1,758	43,261,107
<b>Cash and Cash Equivalents, January 1</b>	<u>66,528,588</u>	<u>263,087,137</u>	<u>196,237,727</u>	<u>60,642</u>	<u>525,914,094</u>
<b>Cash and Cash Equivalents, December 31</b>	<u>\$ 70,530,582</u>	<u>\$ 186,417,318</u>	<u>\$ 312,164,901</u>	<u>\$ 62,400</u>	<u>\$ 569,175,201</u>
<b>Cash and Cash Equivalents</b>					
Cash	\$ 54,549,298	\$ 141,224,583	\$ 50,875	\$ -	\$ 195,824,756
Money market investments	15,981,284	45,192,735	312,114,026	62,400	373,350,445
Total cash and cash equivalents	<u>\$ 70,530,582</u>	<u>\$ 186,417,318</u>	<u>\$ 312,164,901</u>	<u>\$ 62,400</u>	<u>\$ 569,175,201</u>

**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, 2024**

	General Fund	Program Fund	Single Family Fund	MBS Pass-thru Fund	2024 Total
<b>Noncash Transactions From Capital and Related Financing Activities</b>					
Issuance of lease and subscription obligation	\$ 17,793	\$ 78,280	\$ -	\$ -	\$ 96,073
<b>Reconciliation of Change in Net Position to Net Cash Provided by Operating Activities:</b>					
Change in net position	\$ 11,777,246	\$ 13,486,819	\$ 5,101,739	\$ (253,265)	\$ 30,112,539
Adjustment to reconcile change in net position to net cash provided by (used in) operating activities:					
Net increase in fair value of investments	(797,529)	-	(597,629)	359,174	(1,035,984)
Loss on sale of investments	198,414	-	144,537	-	342,951
Depreciation	1,228,811	247,283	-	-	1,476,094
Amortization of bond premium/discount	-	-	(5,421,883)	(84,962)	(5,506,845)
Changes in operating assets and liabilities:					
Accounts and loan receivable	(2,292,428)	(5,675,148)	55,836	-	(7,911,740)
Accrued interest receivable	(301,821)	-	(3,107,560)	9,661	(3,399,720)
Other assets	(1,385,284)	325,288	843,696	-	(216,300)
Deferred pension costs	531,272	-	-	-	531,272
Deferred refunding costs	-	-	-	98,169	98,169
Unearned revenue	7,265	(80,902,894)	-	-	(80,895,629)
Accounts payable and other liabilities	2,917,604	(4,260,614)	(49,788)	-	(1,392,798)
Accrued interest payable	-	-	15,990,314	(9,662)	15,980,652
Net pension liability	1,095,434	-	-	-	1,095,434
Deferred pension revenue	(2,125)	-	-	-	(2,125)
Government advances	-	346,400	-	-	346,400
Total adjustments	<u>1,199,613</u>	<u>(89,919,685)</u>	<u>7,857,523</u>	<u>372,380</u>	<u>(80,490,169)</u>
Net cash provided by (used in) operating activities	<u>\$ 12,976,859</u>	<u>\$ (76,432,866)</u>	<u>\$ 12,959,262</u>	<u>\$ 119,115</u>	<u>\$ (50,377,630)</u>



# **Indiana Housing and Community Development Authority**

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

**Single Audit Report**

December 31, 2024



**Indiana Housing and Community Development Authority**  
**(A Component Unit of the State of Indiana)**  
**Contents**  
**December 31, 2024**

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**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  
*Government Auditing Standards* - 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, 2024**

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
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>				
Rural Rental Housing Loans	10.415	\$ -	\$ 1,312,748	\$ 1,312,748
<b>Total U.S. Department of Agriculture</b>		<u>-</u>	<u>1,312,748</u>	<u>1,312,748</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</b>				
Section 8 Housing Assistance Payments Program ( <i>Section 8 Project-Based Cluster</i> )	14.195	243,565,246	-	243,565,246
Indiana Office of Rural and Community Affairs ( <i>pass-through entity</i> )				
Community Development Block Grants (a)	14.228	14,117,621	-	14,117,621
Emergency Solutions Grant	14.231	3,549,902	121,184	3,671,086
COVID-19 - Emergency Solutions Grant	14.231	-	179,962	179,962
<b>Total Emergency Solutions Grant</b>		<u>3,549,902</u>	<u>301,146</u>	<u>3,851,048</u>
Home Investment Partnerships Program	14.239	19,745,480	19,110,310	38,855,790
Housing Opportunities for Persons with AIDS	14.241	2,299,362	96,468	2,395,830
Continuum of Care Program	14.267	9,013,334	1,643,193	10,656,527
Housing Trust Fund	14.275	-	8,819,995	8,819,995
Youth Homelessness Systems Improvement	14.277	-	58,817	58,817
Section 811 Supportive Housing for Persons with Disabilities	14.326	103,595	(3,502)	100,093
Performance Based Contract Administrator Programs	14.327	-	1,197,683	1,197,683
Section 8 Housing Choice Vouchers ( <i>Housing Voucher Cluster</i> )	14.871	39,283,765	8,746,582	48,030,347
COVID - 19 - Section 8 Housing Choice Vouchers ( <i>Housing Voucher Cluster</i> )	14.871	3,297,523	202,172	3,499,695
Section 8 - Housing Choice Vouchers Mainstream ( <i>Housing Voucher Cluster</i> )	14.879	438,457	35,791	474,248
<b>Total Housing Voucher Cluster</b>		<u>43,019,745</u>	<u>8,984,545</u>	<u>52,004,290</u>
Family Unification Program	14.880	470,143	33,164	503,307
Lead Hazard Reduction Demonstration Grant Program	14.905	-	610,800	610,800
Healthy Homes Weatherization Cooperation Grant	14.901	-	56,899	56,899
Healthy Homes	14.913	-	532,450	532,450
<b>Total U.S. Department of Housing and Urban Development</b>		<u>335,884,428</u>	<u>41,441,968</u>	<u>377,326,396</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>				
COVID - 19 - Second Chance Reentry Initiative	16.812	-	11,371	11,371
<b>Total U.S. Department of Justice</b>		<u>-</u>	<u>11,371</u>	<u>11,371</u>
<b>U.S. DEPARTMENT OF TREASURY</b>				
COVID-19 - Indiana Emergency Rental Assistance	21.023	-	101,686,166	101,686,166
COVID-19 - Homeowners Assistance Program	21.026	-	12,092,840	12,092,840
<b>Total U.S. Department of Treasury</b>		<u>-</u>	<u>113,779,006</u>	<u>113,779,006</u>
<b>U.S. DEPARTMENT OF ENERGY:</b>				
Weatherization Assistance for Low-Income Persons	81.042	12,743,009	1,051,153	13,794,162
<b>Total U.S. Department of Energy</b>		<u>12,743,009</u>	<u>1,051,153</u>	<u>13,794,162</u>
<b>U.S. DEPARTMENT OF EDUCATION:</b>				
COVID-19 - Education Stabilization Fund	84.425W	-	431,913	431,913
<b>Total U.S. Department of Education</b>		<u>-</u>	<u>431,913</u>	<u>431,913</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>				
COVID-19 Epidemiology and Laboratory Capacity for Infection Diseases	93.323	-	288,530	288,530
Temporary Housing for Needy Families	93.558	326,148	155,410	481,558
Low Income Home Energy Assistance Program	93.568	1,116,317	9,048,086	10,164,403
COVID - 19 - Low Income Home Energy Assistance Program	93.568	13,795,055	77,430,766	91,225,821
<b>Total Low Income Home Energy Assistance Program</b>		<u>14,911,372</u>	<u>86,478,852</u>	<u>101,390,224</u>
Community Services Block Grant	93.569	10,706,418	787,787	11,494,205
Block Grants for Community Mental Health Services	93.958	-	250,685	250,685
<b>Total U.S. Department of Health and Human Services</b>		<u>25,943,938</u>	<u>87,961,264</u>	<u>113,905,202</u>
<b>Total Expenditures of Federal Awards</b>		<u>\$ 374,571,375</u>	<u>\$ 245,989,423</u>	<u>\$ 620,560,798</u>

(a) Pass-through Identifying Numbers: A192-19-MOU-101, 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, 2024**

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**Note 1. Basis of Presentation**

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, 2024. 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.

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

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.

**Note 3. Indirect Cost Rate**

The Authority has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 4. Federal Loan Programs**

The federal loan programs listed subsequently are administered directly by the Authority, and balances 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, 2024, consist of:

<b>Federal Assistance Listing Number</b>	<b>Program Name</b>	<b>Outstanding Balance at December 31, 2024</b>
10.415	Rural Rental Housing Loans	\$ 1,248,958
14.228	Community Development Block Grants	13,475,882
14.239	Home Investment Partnerships Program	18,474,775
		<u>\$ 33,199,615</u>

During 2024, the Authority granted noncash assistance in the form of loans totaling \$535,000 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 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 (*Government Auditing Standards*), the financial statements of Indiana Housing and Community Development Authority (Authority), which comprise the Authority's statement of net position as of December 31, 2024, 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 15, 2025.

### ***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.

**Forvis Mazars, LLP**

**Indianapolis, Indiana  
April 15, 2025**

## **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, 2024. 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, 2024.

#### ***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.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2024-001. Our opinion on each major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Authority's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response. The Authority is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Authority's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

## 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, 2024, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements. We have issued our report thereon dated April 15, 2025, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Forvis Mazars, LLP**

**Indianapolis, Indiana  
April 15, 2025**

**Indiana Housing and Community Development Authority  
(A Component Unit of the State of Indiana)  
Schedule of Findings and Questioned Costs  
Year Ended December 31, 2024**

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**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:  
Significant deficiency(ies) identified?       Yes       None Reported  
Material weakness(es) identified?       Yes       No
  
3. Noncompliance material to the financial statements noted?       Yes       No

***Federal Awards***

3. Internal control over major federal awards programs:  
Significant deficiency(ies) identified?       Yes       None Reported  
Material weakness(es) identified?       Yes       No
  
4. Type of auditor’s report issued on compliance for major federal award programs:  
 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, 2024**

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6. Identification of major federal programs:

<b>Assistance Listing Numbers</b>	<b>Name of Federal Program or Cluster</b>
14.228	Community Development Block Grants
14.267	Continuum of Care Program
14.275	Housing Trust Fund
21.023	COVID-19 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, 2024

**Section II – Financial Statement Findings**

Reference Number	Finding
	No matters are reportable.

**Section III – Federal Award Findings and Questioned Costs**

Reference Number	Finding
2024-001	<p><b>Federal Program:</b> COVID-19 - Emergency Rental Assistance (ERA)</p> <p><b>Assistance Listing Number:</b> 21.023</p> <p><b>Federal Awarding Agency:</b> United States Department of the Treasury</p> <p><b>Compliance Requirement:</b> Allowable Costs</p> <p><b>Criteria:</b> 2 CFR 200.403 establishes standards for determining costs allowable for federal awards. Management is responsible for ensuring that recipients of Emergency Rental Assistance funds are eligible, and that their benefit amounts are calculated accurately.</p> <p><b>Condition:</b> For one payment selected for testing, the Authority calculated the eligible benefit amount incorrectly.</p> <p><b>Cause:</b> A secondary review was performed of the benefit calculation, but the review did not detect the error.</p> <p><b>Effect:</b> One beneficiary received more from ERA funds than they were eligible to receive.</p> <p><b>Questioned costs:</b> The overpayment identified was \$350.</p> <p><b>Context:</b> We tested a sample of 40 individuals that received payments under the program totaling \$170,416 of disbursements out of 15,335 total recipients, with total payments of \$75,066,010 during 2024. In our testing, we identified that one individual selected in our sample was paid \$350 more than their documented eligible rent and utility expenses under the program, due to an error in the calculation of the eligible benefit amount. Our sampling methodology is not considered statistically valid.</p> <p><b>Recommendations:</b> We recommend that the Authority implement additional procedures to ensure that errors in benefit calculations are detected and corrected in a timely manner.</p> <p><b>Authority's Response:</b> We agree that the amount paid was an error. As the ERA program ends in 2025, we are working to review all activity, identify errors, and recover amounts paid in error where possible.</p>

**Indiana Housing and Community Development Authority  
(A Component Unit of the State of Indiana)  
Summary Schedule of Prior Audit Findings  
Year Ended December 31, 2024**

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<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
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No matters are reportable.

**Corrective Action Plan for finding number 2024-001**

**Corrective action to be taken:**

The COVID-19 Emergency Rental Assistance program ceased accepting new applications on March 28, 2025. Prior to that a quality control process was in place to review applications before they were approved for payment to try to catch errors such as this. No further benefit payments will be issued as the program is being closed out. We have created a new internal review section that will focus on reviewing all potential issues identified. We have also engaged KPMG, LLP to audit any payments made that may be subject to recapture.

**Anticipated completion date**

All efforts are already under way and every attempt will be made to recapture any overpayments prior to monitoring (yet to be announced) by the U.S Department of the Treasury.

**Contact for the corrective action**

S. Kyleen Welling, Chief of Staff and Chief Operating Officer

