STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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August 27, 2024

Board of Directors
Indiana Board for Depositories
Marion County, Indiana

We have reviewed the audit report of the Indiana Board for Depositories, which was opined upon by Katz, Sapper & Miller, LLP, Independent Public Accountants, for the period July 1, 2022 to June 30, 2023. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Indiana Board for Depositories as of June 30, 2023, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

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

Tammy R. White

Tammy R. White, CPA
Deputy State Examiner

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

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

June 30, 2023 and 2022

ksm

Katz, Sapper & Miller, LLP
Certified Public Accountants

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

CONTENTS

Katz, Sapper & Miller, LLP
Certified Public Accountants
800 East 96th Street, Suite 500
Indianapolis, IN 46240

Independent Auditor's Report

Board of Directors
Indiana Board for Depositories

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Indiana Board for Depositories, a component unit of the State of Indiana, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Indiana Board for Depositories' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Indiana Board for Depositories, as of June 30, 2023 and 2022, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Indiana Board for Depositories' internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Indiana Board for Depositories' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2023, on our consideration of Indiana Board for Depositories' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Indiana Board for Depositories' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Indiana Board for Depositories' internal control over financial reporting and compliance.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
October 26, 2023

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2023 and 2022

This section of the Indiana Board for Depositories' (the Board) annual financial report provides management's discussion and analysis of the financial performance during the fiscal years ended June 30, 2023 and 2022. Please read it in conjunction with the Board's financial statements and accompanying notes.

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

FINANCIAL HIGHLIGHTS

- Total operating revenues (loss) were approximately $9,362,600 in 2023 and $(6,118,700) in 2022. Total operating revenues (loss) consisted of investment income (loss) and securities lending income.

- Interest income generated was approximately $4,694,000 in 2023 and $1,708,800 in 2022. Interest income increased due to older investments maturing at lower rates, which where then replaced by investments with much higher rates, as overall interest rates increased year over year.

- Net appreciation (depreciation) in fair value of investments was approximately $1,701,900 in 2023 and $(7,963,200) in 2022. Increase due to increase in market performance and stabilization of interest rates.

- Securities lending income was approximately $2,966,700 in 2023 and $135,700 in 2022. Securities lending fees were approximately $2,947,700 in 2023 and $127,000 in 2022. Securities lending income and fees increased due to more investments out on loan and higher rates during fiscal year 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

FINANCIAL ANALYSIS

Statements of Net Position

Below are the condensed statements of net position relating to the Board at June 30, 2023, 2022, and 2021.

Indiana Board for Depositories
Condensed Statements of Net Position

	June 30, 2023	June 30, 2022	June 30, 2021
Current assets	$185,661,200	$154,154,600	$148,772,900
Noncurrent Assets	132,881,700	157,824,100	169,914,400
Total Assets	318,542,900	311,978,700	318,687,300
Deferred Outflows of Resources	18,900	11,100	2,000
Current liabilities	670,500	51,500	32,900
Noncurrent liabilities	36,600	2,800	1,800
Total Liabilities	707,100	54,300	34,700
Deferred Inflows of Resources	4,600	5,800	1,200
Net Position	$317,850,100	$311,929,700	$318,653,400

2023 to 2022 Comparative Statements of Net Position

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

2022 to 2021 Comparative Statements of Net Position

As of June 30, 2022, total assets decreased due to decrease in investments, which is related to significant unrealized losses on investments driven by market conditions in fiscal year 2022. Total liabilities remained consistent and comparable. Net position decreased by approximately $6,723,700 during fiscal year 2022, which was driven by significant unrealized losses on investments in the current fiscal year.

FINANCIAL ANALYSIS (CONTINUED)

Statements of Revenues, Expenses and Changes in Net Position

Below are the condensed statements of revenues, expenses and changes in net position relating to the Board for the years ended June 30, 2023, 2022, and 2021.

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

	Year Ended June 30, 2023	Year Ended June 30, 2022	Year Ended June 30, 2021
Operating Revenues (Loss)			
Interest income	$ 4,694,000	$ 1,708,800	$ 1,567,900
Net appreciation (depreciation) in in fair value of investments	1,701,900	(7,963,200)	(1,315,200)
Securities lending income	2,966,700	135,700	257,500
Total Operating Revenues (Loss)	9,362,600	(6,118,700)	510,200
Operating Expenses			
Securities lending fees	2,947,700	127,000	242,500
General and administrative	494,500	478,000	340,200
Total Operating Expenses	3,442,200	605,000	582,700
Increase (Decrease) in Net Position	5,920,400	(6,723,700)	(72,500)
Net Position:			
Beginning of Year	311,929,700	318,653,400	318,725,900
End of Year	$317,850,100	$311,929,700	$318,653,400

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

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

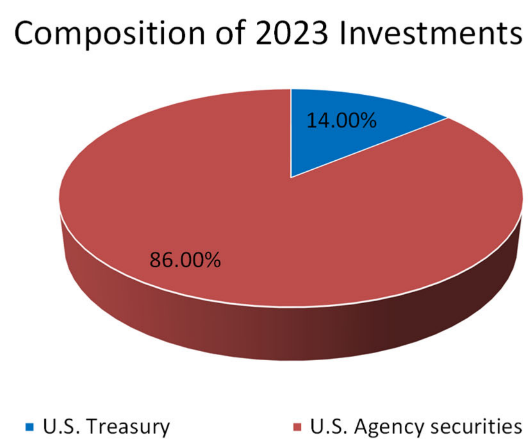
Expenses for the fiscal year ended June 30, 2023, were $3.4 million, which was a $2.8 million increase from the prior year. Securities lending fees increased due to more investments out on loan and higher rates during fiscal year 2023. General and administrative expenses remained consistent with the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

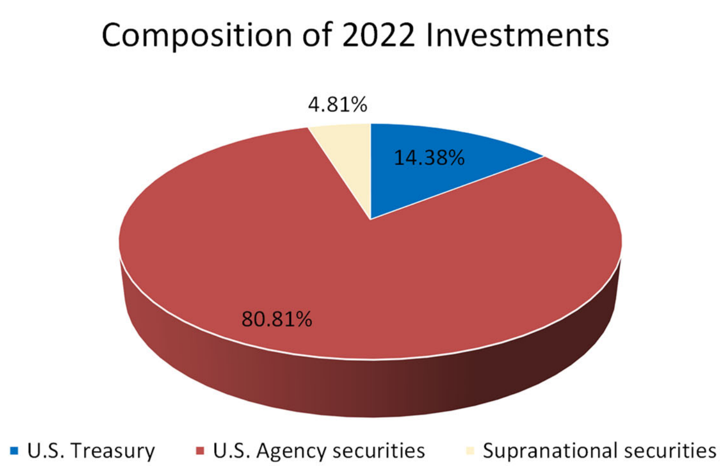
FINANCIAL ANALYSIS (CONTINUED)

2022 to 2021 Comparative Statements of Revenue, Expenses and Changes in Net Position

Total revenues for the fiscal year ended June 30, 2022, were $(6,118,700), which was a $6.6 million decrease from the prior year. Interest income increased, while realized and unrealized losses significantly increased from fiscal year 2021. The decrease in investment income is due to investments purchased in earlier years matured in fiscal year 2021 and were reinvested at very low rates that ended up maturing or paying coupons in fiscal year 2022, as well as raising interest rates in the market which caused a decline in the value of existing holdings that were at lower rates. Security lending income decreased due to less investments out on loan and lower rates during fiscal year 2022.

Expenses for the fiscal year ended June 30, 2022, were $.6 million, which was consistent with prior year. Securities lending fees decreased due to less investments out on loan and lower rates during fiscal year 2022. General and administrative expenses increased due to increase in salaries expense, which is because there was a full year of program manager's salary and only a few months in prior year. Depreciation expense increased due to capital asset additions in fiscal year 2021 having a full year of depreciation in fiscal year 2022.





CAPTIAL ASSET ADMINISTRATION

The Board's investment in capital assets was $45,700, $156,100, and $288,700 (net of accumulated depreciation) at June 30, 2023, 2022, and 2021, respectively. The investment in capital assets includes computer equipment, computer software, and office equipment.

	Capital Assets		
	June 30, 2023	**June 30, 2022**	**June 30, 2021**
Capital assets	$685,500	$689,100	$685,900
Less: Accumulated Depreciation	639,800	533,000	397,200
Net	$ 45,700	$156,100	$288,700

Additional information on the Board's capital assets can be found in Note 4 to the financial statements on page 17 of this report.

REQUESTS FOR INFORMATION

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

FINANCIAL STATEMENTS

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

STATEMENTS OF NET POSITION
June 30, 2023 and 2022

	2023	2022
CURRENT ASSETS		
Cash	$ 1,391,956	$ 1,133,934
Interest receivable	2,275,249	194,419
Prepaid expenses and other current assets	11,607	31,596
Investments	181,982,413	147,794,700
Loan receivable		5,000,000
Total Current Assets	185,661,225	154,154,649
NONCURRENT ASSETS		
Investments	132,835,989	157,667,920
Capital assets, net	45,680	156,138
Total Noncurrent Assets	132,881,669	157,824,058
TOTAL ASSETS	318,542,894	311,978,707
DEFERRED OUTFLOWS OF RESOURCES	18,860	11,088
CURRENT LIABILITIES		
Accounts payable and accrued expenses	670,522	51,492
Total Current Liabilities	670,522	51,492
NONCURRENT LIABILITIES		
Pension liability	36,573	2,827
Total Noncurrent Liabilities	36,573	2,827
TOTAL LIABILITIES	707,095	54,319
DEFERRED INFLOWS OF RESOURCES	4,598	5,732
NET POSITION		
Net investment in capital assets	45,680	156,138
Unrestricted	317,804,381	311,773,606
TOTAL NET POSITION	$ 317,850,061	$ 311,929,744

See accompanying notes.

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

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended June 30, 2023 and 2022

	2023	2022
OPERATING REVENUES (LOSS)		
Interest income	$ 4,693,983	$ 1,708,826
Net appreciation (depreciation) in fair value of investments	1,701,886	(7,963,177)
Securities lending income	2,966,695	135,655
Total Operating Revenues (Loss)	9,362,564	(6,118,696)
OPERATING EXPENSES		
Securities lending fees	2,947,709	126,952
Salaries, wages, and employee benefits	55,339	168,488
Maintenance contracts	38,657	59,342
Depreciation	139,674	135,816
Professional fees	205,846	62,542
Office supplies	24,247	16,047
Travel	5,438	9,288
Rent	15,187	15,469
Other	10,150	11,011
Total Operating Expenses	3,442,247	604,955
INCREASE (DECREASE) IN NET POSITION	5,920,317	(6,723,651)
NET POSITION		
Beginning of Year	311,929,744	318,653,395
End of Year	$ 317,850,061	$ 311,929,744

See accompanying notes.

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

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from interest	$ 3,247,793	$ 2,161,719
Cash received from securities lending	2,332,055	121,580
Cash payments for securities lending fees	(2,312,483)	(113,105)
Cash payments to suppliers and employees	(326,231)	(338,597)
Net Cash Provided by Operating Activities	2,941,134	1,831,597
CASH FLOWS FROM INVESTING ACTIVITIES		
Repayment from State of Indiana general fund	5,000,000	5,000,000
Purchase of investments	(223,457,264)	(193,964,447)
Proceeds from redemption of investments	215,803,368	187,567,382
Net Cash Used by Investing Activities	(2,653,896)	(1,397,065)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(29,216)	(3,223)
Net Cash Used by Capital and Related Financing Activities	(29,216)	(3,223)
NET INCREASE IN CASH	258,022	431,309
CASH		
Beginning of Year	1,133,934	702,625
End of Year	$ 1,391,956	$ 1,133,934
RECONCILIATION OF INCREASE (DECREASE) IN NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Increase (decrease) in net position	$ 5,920,317	$ (6,723,651)
Adjustments to reconcile increase (decrease) in net position to net cash provided by operating activities:		
Depreciation	139,674	135,816
Net (appreciation) depreciation in fair value of investments	(1,701,886)	7,963,177
(Increase) decrease in certain assets and deferred outflows:		
Interest receivable	(2,080,830)	438,818
Prepaid expenses and other current assets	19,989	2,384
Deferred outflows of resources related to pension	(7,772)	(9,072)
Increase (decrease) in certain liabilities and deferred inflows:		
Accounts payable and accrued expenses	619,030	18,583
Pension liability	33,746	1,004
Deferred inflows of resources related to pension	(1,134)	4,538
Net Cash Provided by Operating Activities	$ 2,941,134	$ 1,831,597

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

Loan Receivable: During 2004, the Board was required to transfer $50,000,000 to the state general fund under Section 116(a) of Public Law 224-2003. Under Public Law 224-2003, the transfer constitutes an interest-free loan from the Board. Under Public Law 93-2013 Sec. 4, the loan is to be repaid in annual increments of $5,000,000, to be paid each July beginning July 2013. As of June 30, 2023 and 2022, the amount that was receivable from the state general fund was $0 and $5,000,000, respectively.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows of Resources: The Board reports decreases in net assets that relate to future periods as deferred inflows of resources in a separate section of its statements of net position. Deferred outflows of resources reported at June 30, 2023, related to the defined benefit pension plan. Deferred outflows of resources related to the defined benefit pension plan are amortized over the expected future working lifetime of all plan members, except for the net difference between projected and actual earnings on pension plan investments, which is amortized over five years.

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

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

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

Retirement Plan: The employees of the Board participate in the Indiana Public Retirement System (INPRS). The Board recognizes its proportionate share of the collective net pension liability, deferred outflows of resources and deferred inflows of resources related to the pension and pension expense. See Note 6.

Subsequent Events: The Board has evaluated the financial statements for subsequent events occurring through October 26, 2023, the date the financial statements were available to be issued.

NOTE 2 - DEPOSITS AND INVESTMENTS

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

9) In notes or other debt obligations of counties, cities, and towns that have been issued under IC 6-1.1-39 for borrowings from the industrial development fund under IC 5-28-9.

10) In bonds or other obligations of the Indiana Housing and Community Development Authority.

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

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

The Board's deposits and investments at June 30, 2023 and 2022 are summarized as follows:

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

	2022	
	Cost	**Fair Value**
Cash	$ 1,133,934	$ 1,133,934
U.S. Treasury	44,996,447	43,924,800
U.S. Agency Securities	252,964,367	246,858,370
Supranational Securities	14,968,950	14,679,450
Total Deposits and Investments	$ 314,063,698	$ 306,596,554

Deposits with Financial Institutions

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

Investments

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

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk

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

As of June 30, 2023 and 2022, the Board had investments with maturities as follows:

2023

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

2022

		Investment Maturities (in Fiscal Years)				
Investment Type	Fair Value	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
U.S. Treasury	$ 43,924,800	$ 29,411,100	$ 14,513,700	$ -	$ -	$ -
U.S. Agency Securities	246,858,370	103,704,150	113,468,430	14,819,700	13,940,400	925,690
Supranational bonds	14,679,450	14,679,450	-	-	-	-
Totals	$ 305,462,620	$ 147,794,700	$ 127,982,130	$ 14,819,700	$ 13,940,400	$ 925,690

Custodial Credit Risk of Investments

Custodial credit risk is the risk that the Board will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party if the counterparty fails. Investment securities are exposed to risk if the securities are uninsured, are not registered in the name of the Board, and are held by either the counterparty or the counterparty's trust department or agent but not in the Board's name. The Board has no custodial risk on investments because all securities are held in the Board's name.

Credit Risk Disclosure

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

Credit Ratings	S & P	Fitch	Moody's	Fair Value
U.S. Agency Securities	AA+	AAA	Aaa	$270,734,939
Total Rated Investments				$ 270,734,939

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Additionally, according to Indiana Code 5-13-10-3, the State Treasurer may not deposit aggregate funds in deposit accounts in any one designated depository in an amount aggregating at any one time more than 50% of the combined capital, surplus, and undivided profits of that depository as determined by its last published statement of condition filed with the Treasurer of State. At June 30, 2023 and 2022, the Board was in compliance with Indiana Code 5-13-10-3.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

The following table shows investments in issuers, not exempt from disclosure, that represent 5% or more of the total investments at June 30, 2023:

Federal Home Loan Bank	45%
Federal Home Loan Mort Corp	36%
Federal Farm Credit Banks	5%

NOTE 3 - FAIR VALUE MEASUREMENTS

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

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

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

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

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

Following is a description of the valuation methodologies used by the Board for assets and liabilities that are measured at fair value on a recurring basis. There have been no changes in the methodologies used at June 30, 2023 and 2022.

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

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

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

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

Following is a summary, by major nature and risks class within each level of the fair value hierarchy, of the Board's assets that are measured at fair value on a recurring basis as of June 30, 2023 and 2022:

2023	Level 1	Level 2	Total
U.S. Treasury	$ 44,083,463		$ 44,083,463
U.S. Agency securities		$ 270,734,939	270,734,939
Investments at Fair Value	$ 44,083,463	$ 270,734,939	$ 314,818,402
2022			
U.S. Treasury	$ 43,924,800		$ 43,924,800
U.S. Agency securities		$ 246,858,370	246,858,370
Supranational bonds		14,679,450	14,679,450
Investments at Fair Value	$ 43,924,800	$ 261,537,820	$ 305,462,620

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2023 and 2022 was as follows:

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

2022	Beginning Balance	Increases	Decreases	Ending Balance
Depreciable capital assets:				
Computer equipment	$ 299,500	$ 3,223	$ -	$ 302,723
Office equipment	8,648			8,648
Computer software	377,748			377,748
Total Depreciable Capital Assets	685,896	3,223	-	689,119
Less: Accumulated depreciation	397,165	135,816		532,981
Total Capital Assets, net	$ 288,731	$ (132,593)	$ -	$ 156,138

NOTE 5 - SECURITIES LENDING TRANSACTIONS

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

Collateral securities and cash are initially pledged at 102% of the market value of the securities lent. The collateral securities cannot be pledged or sold by the Board unless the borrower defaults, but cash collateral may be invested. Cash collateral is generally invested in securities of a longer term with the difference of maturities generally 0-15 days. At June 30, 2023 and 2022, there were no securities lent out.

NOTE 6 - BENEFIT PLAN

Plan Description

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

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

Public Employees' Defined Benefit Account

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

Eligibility for Pension Benefit Payment

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

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

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

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

NOTE 6 - BENEFIT PLAN (CONTINUED)

Contribution Rates

Contributions are determined by the INPRS Board and are based on a percentage of covered payroll. If determined to be necessary by the actuaries of INPRS, the INPRS Board updates the percentage of covered payroll annually effective July 1. Employers currently contribute 11.2% of covered payroll. No member contributions are required. The Board's contributions to PERF DB were $1,335 and $7,652 for the years ended June 30, 2023 and 2022, respectively.

Benefit Formula and Postretirement Benefit Adjustment

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

Public Employees' Defined Contribution Account

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

Contribution Rates

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

Benefit Terms

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

Significant Actuarial Assumptions

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

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

NOTE 6 - BENEFIT PLAN (CONTINUED)

The net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the current discount rate of 6.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.25%), or one percentage point higher (7.25%) than the current rate as of June 30, 2023 and 2022:

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
2023	$61,785	$36,573	$15,544
2022	$ 7,393	$ 2,827	$ (982)

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

At June 30, 2023 and 2022, the Board reported a liability of $36,573 and $2,827 for its proportionate share of the net pension liability, respectively. The Board's proportionate share of the net pension liability was based on the Board's wages as a proportion of total wages for PERF Hybrid. The proportionate share used at the June 30, 2022 and 2021, measurement dates was 0.00116% and 0.00021%, respectively.

For the years ended June 30, 2023 and 2022, the Board recognized pension expense of $7,518 and $160, respectively, which includes expenses from the net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions of $2,841 and $404, respectively.

At June 30, 2023 and 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to PERF DB from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 789	$ 139	$ 97	$ 57
Net differences between projected and actual earnings on pension plan investments	4,513			3,670
Changes of assumptions	4,954	1,565	1,422	635
Changes in proportion and differences between the Board's contributions and proportionate share of contributions	7,269	2,894	1,917	1,370
Total that will be recognized in pension expense based on table below	17,525	4,598	3,436	5,732
Pension contribution subsequent to measurement date	1,335		7,652	
Total	$18,860	$4,598	$11,088	$5,732

NOTE 6 - BENEFIT PLAN (CONTINUED)

Deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2024	$ 2,075
2025	5,882
2026	196
2027	4,774
	$12,927

REQUIRED SUPPLEMENTARY INFORMATION

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

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

PUBLIC EMPLOYEES' RETIREMENT FUND
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Board's proportion of the net pension liability	0.00116%	0.00016%	0.00006%	0.00078%	0.00054%	0.00181%	0.00175%	0.00204%	0.00215%
Board's proportionate share of the net pension liability	$ 36,573	$ 2,827	$ 1,823	$ 25,092	$ 17,805	$ 80,669	$ 79,391	$ 83,112	$ 56,511
Board's covered-employee payroll	$ 68,321	$ 11,837	$ 3,257	$ 39,546	$ 27,474	$ 89,277	$ 83,948	$ 102,000	$ 104,863
Board's proportionate share of the net pension liability as a percentage of its covered-employee payroll	53.53%	23.88%	55.97%	63.45%	64.81%	90.36%	94.57%	81.48%	53.89%
Plan fiduciary net position as a percentage of the total pension liability**	82.50%	92.50%	81.40%	80.10%	78.90%	72.70%	71.20%	73.30%	81.10%

*The effort and cost to re-create financial statement information for 10 years was not practical.
Information was prepared prospectively from June 30, 2014 for GASB Statement No. 68 purposes.

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

SCHEDULE OF BOARD CONTRIBUTIONS (UNAUDITED)

PUBLIC EMPLOYEES' RETIREMENT FUND
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 1,335	$ 7,652	$ 1,323	$ 365	$ 4,429	$ 3,077	$ 10,040	$ 9,402	$ 11,424	$ 11,745
Contributions in relation to the contractually required contribution	1,335	7,652	1,323	365	4,429	3,077	10,040	9,402	11,424	11,745
Contribution deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Board's covered-employee payroll	$ 11,920	$ 68,321	$ 11,837	$ 3,257	$ 39,546	$ 27,474	$ 89,277	$ 83,948	$ 102,000	$ 104,863
Contributions as a percentage of covered-employee payroll	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
June 30, 2023

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

Plan Amendments: In 2022, there were no changes to the plan provisions during the fiscal year.

Assumption Changes: In 2022, there were no changes to the actuarial assumptions during the fiscal year.

SCHEDULE OF THE BOARD'S CONTRIBUTIONS (UNAUDITED)

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

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

OTHER REPORT

Katz, Sapper & Miller, LLP
Certified Public Accountants
800 East 96th Street, Suite 500
Indianapolis, IN 46240

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Board of Directors
Indiana Board for Depositories

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Indiana Board for Depositories, a component unit of the State of Indiana, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Indiana Board for Depositories' basic financial statements, and have issued our report thereon dated October 26, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Indiana Board for Depositories' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Indiana Board for Depositories' internal control. Accordingly, we do not express an opinion on the effectiveness of Indiana Board for Depositories' internal control.

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

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

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Report on Compliance and Other Matters

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

Purpose of This Report

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

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
October 26, 2023