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March 15, 2022

Board of Directors
Indiana Housing and Community Development Authority
30 S. Meridian St., Suite 900
Indianapolis, IN 46204

We have reviewed the audit report of the Indiana Housing and Community Development Authority, which was opined upon by BKD, LLP, Independent Public Accountants, for the period January 1, 2020 to December 31, 2020. Per the *Independent Auditors' 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, 2020, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, BKD, 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.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner



A COMPONENT UNIT OF THE STATE OF INDIANA

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

December 31, 2020

Indiana Housing and Community Development Authority
A Component Unit of the State of Indiana
December 31, 2020

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Indiana Housing and Community Development Authority (Authority), a component unit of the State of Indiana, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of December 31, 2020, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, the Authority adopted Governmental Accounting Standards Board Statement No. 87, *Leases*, in 2020. Our opinion is not modified with respect to the matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of the Authority's proportionate share of the net pension liability and the Authority's contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary information, including the combining schedule of net position, combining schedule of revenues, expenses and changes in net position and combining schedule of cash flows, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated April 15, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

BKD, LLP

Indianapolis, Indiana
April 15, 2021

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, 2020

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, 2020. This information is being presented to provide additional information regarding the activities of the Authority. The management's discussion and analysis should be read in conjunction with the independent auditors' report, financial statements and accompanying notes. Notes to the financial statements provide additional information that is essential to a full understanding of the information contained within the financial statements.

Introduction - The Indiana Housing and Community Development Authority

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

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

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

Overview of the Financial Statements

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

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

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Management's Discussion and Analysis (Unaudited)
December 31, 2020

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

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

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

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

Indiana Housing and Community Development Authority

(A Component Unit of the State of Indiana)

Management's Discussion and Analysis (Unaudited)

December 31, 2020

Financial Highlights

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

	2020	2019 As Restated ⁽¹⁾	Change	% Change
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and cash equivalents				
Unrestricted	\$ 136,510,326	\$ 82,683,384	\$ 53,826,942	65%
Restricted	245,482,131	130,482,237	114,999,894	88%
Accrued interest receivable				
Investments	309,327	614,851	(305,524)	-50%
Investments held against bonds	1,446,942	1,636,488	(189,546)	-12%
Accounts and loan receivable, net	22,550,961	29,163,355	(6,612,394)	-23%
Other assets	95,207	732,427	(637,220)	-87%
Total current assets	<u>406,394,894</u>	<u>245,312,742</u>	<u>161,082,152</u>	<u>66%</u>
Noncurrent Assets				
Investments				
Unrestricted	88,076,514	139,385,256	(51,308,742)	-37%
Restricted	33,315,285	31,194,379	2,120,906	7%
Investments held against bonds	515,615,657	553,307,036	(37,691,379)	-7%
Accounts and loans receivable, net	98,912,210	88,535,010	10,377,200	12%
Capital assets, at cost, less accumulated depreciation	922,580	1,347,277	(424,697)	-32%
Lease assets, less accumulated amortization	5,378,022	5,995,414	(617,392)	-10%
Total noncurrent assets	<u>742,220,268</u>	<u>819,764,372</u>	<u>(77,544,104)</u>	<u>-9%</u>
Total assets	<u>1,148,615,162</u>	<u>1,065,077,114</u>	<u>83,538,048</u>	<u>8%</u>
Deferred Outflows of Resources				
Pension-related	763,588	566,728	196,860	35%
Accumulated decrease in fair value of derivative	2,872,898	1,506,830	1,366,068	91%
Deferred refunding costs	1,319,199	1,665,260	(346,061)	-21%
Total deferred outflows of resources	<u>4,955,685</u>	<u>3,738,818</u>	<u>1,216,867</u>	<u>33%</u>
Total assets and deferred outflows of resources	<u>\$ 1,153,570,847</u>	<u>\$ 1,068,815,932</u>	<u>\$ 84,754,915</u>	<u>8%</u>
Liabilities, Deferred Inflows of Resources and Net Position				
Current Liabilities				
Bonds payable	\$ 15,195,000	\$ 12,945,000	\$ 2,250,000	17%
Accrued interest payable	7,003,353	5,680,928	1,322,425	23%
Unearned revenue	39,466,853	34,476,408	4,990,445	14%
Government advances	568,269	589,629	(21,360)	-4%
Lease liability	419,981	387,806	32,175	8%
Accounts payable and other liabilities	12,679,837	13,608,128	(928,291)	-7%
Total current liabilities	<u>75,333,293</u>	<u>67,687,899</u>	<u>7,645,394</u>	<u>11%</u>
Noncurrent Liabilities				
Bonds payable	541,317,638	509,028,522	32,289,116	6%
Original issue premium	17,335,947	9,050,381	8,285,566	92%
Bonds payable, net	558,653,585	518,078,903	40,574,682	8%
Notes payable	1,619,401	1,692,476	(73,075)	-4%
Derivative instrument - interest rate swap agreements	2,872,898	1,506,830	1,366,068	91%
Pension liability	3,091,072	3,381,741	(290,669)	-9%
Government advances	31,817,297	31,679,065	138,232	0%
Lease liability	5,161,528	5,581,508	(419,980)	-8%
Total noncurrent liabilities	<u>603,215,781</u>	<u>561,920,523</u>	<u>41,295,258</u>	<u>7%</u>
Total liabilities	<u>678,549,074</u>	<u>629,608,422</u>	<u>48,940,652</u>	<u>8%</u>
Deferred Inflows of Resources				
Pension-related	685,552	542,452	143,100	26%
Net Position				
Net investment in capital assets	719,093	1,373,377	(654,284)	-48%
Restricted	246,709,696	220,310,309	26,399,387	12%
Unrestricted	226,907,432	216,981,372	9,926,060	5%
Total net position	<u>474,336,221</u>	<u>438,665,058</u>	<u>35,671,163</u>	<u>8%</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,153,570,847</u>	<u>\$ 1,068,815,932</u>	<u>\$ 84,754,915</u>	<u>8%</u>

⁽¹⁾ – The 2019 financials have been restated to reflect the adoption of Governmental Accounting Standards Board Statement No. 87, *Leases* (GASB No. 87), as of January 1, 2020. See Note 3 for further information.

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Management's Discussion and Analysis (Unaudited)
December 31, 2020

Total assets and deferred outflows of resources increased by \$84.8 million or 8 percent. Total current assets increased \$161.1 million while the noncurrent assets decreased by \$77.5 million for the net increase in total assets of \$83.5 million. Total deferred outflow of resources increased by \$1.2 million.

The overall increase in total assets was related to the net change in cash, cash equivalents, and investments of \$81.9 million. The breakdown was comprised of: Single Family \$151.3 million offset by Home First of \$84.6 million and MBS Pass Thru of \$14.1 million and Federal Program of \$29.5 million offset by General Fund of \$0.2 million. The Federal Program Fund increase of \$29.5 million; primarily made up of the increases in Hardest Hit Fund of \$17.1 million and Coronavirus Relief Fund of \$5.8 million related to additional program funding, TCAP of \$15.9 million cash from loan repayments; and the net \$52.6 million in mortgage bond programs due to proceeds from the two new bonds issuance net of bond repayments and redemptions. The remainder included a net increase in receivables of \$3.8 million associated mostly with the new down payment loan programs.

The increase in the deferred outflows of resources was primarily due to the adjustment in the fair value of the 2017 Series B-3 and 2017 Series C-3 interest rate swaps of \$1.4 million and the increase in the deferred pension costs of \$0.2 million offset by the decrease in the amortization of the deferred refunding costs of \$0.4 million.

There were also increases in total liabilities and deferred inflows of resources of \$49.1 million or 8%, comprised of current liabilities of \$7.6 million, noncurrent liabilities of \$41.3 million, and deferred inflows of resources of \$0.1 million. The overall net increase in liabilities is primarily related to bonds payable plus associated premiums of \$42.8 million, accrued interest payable of \$1.3 million, unearned revenues for federal programs of \$5.0 million, and derivative instrument of \$1.4 million.

The increase in the deferred outflow of resources was due to the increase in deferred pension revenues of \$0.1 million.

Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$474.3 million at December 31, 2020. This increased \$35.7 million or 8% between years. The Authority maintained financial strength throughout 2020 as the importance of housing remained a focus of Hoosiers during the pandemic.

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Management's Discussion and Analysis (Unaudited)
December 31, 2020

Total net position at December 31, 2020 and 2019 was as follows (in millions of dollars):

	2020	2019 As Restated⁽¹⁾
Assets and deferred outflows of resources	\$ 1,153.6	\$ 1,068.8
Liabilities and deferred inflows of resources	679.2	630.2
Net position	\$ 474.4	\$ 438.6

⁽¹⁾ – The 2019 financials have been restated to reflect the adoption of GASB No. 87 as of January 1, 2020. See Note 3 for further information.

Operating Analysis

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

	2020	2019 As Restated⁽¹⁾	Change	% Change
Revenues				
Interest income				
Investments	\$ 5,576,727	\$ 9,211,243	\$ (3,634,516)	-39%
Investments held against bonds	20,819,589	19,810,825	1,008,764	5%
Loans	1,874,218	1,051,990	822,228	78%
Fee income	5,880,664	5,046,064	834,600	17%
Program income	440,154,437	377,950,395	62,204,042	16%
Gain on sale of Next Home investments	9,830,782	5,275,676	4,555,106	86%
Net increase in fair value of investments	10,245,139	19,907,400	(9,662,261)	-49%
Other income	1,648,598	546,105	1,102,493	202%
Total revenues	496,030,154	438,799,698	57,230,456	13%
Expenses				
Investment expense (down payment assistance)	8,764,650	8,164,116	600,534	7%
Loss on sale of investments	1,355,761	1,599,906	(244,145)	-15%
Interest expense	17,650,656	16,310,853	1,339,803	8%
Issuance costs	1,883,868	1,209,470	674,398	56%
Program expenses	409,673,121	360,162,344	49,510,777	14%
General and administrative expenses	21,030,935	20,109,428	921,507	5%
Total expenses	460,358,991	407,556,117	52,802,874	13%
Change in Net Position	35,671,163	31,243,581	4,427,582	14%
Net Position, Beginning of Year, as previously reported	438,665,058	407,437,523	31,227,535	8%
Change in Accounting Principle	-	(16,046)	16,046	0%
Net Position, Beginning of Year, as restated	438,665,058	407,421,477	31,243,581	8%
Net Position, End of Year	\$ 474,336,221	\$ 438,665,058	\$ 35,671,163	8%

⁽¹⁾ – The 2019 financials have been restated to reflect the adoption of GASB No. 87 as of January 1, 2020. See Note 3 for further information.

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Management's Discussion and Analysis (Unaudited)
December 31, 2020

In 2020, total operating revenues were \$496.0 million. This was comprised of federal and state program income of \$440.2 million, interest income of \$28.3 million, gains on the sale of Next Home mortgages of \$9.8 million, a net increase in the fair value of investments of \$10.2 million, and \$7.5 in fee and other income. This compares to \$438.8 million of total operating revenues in 2019. The overall increase in revenue of \$57.2 million is mostly due to an increase in program income of \$62.2, gain on sale of Next Home investments of \$4.6 million, fee and other income of \$1.9 million offset by a reduction in interest income of \$1.8 million and the net decrease in fair value of investments of \$9.7 million.

The breakdown of the increase in program income primarily related to the new Coronavirus Relief Fund for rental assistance of \$47.3 million along with increases of \$9.6 million for Section 8 Housing Assistance Payments Program (Section 8 Project-Based Cluster), \$9.6 million for the Emergency Housing Disaster Relief Fund, \$6.7 million for Community Development Block Grants - Disaster, \$1.5 million for the Home Investment Partnerships Program, \$1.0 million for the Emergency Solutions Grant, \$1.2 million for the Emergency Housing Disaster Relief Fund, \$0.7 million for the Community Services Block Grant inclusive of Cares Act monies, \$0.5 million for the Continuum of Care Program Transitional Housing Program offset by the decrease of \$11.9 in the Low-Income Home Energy Assistance Program and the decrease of \$3.2 million in the Weatherization Assistance for Low-Income Persons.

Total operating expenses in 2020 were \$460.4 million, which includes \$409.7 million of federal and state program expenses, \$17.7 million of interest expense on bonds, \$21.0 million of general and administrative expense, \$8.8 million in down payment assistance, \$1.9 million in issuance costs and \$1.4 million loss on the sale of investments.

This compares to \$407.6 million of total operating expenses in 2019. The overall decrease of \$52.8 million was primarily due to the increase of \$49.5 million in program expense between the years, which correlated to the increase in program income, down payment assistance increased by \$0.6 million, offset by the loss on sale of investments of \$0.2 million. General and administrative costs also increased \$0.9 million, primarily due to the shift and additional costs associated with the new rental assistance program coupled with new bond issuances. There were increases in both interest expense of \$1.4 million and issuance costs of \$0.7 million.

The breakdown in the program expense increase was also primarily attributable to the new Coronavirus Relief Fund for rental assistance of \$45.4 million along with increases of \$9.6 million for Section 8 Housing Assistance Payments Program (Section 8 Project-Based Cluster), \$6.7 million for Community Development Block Grants – Disaster, \$1.8 million for the Emergency Housing Disaster Relief Fund, \$1.5 million for the Home Investment Partnerships Program, \$0.6 million for the Emergency Solutions Grant, \$0.6 million for the Community Services Block Grant inclusive of Cares Act monies, \$0.5 million for the Continuum of Care Program Transitional Housing Program offset by the decrease of \$11.9 million in the Low-Income Home Energy Assistance Program and the decrease of \$3.4 million in the Weatherization Assistance for Low-Income Persons.

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Management's Discussion and Analysis (Unaudited)
December 31, 2020

Total operating income/change in net position for 2020 and 2019 was as follows (in millions of dollars):

	<u>2020</u>	<u>2019</u>
Operating revenues, gains and losses	\$ 496.0	\$ 438.8
Operating expenses	<u>460.4</u>	<u>407.6</u>
Operating income/change in net position	<u>\$ 35.6</u>	<u>\$ 31.2</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 \$10.2 million in the net fair value of investments held at year end. Without the GASB No. 31 adjustment, the change in net position for 2020 was \$25.4 million, resulting in a net increase in the change in net position of \$14.1 million between years.

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>
Change in net position	\$ 35,671,163	\$ 31,243,581	\$ 4,427,582	14%
Net increase in fair value of investments	<u>10,245,139</u>	<u>19,907,400</u>	<u>(9,662,261)</u>	<u>-49%</u>
Change in net position excluding GASB No. 31 adjustment	<u>\$ 25,426,024</u>	<u>\$ 11,336,181</u>	<u>\$ 14,089,843</u>	<u>124%</u>

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Management's Discussion and Analysis (Unaudited)
December 31, 2020

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

	2020	2019 As Restated ⁽¹⁾	Change	% Change
Revenues				
Interest income				
Investments	\$ 2,163,048	\$ 3,346,088	\$ (1,183,040)	-35%
Fee income	5,880,664	5,044,564	836,100	17%
Program income	9,627,062	-	9,627,062	100%
Gain on sale of investments	9,830,782	5,131,058	4,699,724	92%
Net increase in fair value of investments	271,614	445,233	(173,619)	-39%
Other income	1,648,598	546,105	1,102,493	202%
Total revenues	<u>29,421,768</u>	<u>14,513,048</u>	<u>14,908,720</u>	<u>103%</u>
Expenses				
Investment expense (down payment assistance)	7,054,474	3,583,200	3,471,274	97%
Loss on sale of investments	394,318	342,725	51,593	15%
Interest expense	104,872	349,065	(244,193)	-70%
Program expenses	1,802,277	60,196	1,742,081	2894%
General and administrative expenses	4,034,319	6,351,228	(2,316,909)	-36%
Total expenses	<u>13,390,260</u>	<u>10,686,414</u>	<u>2,703,846</u>	<u>25%</u>
Operating Income	16,031,508	3,826,634	12,204,874	319%
Transfers				
Interfund transfers	(557,817)	(317,615)	(240,202)	76%
Change in Net Position	15,473,691	3,509,019	11,964,672	341%
Net Position, Beginning of Year, as previously reported	107,991,942	104,498,969	3,492,973	3%
Change in Accounting Principle	-	(16,046)	16,046	-100%
Net Position, Beginning of Year, as restated	<u>107,991,942</u>	<u>104,482,923</u>	<u>3,509,019</u>	<u>3%</u>
Net Position, End of Year	<u>\$ 123,465,633</u>	<u>\$ 107,991,942</u>	<u>\$ 15,473,691</u>	<u>14%</u>

⁽¹⁾ – The 2019 financials have been restated to reflect the adoption of GASB No. 87 as of January 1, 2020. See Note 3 for further information.

In 2020, total operating revenues for the General Fund were \$29.4 million. This was comprised of gains on the sale of Next Home investments of \$9.8 million, fees and other income of \$7.5 million, interest income of \$2.2 million, program income of \$9.6 million, and an increase in the fair value of investments of \$0.3 million. This compares to \$14.5 million of total operating revenues in 2019. The overall increase in revenue of \$14.9 million is mostly attributable to the program income of \$9.8 million, gains on the sales of Next Home mortgages of \$4.7 million, other income of \$1.1 million consisting of multi-family bond reservations, and fee income of \$0.8 million. These were offset by the decrease in interest income of \$1.2 million and the fair value of investments of \$0.2 million.

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Total operating expenses for the General Fund in 2020 were \$13.4 million, which includes \$7.1 million in down payment assistance, \$4.0 million of general and administrative expenses, \$0.5 million in loss on sale of investments and interest expense, and \$1.8 million in program expenses. This compares to \$10.6 million of total operating expenses in 2019. Total operating expenses increased by \$2.7 million due to an increase in down payment assistance of \$3.5 million and a \$1.7 million increase in Emergency Housing Disaster Relief program expense offset by a decrease in general and administrative expenses of \$2.4 million between years.

There were \$0.6 million and \$0.3 million in inter-fund transfers into the Federal Programs Fund in 2020 and 2019, respectively. These transfers represented funding support for the administration of some of the federal and state programs.

Total General Fund change in net position for 2020 and 2019 was as follows (in millions of dollars):

	2020	2019
Operating revenues, gains and losses	\$ 29.4	\$ 14.5
Operating expenses	13.4	10.7
Operating income	16.0	3.8
Interfund transfers	(0.6)	(0.3)
Change in net position	\$ 15.4	\$ 3.5

The change in net position is shown both with and without the GASB No. 31 adjustment below. In the current year, there was a net increase of \$0.3 million in the net fair value of investments held at year end. Without the GASB No. 31 adjustment, the change in net position for 2020 was \$15.2 million resulting in a net increase in the change in net position of \$12.1 million between years. The increase between years is attributable to additional program income of \$9.6 million, Next Home net income of \$1.2 million, fee and other income of \$1.9 million, and the decrease of \$2.3 in general and administrative expense reduction and the decrease in interest income of \$1.2 million minus the interfund transfer out increase of \$0.2 million. There was a shift of cost from the General Fund to the Federal Program Fund to focus on the administration of coronavirus relief programs.

	2020	2019	Change	% Change
Change in net position	\$ 15,473,691	\$ 3,509,019	\$ 11,964,672	341%
Net increase (decrease) in fair value of investments	271,614	445,233	(173,619)	-39%
Change in net position without GASB No. 31 adjustment	\$ 15,202,077	\$ 3,063,786	\$ 12,138,291	396%

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

	2020	2019	Change	% Change
Revenues				
Interest income				
Investments	\$ 86,991	\$ 219,480	\$ (132,489)	-60%
Loans	1,874,218	1,051,990	822,228	78%
Fee income	-	1,500	(1,500)	-100%
Program income	430,527,375	377,950,395	52,576,980	14%
Total revenues	<u>432,488,584</u>	<u>379,223,365</u>	<u>53,265,219</u>	<u>14%</u>
Expenses				
Interest expense	246,595	17,625	228,970	1299%
Program expenses	407,670,793	360,089,409	47,581,384	13%
General and administrative expenses	15,411,845	12,451,040	2,960,805	24%
Total expenses	<u>423,329,233</u>	<u>372,558,074</u>	<u>50,771,159</u>	<u>14%</u>
Operating Income	9,159,351	6,665,291	2,494,060	37%
Transfers				
Interfund transfers	<u>557,817</u>	<u>317,615</u>	<u>240,202</u>	<u>76%</u>
Change in Net Position	9,717,168	6,982,906	2,734,262	39%
Net Position, Beginning of Year	<u>134,907,169</u>	<u>127,924,263</u>	<u>6,982,906</u>	<u>5%</u>
Net Position, End of Year	<u>\$ 144,624,337</u>	<u>\$ 134,907,169</u>	<u>\$ 9,717,168</u>	<u>7%</u>

In 2020, total operating revenues for the Program Fund were \$432.5 million. This was primarily comprised of federal and state program revenues of \$430.5 million and interest income of \$2.0 million. This compares to \$379.2 million of total operating revenues in 2019. The overall increase in revenue of \$53.3 million is primarily related to the increase in the program income of \$52.6 million.

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The majority of the net increase in program income was related to the new Coronavirus Relief Fund for rental assistance of \$47.3 million with other increases of \$9.6 million for Section 8 Housing Assistance Payments Program (Section 8 Project-Based Cluster), \$6.7 million for Community Development Block Grants - Disaster, \$1.5 million for the Home Investment Partnerships Program, \$1.0 million for the Emergency Solutions Grant, \$0.7 million for the Community Services Block Grant inclusive of Cares Act monies, \$0.5 million for the Continuum of Care Program Transitional Housing Program offset by the decreases of \$11.9 in the Low-Income Home Energy Assistance Program and \$3.2 million in the Weatherization Assistance for Low-Income Persons.

Total operating expenses for the Program Fund in 2020 were \$423.3 million, which primarily includes \$407.7 million in program expenses and \$15.4 million of general and administrative expense. This compares to \$372.6 million of total operating expenses in 2019. Total operating expenses increased by \$50.8 million, which primarily consists of increases in program expense of \$47.6 million, general and administrative expense of \$3.0 million, and interest expense on capital leases of \$0.2 million. This increase in program expense correlates to the decrease in the discussion on program income.

Total Program Fund change in net position for 2020 and 2019 was as follows (in millions of dollars):

	2020	2019
Operating revenues, gains and losses	\$ 432.5	\$ 379.2
Operating expenses	423.3	372.6
Operating income	9.2	6.6
Interfund transfers	0.6	0.3
Change in net position	\$ 9.8	\$ 6.9

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

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

	2020	2019	Change	% Change
Revenues				
Interest income				
Investments	\$ 2,813,103	\$ 4,852,170	\$ (2,039,067)	-42%
Investments held against bonds	15,970,367	13,040,675	2,929,692	22%
Gain on sale of investments	-	144,618	(144,618)	-100%
Net increase in fair value of investments	11,320,223	14,301,737	(2,981,514)	-21%
Total revenues	<u>30,103,693</u>	<u>32,339,200</u>	<u>(2,235,507)</u>	<u>-7%</u>
Expenses				
Investment expense (down payment assistance)	1,710,176	4,580,916	(2,870,740)	-63%
Loss on sale of investments	841,486	1,164,365	(322,879)	-28%
Interest expense	13,033,960	10,092,584	2,941,376	29%
Issuance costs	1,883,868	1,209,470	674,398	56%
Program expenses	200,051	12,739	187,312	0%
General and administrative expenses	1,310,871	962,621	348,250	36%
Total expenses	<u>18,980,412</u>	<u>18,022,695</u>	<u>957,717</u>	<u>5%</u>
Operating Income (Loss)	11,123,281	14,316,505	(3,193,224)	-22%
Transfers				
Interfund transfers	<u>2,412,377</u>	<u>274,322</u>	<u>2,138,055</u>	<u>779%</u>
Change in Net Position	13,535,658	14,590,827	(1,055,169)	-7%
Net Position, Beginning of Year	<u>158,292,042</u>	<u>143,701,215</u>	<u>14,590,827</u>	<u>10%</u>
Net Position, End of Year	<u>\$ 171,827,700</u>	<u>\$ 158,292,042</u>	<u>\$ 13,535,658</u>	<u>9%</u>

In 2020, total operating revenues for the Single Family Fund were \$30.1 million, which primarily consists of interest income of \$18.8 million and the impact of the GASB No. 31 adjustment to mark the investments to market of \$11.3 million. This compares to \$32.3 million of total operating revenues in 2019. The overall decrease in revenue of \$2.2 million consists of the decrease in the GASB No. 31 adjustment of \$3.0 million offset by an increase in interest income of \$0.9 million.

Total operating expenses for the Single Family Fund in 2020 were \$19.0 million, which includes \$13.0 million in interest expenses, \$1.7 million in down payment assistance, \$1.9 million in bond issuance costs, \$1.3 million of general and administrative expense, \$0.8 million in loss on sale of investments, and \$0.2 million in bad debt expense on program loans. This compares to 18.0 million of total operating expenses in 2019. Total operating expenses increased by \$1.0 million, which correlates primarily to the \$3.0 million in interest expense, bond issuance costs of \$0.7 million, general and administrative expenses of \$0.3 million, bad debt expense of \$0.2 million, offset by a decrease down payment assistance of \$2.9 million and loss on sale of investments of \$0.3 million.

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There were \$2.4 million in inter-fund transfers out of the Single Family Fund in 2020, compared to \$0.3 million in inter-fund transfers in 2019. In 2020, this included \$2.2 million from Home First Fund for mortgage redemptions and \$0.2 million from MBS Pass Thru Funds for excess fees.

Total Single Family Fund change in net position for 2020 and 2019 was as follows (in millions of dollars):

	2020	2019
Operating revenues, gains and losses	\$ 30.1	\$ 32.3
Operating expenses	19.0	18.0
Operating income	11.1	14.3
Interfund transfers	2.4	0.3
Change in net position	\$ 13.5	\$ 14.6

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 \$11.3 million in the net fair value of investments held at year end. Without the GASB No. 31 adjustment, the change in net position for 2020 was \$2.2 million resulting in a net increase in the change in net position of \$1.9 million between years. The change between years is primarily attributable to the increase of the \$2.1 million inter-fund transfers into the Single-Family Fund.

	2020	2019	Change	% Change
Change in net position	\$ 13,535,658	\$ 14,590,827	\$ (1,055,169)	-7%
Net increase (decrease) in fair value of investments	11,320,223	14,301,737	(2,981,514)	-21%
Change in net position without GASB No. 31 adjustment	\$ 2,215,435	\$ 289,090	\$ 1,926,345	666%

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

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>
Revenues				
Interest income				
Investments	\$ 512,868	\$ 793,012	\$ (280,144)	-35%
Investments held against bonds	2,318,998	3,839,652	(1,520,654)	-40%
Net increase (decrease) in fair value of investments	<u>(1,982,410)</u>	<u>3,830,107</u>	<u>(5,812,517)</u>	<u>-152%</u>
Total revenues	<u>849,456</u>	<u>8,462,771</u>	<u>(7,613,315)</u>	<u>-90%</u>
Expenses				
Loss on sale of investments	119,957	92,816	27,141	100%
Interest expense	2,005,853	3,108,667	(1,102,814)	-35%
General and administrative expenses	<u>260,900</u>	<u>332,539</u>	<u>(71,639)</u>	<u>-22%</u>
Total expenses	<u>2,386,710</u>	<u>3,534,022</u>	<u>(1,147,312)</u>	<u>-32%</u>
Operating Income (Loss)	(1,537,254)	4,928,749	(6,466,003)	(1)
Transfers				
Interfund transfers	<u>(2,193,746)</u>	<u>-</u>	<u>(2,193,746)</u>	<u>100%</u>
Change in Net Position	(3,731,000)	4,928,749	(8,659,749)	-176%
Net Position, Beginning of Year	<u>33,131,095</u>	<u>28,202,346</u>	<u>4,928,749</u>	<u>17%</u>
Net Position, End of Year	<u>\$ 29,400,095</u>	<u>\$ 33,131,095</u>	<u>\$ (3,731,000)</u>	<u>-11%</u>

In 2020, total operating revenues for the Home First Fund were \$0.8 million, which consists of interest income of \$2.8 million offset by the impact of the GASB No. 31 adjustment to mark the investments to market of \$2.0 million. This compares to \$8.5 million of total operating revenues in 2019. The overall decrease in revenue of \$7.6 million is related primarily to the impact of the GASB No. 31 decrease adjustment of \$5.8 million and the reduced interest income of \$1.8 million, which correlates to the reduction in investments held against bonds.

Total operating expenses for the Home First Fund in 2020 were \$2.4 million, which includes \$2.0 million in interest expenses, \$0.3 million of general and administrative expense, and \$0.1 million in loss on sale of investments. This compares to \$3.5 million of total operating expenses in 2019. Total operating expenses decreased by \$1.1 million, which correlates primarily to the reduction of interest expense on the bonds.

There were \$2.2 million inter fund transfers out of the Home First related to bond redemptions into the Single-Family Fund in 2020. No transfers were made in 2019.

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Total Home First Fund change in net position for 2020 and 2019 was as follows (in millions of dollars):

	2020	2019
Operating revenues, gains and losses	\$ 0.8	\$ 8.5
Operating expenses	2.4	3.5
Operating income	(1.6)	5.0
Interfund transfers	(2.2)	-
Change in net position	\$ (3.8)	\$ 5.0

The change in net position is shown both with and without the GASB No. 31 adjustment below. In the current year, there was a net decrease of \$2.0 million in the net fair value of investments held at year end. Without the GASB No. 31 adjustment, the change in net position for 2020 was \$1.7 million dollar loss resulting in a net decrease of \$2.8 million between years. The change between years is primarily attributable to the impact inter-fund transfers out of the Home First Fund of \$2.2 million and the negative impact of expenses exceeding revenues between years by \$6.5 million.

	2020	2019	Change	% Change
Change in net position	\$ (3,731,000)	\$ 4,928,749	\$ (8,659,749)	-176%
Net increase (decrease) in fair value of investments	(1,982,410)	3,830,107	(5,812,517)	-152%
Change in net position without GASB No. 31 adjustment	\$ (1,748,590)	\$ 1,098,642	\$ (2,847,232)	-259%

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

	2020	2019	Change	% Change
Revenues				
Interest income				
Investments	\$ 717	\$ 493	\$ 224	0%
Investments held against bonds	2,530,224	2,930,498	(400,274)	-14%
Net increase (decrease) in fair value of investments	635,712	1,330,323	(694,611)	-52%
Total revenues	<u>3,166,653</u>	<u>4,261,314</u>	<u>(1,094,661)</u>	<u>-26%</u>
Expenses				
Interest expense	2,259,376	2,742,912	(483,536)	-18%
General and administrative expenses	13,000	12,000	1,000	8%
Total expenses	<u>2,272,376</u>	<u>2,754,912</u>	<u>(482,536)</u>	<u>-18%</u>
Operating Income (Loss)	894,277	1,506,402	(612,125)	-41%
Transfers				
Interfund transfers	<u>(218,631)</u>	<u>(274,322)</u>	55,691	-20%
Change in Net Position	675,646	1,232,080	(556,434)	-45%
Net Position, Beginning of Year	<u>4,342,810</u>	<u>3,110,730</u>	1,232,080	40%
Net Position, End of Year	<u>\$ 5,018,456</u>	<u>\$ 4,342,810</u>	<u>\$ 675,646</u>	<u>16%</u>

In 2020, total operating revenues for the MBS Pass-Thru Fund were \$3.2 million, which consists of interest income of \$2.5 million and the impact of the GASB No. 31 adjustment to mark the investments to market of \$0.6 million. This compares to \$4.3 million of total operating revenues in 2019. The overall decrease in revenue of \$1.1 million is related to the combined impact of the negative GASB No. 31 adjustment of \$0.7 million and the decreased interest income relative to the pay down of investments of \$0.4 million.

Total operating expenses for the MBS Pass-Thru Fund in 2020 were \$2.3 million, which is primarily the \$2.3 million in interest expenses. General and administrative expenses were negligible. This compares to \$2.8 million of total operating expenses in 2019. Total operating expenses decreased by \$0.5 million, which correlates primarily to the reduction of interest expense on the bonds.

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There were \$0.2 million inter-fund transfers out of the MBS Pass-Thru Fund in 2020 and \$0.3 million in 2019.

Total MBS Pass-Thru Fund change in net position for 2020 and 2019 was as follows (in millions of dollars):

	2020	2019
Operating revenues, gains and losses	\$ 3.2	\$ 4.3
Operating expenses	2.3	2.8
Operating income	0.9	1.5
Interfund transfers	(0.2)	(0.3)
Change in net position	\$ 0.7	\$ 1.2

The change in net position is shown both with and without the GASB No. 31 adjustment below. In the current year, there was a net increase of \$0.6 million in the net fair value of investments held at year end. Without the GASB No. 31 adjustment, the change in net position for 2020 was less than \$0.1 million resulting in a net increase in the change in net position of \$0.1 million between years. The change between years due to inter-fund transfers out of the MBS Pass Thru Fund was negligible. The increase is attributable to positive impact of revenues exceeding expenses between years by \$0.1 million.

	2020	2019	Change	% Change
Change in net position	\$ 675,646	\$ 1,232,080	\$ (556,434)	-45%
Net increase (decrease) in fair value of investments	635,712	1,330,323	(694,611)	-52%
Change in net position without GASB No. 31 adjustment	\$ 39,934	\$ (98,243)	\$ 138,177	-141%

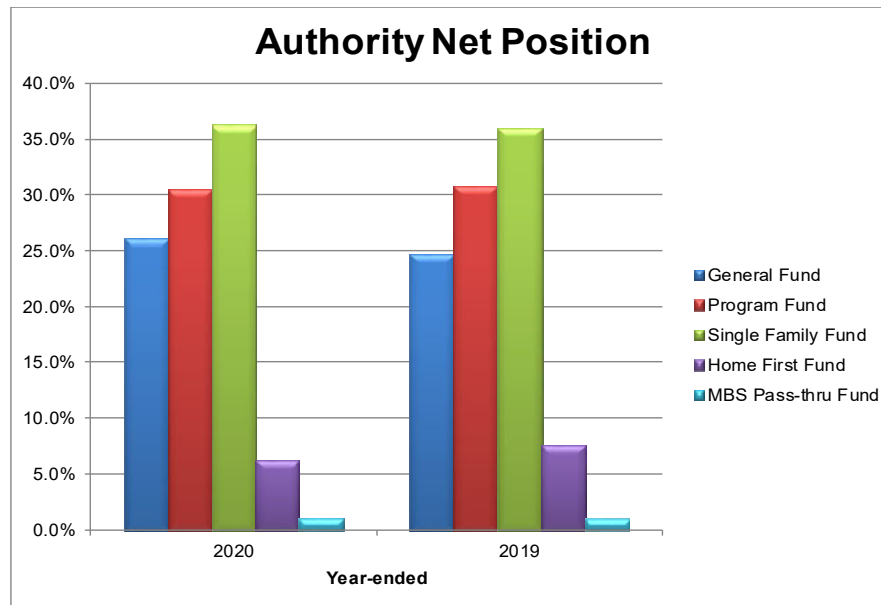
Financial Condition

The Authority operates within financial policies and guidelines set by the members of its Board of Directors. These guidelines require the Authority to maintain adequate liquid asset levels, good mortgage portfolio performance and a sufficient level of unrestricted assets. Net position on December 31, 2020, consisted of \$246.7 million restricted by funding sources, \$227.0 million unrestricted and available to meet the obligations of the Authority's operations, and \$0.7 million net investment in capital assets. Restricted net position increased \$26.4 million or 12 percent, unrestricted net position increased \$9.9 million or 5 percent, and the net investment in capital assets decreased \$0.6 million or 48 percent.

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The increase of \$26.4 million in restricted net position was primarily due to the increase in Single Family bond indentures of \$28.1 million, Federal Programs Fund of \$1.4 million. MBS Pass-thru Fund of \$0.7 offset by reductions for Home First Fund of \$3.7 million due to bond redemptions. The \$9.9 million change in unrestricted net position was due to the increase in unrestricted assets for the General Fund of \$16.1 million and Federal Programs of \$8.4 million offset by the decrease in the Single-Family indenture of \$14.5 million.

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



Capital and Lease Assets

As of December 31, 2020 and 2019, the Authority had \$6.3 million and \$7.3 million, respectively, invested in capital and lease assets, primarily the building, computer software and hardware. During fiscal year 2020, the Authority adopted GASB Statement No. 87, which resulted in leases being reported in accordance with GASB 87’s provisions. The amounts presented in the financial statements have been restated to reflect adoption of this standard. Depreciation and amortization expense was \$1.0 million in 2020 and \$1.1 million in 2019, respectively.

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Debt Administration

Total current and noncurrent bonds payable, not including any original issue premium or discount, as of December 31, 2020, was \$556.5 million, which increased \$34.5 million compared to \$522.0 million as of December 31, 2019. This increase was due to the \$140.0 million of maturities and redemptions of bonds previously issued by the Authority, offset against the \$174.5 million in mortgage revenue bond issuances in 2020. The Authority has maintained its long-term bond ratings of Aaa from Moody's Investors Services and AAA from Fitch Ratings. (The Home First Bond Indenture is only rated by Moody's and the MBS Pass-Thru Indenture is only rated by Fitch.) More detailed information about the Authority's debt is presented in Note 7 to the financial statements.

The following new bonds were issued during 2020 (dollars in thousands):

Bond Series	Tax-Exempt Amount	Taxable Amount	Total	Moody's Rating	Fitch Rating
2020 Series A	\$ 61,290	\$ -	\$ 61,290	Aaa	AAA
2020 Series B	113,215	-	113,215	Aaa	AAA
Total	<u>\$ 174,505</u>	<u>\$ -</u>	<u>\$ 174,505</u>		

Economic Factors and Other Financial Information

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

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

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COVID-19 Impact

Within the first few months of 2020, a novel strain of the coronavirus, SARS-CoV-2, and resulting disease, COVID-19, was reported in the United States, impacting the nation and the State. The COVID-19 Pandemic is an ongoing situation. At this time, the Authority cannot predict 1) the duration or extent of the COVID-19 Pandemic or any other outbreak emergency; 2) the duration or expansion of any foreclosure or eviction moratorium affecting the Servicer's ability to foreclose and collect on delinquent mortgage loans; 3) the number of mortgage loans that will be in forbearance or default as a result of the COVID-19 Pandemic and subsequent federal, state and local responses thereto, including the CARES Act; 4) whether and to what extent the COVID-19 Pandemic or other outbreak or emergency may disrupt the local or global economy, real estate markets, manufacturing, or supply chain, or whether any such disruption may adversely impact the Authority or its operations; 5) whether or to what extent the Authority or other government agencies may provide additional deferrals, forbearances, adjustments, or other changes to payments on mortgage loans; or 6) the effect of the COVID-19 Pandemic on the State budget, or whether any such effect may adversely impact the Authority or its operations. However, the continuation of the COVID-19 Pandemic and the resulting containment and mitigation efforts could have economic uncertainties arise which may negatively affect the financial position, results of operations and cash flows for the Authority, including the reduction of overall investment position. The duration of these uncertainties and the ultimate financial effects continue to not be reasonably estimated at this time.

Contacting the Authority's Financial Management

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

BASIC FINANCIAL STATEMENTS

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Statement of Net Position
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	2020
Assets and Deferred Outflows of Resources	
Current Assets	
Cash and cash equivalents	
Unrestricted	\$ 136,510,326
Restricted	245,482,131
Accrued interest receivable	
Investments	309,327
Investments held against bonds	1,446,942
Accounts and loans receivable, net	22,550,961
Other assets	95,207
Total current assets	406,394,894
Noncurrent Assets	
Investments	
Unrestricted	88,076,514
Restricted	33,315,285
Investments held against bonds	515,615,657
Accounts and loans receivable, net	98,912,210
Capital assets, at cost, less accumulated depreciation	922,580
Lease assets, less accumulated amortization	5,378,022
Total noncurrent assets	742,220,268
Total assets	1,148,615,162
Deferred Outflows of Resources	
Pension-related	763,588
Accumulated decrease in fair value of derivatives	2,872,898
Deferred refunding costs	1,319,199
Total deferred outflows of resources	4,955,685
Total assets and deferred outflows of resources	\$ 1,153,570,847

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	2020
Liabilities, Deferred Inflows of Resources and Net Position	
Current Liabilities	
Bonds payable	\$ 15,195,000
Accrued interest payable	7,003,353
Unearned revenue	39,466,853
Government advances	568,269
Lease liability	419,981
Accounts payable and other liabilities	12,679,837
Total current liabilities	75,333,293
Noncurrent Liabilities	
Bonds payable	541,317,638
Original issue premium	17,335,947
Bonds payable, net	558,653,585
Notes payable	1,619,401
Derivative instruments - interest rate swap agreements	2,872,898
Pension liability	3,091,072
Government advances	31,817,297
Lease liability	5,161,528
Total noncurrent liabilities	603,215,781
Total liabilities	678,549,074
Deferred Inflows of Resources	
Pension-related	685,552
Net Position	
Net investment in capital assets	719,093
Restricted	
Program fund	122,910,410
Single Family fund	89,380,735
Home First fund	29,400,095
MBS Pass-thru fund	5,018,456
Total restricted net position	246,709,696
Unrestricted	226,907,432
Total net position	474,336,221
Total liabilities, deferred inflows of resources and net position	\$ 1,153,570,847

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, 2020

	2020
Revenues	
Interest income	
Investments	\$ 5,576,727
Investments held against bonds	20,819,589
Loans	1,874,218
Fee income	5,880,664
Program income	440,154,437
Gain on sale of Next Home investments	9,830,782
Net increase in fair value of investments	10,245,139
Other income	1,648,598
Total revenues	496,030,154
 Expenses	
Investment expense (down payment assistance)	8,764,650
Loss on sale of investments	1,355,761
Interest expense	17,650,656
Issuance costs	1,883,868
Program expenses	409,673,121
General and administrative expenses	21,030,935
Total expenses	460,358,991
 Change in Net Position	35,671,163
 Net Position, Beginning of Year , as previously reported	 438,864,646
 Change in Accounting Principle	 (199,588)
 Net Position, Beginning of Year , as restated	 438,665,058
 Net Position, End of Year	 \$ 474,336,221

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Statement of Cash Flows
Year Ended December 31, 2020

	2020
Cash Flows From Operating Activities	
Receipts for services	\$ 16,688,571
Receipts for program revenue	446,605,475
Principal received on loans receivable	1,147
Interest received on investments	5,882,251
Interest received on investments held against bonds	19,626,553
Interest received on loans	1,874,218
Payments for program expenses	(425,857,737)
Interest paid on bonds and bank loans	(15,982,170)
Debt issuance costs incurred	(1,883,868)
Investment expense	(1,710,176)
Payments for suppliers and employees	(12,131,424)
Net cash provided by operating activities	33,112,840
Cash Flows From Noncapital Financing Activities	
Proceeds from bond issues	184,258,109
Repayments and redemption of bonds and bank loans	(140,123,920)
Net cash provided by noncapital financing activities	44,134,189
Cash Flows From Capital and Related Financing Activities	
Purchases of capital assets	-
Payments on lease	(387,805)
Net cash provided by capital and related financing activities	(387,805)
Cash Flows From Investing Activities	
Proceeds from sale and maturities of investments	82,105,789
Principal received on investments held against bonds	222,117,180
Purchases of investments held against bonds	(174,452,276)
Purchase of investments	(34,002,100)
Purchase of DPA loans	(3,800,981)
Net cash provided by investing activities	91,967,612
Net Increase in Cash and Cash Equivalents	168,826,836
Cash and Cash Equivalents, January 1	213,165,621
Cash and Cash Equivalents, December 31	\$ 381,992,457
Cash and Cash Equivalents	
Cash	\$ 138,468,485
Money market investments	243,523,972
Total cash and cash equivalents	\$ 381,992,457

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Statement of Cash Flows (Continued)
Year Ended December 31, 2020

	2020
Reconciliation of Change in Net Position to Net Cash	
Provided by Operating Activities:	
Change in net position	\$ 35,671,163
Adjustment to reconcile change in net position to net cash provided by operating activities:	
Net increase in fair value of investments	(10,245,139)
Loss on sale of investments	1,355,761
Depreciation	1,042,089
Amortization of bond premium/discount	(1,382,582)
Changes in operating assets and liabilities:	
Accounts and loan receivable	36,175
Accrued interest receivable	495,070
Other assets	637,220
Deferred pension costs	(196,860)
Deferred refunding costs	346,061
Unearned revenue	4,990,445
Accounts payable and other liabilities	(928,291)
Accrued interest payable	1,322,425
Net pension liability	(290,669)
Deferred pension revenue	143,100
Government advances	116,872
Total adjustments	(2,558,323)
Net cash provided by operating activities	\$ 33,112,840

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Financial Statements
December 31, 2020

Note 1: Authorizing Legislation and Funds

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

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

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

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

General Fund

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

Program Fund

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

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Financial Statements
December 31, 2020

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

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

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

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

Note 2: Summary of Significant Accounting Policies

Basis of Presentation

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

Measurement Focus and Basis of Accounting

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

Use of Estimates

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

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

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Financial Statements
December 31, 2020

Cash and Cash Equivalents

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

Investment Securities

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

Following is a summary of the effects of valuing investment securities at fair value on total assets and deferred outflows of resources, net position and operating income as of and for the year ended December 31, 2020:

	Total Assets and Deferred Outflows of Resources	
	Fair Value	Cost
General Fund	\$ 135,692,458	\$ 135,953,250
Program Fund	227,792,855	227,792,855
Single Family Fund	692,575,125	664,132,035
Home First Fund	43,679,427	42,473,581
MBS Pass-thru Fund	53,830,982	48,985,538
Total assets and deferred outflows of resources	\$ 1,153,570,847	\$ 1,119,337,259
	Net Position	
	Fair Value	Cost
General Fund	\$ 123,465,633	\$ 123,726,425
Program Fund	144,624,337	144,624,337
Single Family Fund	171,827,700	143,384,610
Home First Fund	29,400,095	28,194,249
MBS Pass-thru Fund	5,018,456	173,012
Total net position	\$ 474,336,221	\$ 440,102,633

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Financial Statements
December 31, 2020

	Operating Income	
	Fair Value	Cost
General Fund	\$ 16,031,508	\$ 15,759,894
Program Fund	9,159,351	9,159,351
Single Family Fund	11,123,281	(196,942)
Home First Fund	(1,537,254)	445,156
MBS Pass-thru Fund	894,277	258,565
Total operating income	\$ 35,671,163	\$ 25,426,024

Accounts and Loans Receivable

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

Interfund Accounts and Transfers

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

Capital Assets

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

Lease Assets

At the commencement of the lease term, the Authority, as lessee, recognizes a lease liability and an intangible right-to-use lease asset in accordance with GASB 87. The lease asset is amortized in a systematic and rational manner (straight-line method) over the shorter of the lease term or the useful life of the underlying asset.

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Financial Statements
December 31, 2020

Deferred Outflows of Resources

The Authority reports the consumption of net position that is applicable to a future reporting period as deferred outflows of resources in a separate section of its Statement of Net Position. The deferred outflows of resources in the current year are related to pension, debt refunding costs and the accumulated decrease in the fair value of hedging derivative instruments. The deferred outflows of resources related to pension are for contributions made to the defined-benefit plan between the measurement date of the net pension liabilities from the plan and the end of the year. The debt refunding costs are being amortized over the life of the refunding bonds as a part of interest expense. In addition, deferred outflows of resources include the fair value of interest rate swap agreements (see Note 8).

Deferred Inflows of Resources

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

Compensated Absences

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

Risk Management

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

Unearned Revenue

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

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Financial Statements
December 31, 2020

Cost-Sharing Defined-Benefit Pension Plan

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

Interest Rate Swap Agreements

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

Deferred Refunding Costs

In 2012, the Authority issued 2012 series bonds under the MBS Pass-thru Fund, the proceeds from which were used to redeem bonds with an outstanding swap agreement. As part of the swap termination upon the bond redemption, the Authority was required to pay swap termination fees of \$9,114,000 to the counterparty. The Authority capitalized amounts paid in connection with the swap termination fees and is amortizing the balance ratably in proportion to 2012 series redeemed during the year. Accumulated amortization of refunding costs was \$7,794,801 at December 31, 2020, and amortization expense, which is reported as part of interest expense, was \$346,061 for the year then ended.

Original Issue Premiums and Discounts

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

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Financial Statements
December 31, 2020

Net Position

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

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

Use of Restricted and Unrestricted Resources

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

Overdraws of Section 8 Housing Assistance

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

Operating Revenues

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

Program Income

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

Fee Income

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

Bond Issuance Costs

Bond issuance costs are expensed as incurred.

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Financial Statements
December 31, 2020

Allocation of Expenses Between Funds

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

Income Taxes

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

Note 3: Adoption of GASB Statement No. 87

During 2020, the Authority implemented Governmental Accounting Standards Board (GASB) Standard No. 87, *Leases*. This statement requires governments to recognize certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The adoption of GASB No. 87 resulted in decreases in beginning net position of \$199,588 and capital assets of \$609,492, and increases in lease assets of \$5,995,414 and lease liabilities of \$5,585,510 as of January 1, 2020. Leases have been recognized and measured using the facts and circumstances that existed at the beginning of the year. Refer to Notes 6 and 10 for the additional disclosures on lease assets and leases.

Note 4: Deposits and Investments

	General Fund	Program Fund	Single Family Fund	Home First Fund	MBS Pass-Thru Fund	2020 Total
Current						
Cash and cash equivalents						
Unrestricted	\$ 73,896,147	\$ 32,722,874	\$ 29,891,305	\$ -	\$ -	\$ 136,510,326
Restricted	-	96,478,621	134,642,751	14,300,117	60,642	245,482,131
Total current cash and cash equivalents	<u>73,896,147</u>	<u>129,201,495</u>	<u>164,534,056</u>	<u>14,300,117</u>	<u>60,642</u>	<u>381,992,457</u>
Noncurrent Assets						
Investments						
Unrestricted	33,969,407	-	54,107,107	-	-	88,076,514
Restricted	-	-	23,515,521	9,799,764	-	33,315,285
Investments held against bonds	-	-	443,798,143	19,503,583	52,313,931	515,615,657
Total noncurrent investments	<u>33,969,407</u>	<u>-</u>	<u>521,420,771</u>	<u>29,303,347</u>	<u>52,313,931</u>	<u>637,007,456</u>
Total cash, cash equivalents, and investments	<u>\$ 107,865,554</u>	<u>\$ 129,201,495</u>	<u>\$ 685,954,827</u>	<u>\$ 43,603,464</u>	<u>\$ 52,374,573</u>	<u>\$ 1,018,999,913</u>

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Financial Statements
December 31, 2020

Cash, cash equivalents and investments held by the Authority as of December 31, 2020 were as follows:

	Fair Value	Cost
Deposits		
Cash	\$ 138,468,485	\$ 138,468,485
Money market mutual funds	243,523,972	243,523,972
Investments		
Federal agency obligations	119,710,924	121,144,514
Federal agency obligations held against bonds	515,615,657	479,929,353
Municipal bonds	1,680,875	1,700,000
Total cash, cash equivalents and investments	\$ 1,018,999,913	\$ 984,766,324

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, 2020, all investments held by the Authority were in compliance with the requirements of the Indentures.

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

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rate. The Authority's investment policy does not restrict investment maturities. As of December 31, 2020, the Authority had the following investments and maturities (in thousands):

	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Money market mutual funds	\$ 243,524	\$ 243,524	\$ -	\$ -	\$ -
Federal agency obligations	119,711	-	42,067	63,570	14,074
Federal agency obligations held against bonds	515,616	-	302	3,446	511,868
Municipal bonds	1,681	-	-	-	1,681
	\$ 880,532	\$ 243,524	\$ 42,369	\$ 67,016	\$ 527,623

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Financial Statements
December 31, 2020

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, 2020, 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, 2020, 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	AAAmmf	Aaa-mf	\$ 243,523,972
Federal agency obligations	AA+	AAA	Aaa	119,710,924
Federal agency obligations held against bonds	AA+	AAA	Aaa	515,615,657
Municipal bonds	AAA	N/A	Aaa	1,680,875
				<u>\$ 880,531,428</u>

Concentration of Credit Risk

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

Investment	Fair Value
Ginnie Mae	57.5%
Blackrock Federal Fund Institutional Money Market	15.6%
Small Business Administration	8.0%
Dreyfus Government Cash Management Institutional Money Market	7.2%

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Financial Statements
December 31, 2020

Note 5: Accounts and Loans Receivable

Accounts and loans receivable at December 31, 2020, were as follows:

General Fund:

Loans provided to sub-recipients of certain programs	\$ 49,613
Next Home ownership mortgage down payment assistance loans	10,970,976
Accounts receivable	1,165,553
Mortgage loans	39,092
FSSA receivable - Emergency Housing Disaster Relief Fund	<u>6,719,860</u>
	18,945,094
Less: allowance for uncollectible loans	<u>(11,030,039)</u>
	7,915,055
Current	<u>(7,875,963)</u>
Noncurrent	<u>\$ 39,092</u>

Single Family Fund

Down payment assistance loans	\$ 4,255,806
Less: allowance for uncollectible loans	<u>(212,790)</u>
Noncurrent	<u>\$ 4,043,016</u>

Program Fund:

Reimbursements due from other governments	\$ 14,059,539
Section 1602 tax credit exchange program loans	90,573,701
Tax credit assistance program loans	150,000
Rural rental housing loans	1,638,219
Home investment partnership program loans	16,296,983
Community development block grant loans	15,520,313
Development fund loans	65,488,467
Hardest hit fund loans	<u>165,400,154</u>
	369,127,376
Less: allowance for uncollectible loans	<u>(259,622,276)</u>
	109,505,100
Current	<u>(14,674,998)</u>
Noncurrent	<u>\$ 94,830,102</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.

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Financial Statements
December 31, 2020

Note 6: Capital and Lease Assets

Capital assets activity for the year ended December 31, 2020 was:

	2020 As Restated⁽¹⁾	Additions	Disposals	December 31, 2020
Computer software	\$ 7,621,445	\$ -	\$ -	\$ 7,621,445
Computer hardware	1,135,048	-	-	1,135,048
	8,756,493	-	-	8,756,493
Less accumulated depreciation	<u>(7,409,216)</u>	<u>(424,697)</u>	<u>-</u>	<u>(7,833,913)</u>
Capital assets, net	<u>\$ 1,347,277</u>	<u>\$ (424,697)</u>	<u>\$ -</u>	<u>\$ 922,580</u>

Lease assets activity for the year ended December 31, 2020 was:

	January 1, 2020 As Restated⁽¹⁾	Additions	Disposals	December 31, 2020
Building	\$ 5,409,827	\$ -	\$ -	\$ 5,409,827
Furniture and equipment	585,587	-	-	585,587
	5,995,414	-	-	5,995,414
Less accumulated amortization	<u>-</u>	<u>(617,392)</u>	<u>-</u>	<u>(617,392)</u>
Leased assets, net	<u>\$ 5,995,414</u>	<u>\$ (617,392)</u>	<u>\$ -</u>	<u>\$ 5,378,022</u>

(1) – The beginning balance was restated for the adoption of GASB Statement No. 87.

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Financial Statements
December 31, 2020

Note 7: Bonds Payable

Bonds payable at December 31, 2020, consist of (dollars in thousands):

Single Family Fund	Original Amount	Balance
2016 Series A-1		
Serial bonds (2.20% to 2.55%), due 2025 - 2027	\$ 8,220	\$ 8,220
Term bonds (2.85%), due 2031	14,735	12,455
	<u>22,955</u>	<u>20,675</u>
2016 Series A-2		
Serial bonds (1.75% to 2.50%), due 2021 - 2025	23,565	14,115
PAC bonds (3.50%), due 2038	25,990	11,070
	<u>49,555</u>	<u>25,185</u>
2017 Series A-1		
Serial bonds (1.95% to 3.15%), due 2021 - 2028	8,510	4,700
Term bonds (2.60%), due 2026	7,355	7,355
Term bonds (3.60%), due 2032	7,755	7,755
Term bonds (3.85%), due 2035	6,380	2,265
	<u>30,000</u>	<u>22,075</u>
2017 Series A-2		
PAC bonds (4.00%), due 2039	14,070	7,705
	<u>14,070</u>	<u>7,705</u>
2017 Series B-1		
Serial bonds (1.50% to 2.75%), due 2021 - 2028	15,210	12,120
Term bonds (3.25%), due 2032	6,790	6,485
	<u>22,000</u>	<u>18,605</u>
2017 Series B-2		
PAC bonds (4.00%), due 2038	15,740	10,620
	<u>15,740</u>	<u>10,620</u>
2017 Series B-3		
Term bonds (variable), due 2047	17,000	17,000
Term bonds (variable), due 2047	6,000	6,000
	<u>23,000</u>	<u>23,000</u>
2017 Series C-1		
Serial bonds (2.35% to 2.95%), due 2024 - 2028	7,355	7,355
Term bonds (3.25%), due 2032	6,940	5,925
	<u>14,295</u>	<u>13,280</u>
2017 Series C-2		
Serial bonds (2.15% to 2.50%), due 2021 - 2024	7,465	4,825
PAC bonds (4.00%), due 2037	12,530	8,280
	<u>19,995</u>	<u>13,105</u>
2017 Series C-3		
Term bonds (variable), due 2047	20,705	20,705
	<u>20,705</u>	<u>20,705</u>

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Single Family Fund (Continued)	Original Amount	Balance
2018 Series A		
Serial bonds (1.90% to 3.20%), due 2021 - 2029	\$ 14,480	\$ 12,780
Term bonds (3.50%), due 2033	7,530	7,530
Term bonds (3.80%), due 2038	11,495	6,080
PAC bonds (4.00%), due 2048	20,590	18,910
	<u>54,095</u>	<u>45,300</u>
2019 Series A		
Serial bonds (1.85% to 3.15%), due 2021 - 2030	11,165	10,405
Term bonds (3.50%), due 2034	5,850	5,850
Term bonds (3.85%), due 2039	9,165	9,165
Term bonds (4.00%), due 2042	6,610	6,610
PAC bonds (4.25%), due 2048	15,990	15,500
	<u>48,780</u>	<u>47,530</u>
2019 Series B		
Serial bonds (1.15% to 2.25%), due 2021 - 2032	16,240	15,680
Term bonds (2.40%), due 2034	3,420	3,420
Term bonds (2.65%), due 2039	9,835	9,835
Term bonds (2.85%), due 2042	6,135	6,135
PAC bonds (3.50%), due 2049	17,845	17,705
	<u>53,475</u>	<u>52,775</u>
2020 Series A:		
Serial bonds (1.00% to 5.00%), due 2021 - 2032	18,545	18,365
Term bonds (2.55%), due 2035	6,060	6,060
Term bonds (2.75%), due 2040	11,905	11,905
Term bonds (2.85%), due 2042	4,295	4,295
PAC bonds (3.75%), due 2049	20,485	20,485
	<u>61,290</u>	<u>61,110</u>
2020 Series B:		
Serial bonds (1.15% to 5.00%), due 2025 - 2032	31,315	31,315
Serial bonds (5.00%), due 2021 - 2025	12,715	12,715
Term bonds (1.95%), due 2035	14,850	14,850
Term bonds (2.05%), due 2039	21,355	21,355
PAC bonds (3.25%), due 2049	32,980	32,980
	<u>113,215</u>	<u>113,215</u>
Total Single Family Fund	<u>\$ 563,170</u>	<u>\$ 494,885</u>

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Home First Fund	Original Amount	Balance
2011 Series A		
Serial bonds (3.50% to 3.625%), due 2021	\$ 9,070	\$ 380
Term bonds (4.45%), due 2027	7,430	2,600
PAC bonds (4.50%), due 2028	7,500	125
	<u>24,000</u>	<u>3,105</u>
2011 Series B		
Serial bonds (3.15%), due 2021	8,825	405
Term bonds (4.00%), due 2027	7,675	2,825
	<u>16,500</u>	<u>3,230</u>
2011 Series C		
Serial bonds (3.35% to 3.55%), due 2021 - 2022	26,325	2,790
Term bonds (4.10%), due 2027	7,905	4,420
PAC bonds (4.50%), due 2027	12,680	615
	<u>46,910</u>	<u>7,825</u>
Total Home First Fund	<u>\$ 87,410</u>	<u>\$ 14,160</u>
MBS Pass-thru Fund	Original Amount	Balance
2012 Series 1		
Term bonds (3.029%), due 2038	\$ 73,532	\$ 10,929
2013 Series 1		
Taxable term bonds (3.027%), due 2041	62,674	15,899
2013 Series 2		
Taxable term bonds (4.038%), due 2036	51,839	13,817
2014 Series 1		
Taxable term bonds (4.050%), due 2038	28,667	6,823
Total MBS Pass-Thru Fund	<u>\$ 216,712</u>	<u>\$ 47,468</u>
Total Bonds Payable	<u>\$ 867,292</u>	<u>\$ 556,513</u>

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

The 2017 Series B-3 bond and 2017 Series C-3 bond mature on July 1, 2047, and the interest rate is the E-Pro Daily rate (0.11% at December 31, 2020).

The following are the scheduled amounts of principal and interest payments on bond payable obligations in the five years subsequent to December 31, 2020 and thereafter (all amounts in thousands). The Authority typically has significant prepayments of principal amounts and, therefore, does not expect to make all interest payments in their scheduled amounts.

	Single Family Fund		Home First Fund		MBS Pass-thru Fund		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 12,955	\$ 14,620	\$ 2,240	\$ 547	\$ -	\$ 1,647	\$ 15,195	\$ 16,814
2022	14,575	14,484	2,310	468	-	1,647	16,885	16,599
2023	15,240	14,101	940	392	-	1,647	16,180	16,140
2024	15,845	13,675	1,205	352	-	1,647	17,050	15,674
2025	16,500	13,181	2,655	283	-	1,647	19,155	15,111
2026 - 2030	90,100	58,072	4,810	227	-	8,233	94,910	66,532
2031 - 2035	93,090	45,364	-	-	-	8,233	93,090	53,597
2036 - 2040	95,270	31,033	-	-	31,569	4,274	126,839	35,307
2041 - 2045	81,030	18,117	-	-	15,899	438	96,929	18,555
2046 - 2049	60,280	3,928	-	-	-	-	60,280	3,928
	<u>494,885</u>	<u>226,575</u>	<u>14,160</u>	<u>2,269</u>	<u>47,468</u>	<u>29,413</u>	<u>556,513</u>	<u>258,257</u>
Original issue premium	16,056	-	72	-	1,208	-	17,336	-
	<u>\$ 510,941</u>	<u>\$ 226,575</u>	<u>\$ 14,232</u>	<u>\$ 2,269</u>	<u>\$ 48,676</u>	<u>\$ 29,413</u>	<u>\$ 573,849</u>	<u>\$ 258,257</u>

The summary of bonds payable as of December 31, 2020 (dollars in thousands) was as follows:

Interest Rate Ranges	Maturity Range	Payment Range of Principal	Total
1.0 - 5.0%	2021 - 2049	\$2,645 - \$37,312	\$ 556,513

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Changes in Obligations

The following are changes in noncurrent liabilities of the Authority for the year ended December 31, 2020 (dollars in thousands):

	January 1, 2020 As Restated ⁽¹⁾	Additions	Reductions	December 31, 2020	Due Within One Year	Due Thereafter
Bonds payable	\$ 521,973,522	\$ 174,505,000	\$ 139,965,884	\$ 556,512,638	\$ 15,195,000	\$ 541,317,638
Premium	9,050,381	9,753,109	1,467,543	17,335,947	-	17,335,947
Note payable	1,692,476	-	73,075	1,619,401	-	1,619,401
Net pension liability	3,381,741	328,095	618,764	3,091,072	-	3,091,072
Lease liability	5,969,314	-	387,805	5,581,509	419,981	5,161,528
Government advances	32,268,694	323,683	206,811	32,385,566	568,269	31,817,297
Total long-term obligations	<u>\$ 574,336,128</u>	<u>\$ 184,909,887</u>	<u>\$ 142,719,882</u>	<u>\$ 616,526,133</u>	<u>\$ 16,183,250</u>	<u>\$ 600,342,883</u>

(1) – The beginning balance was restated for the adoption of GASB Statement No. 87.

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

The Single Family and Home First bonds are subject to optional redemption provisions at various dates at 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 \$139,965,884 of bonds in 2020 from mortgage loan payments and prepayments. The bond redemptions resulted in write-offs of unamortized discount related to the redeemed bonds.

Conduit Debt Obligations

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

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The Authority has issued debt obligations on behalf of certain 501(c) (3) organizations (the Debtors) for the purpose of acquiring and rehabilitating facilities for housing persons of low and moderate income. These bonds and the interest thereof do not constitute a debt or liability of the Authority, but are special obligations between investors and the Debtors payable solely from the payments received by the trustee under the loan agreements and meet the definition of conduit debt in GASB Interpretation No. 2, *Disclosure of Conduit Debt Obligations*. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2020, the Authority had outstanding conduit debt of \$197,736,103.

Note 8: Interest Rate Swap Agreements - Hedging Derivative Instruments

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

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

Terms, Fair Value and Credit Risk: The terms, including, the fair value and credit rating of the outstanding swaps as of December 31, 2020, are as follows:

Bond Series	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Value	Swap Termination Date	Counterparty Credit Rating S&P/Moody's/Fitch
2017 Series B-3	\$ 17,250,000	1/1/2018	2.420%	70% 3 M LIBOR	\$ (1,324,766)	7/1/2047	AA-/Aa2/AA
2017 Series C-3	15,525,000	7/1/2018	2.495%	70% 3 M LIBOR	(1,548,132)	7/1/2047	AA-/Aa2/AA
				Total	<u>\$ (2,872,898)</u>		

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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., LIBOR, SIFMA, etc.) as of the valuation date. The present value discounted factors applied to each future scheduled payment is determined by the LIBOR, or Overnight Index Swap, curve data using the zero-coupon method. A credit valuation adjustment is applied, which quantifies the nonperformance risk of both reporting entity as well as the counterparty.

The fair values of the swap agreements are classified as a noncurrent liability on the statement of net position of \$2,872,898 as of December 31, 2020. As the swap agreements are effective hedging instruments, the offsetting balance is reflected as a deferred outflow of resources on the Authority's balance sheet at December 31, 2020 of \$2,872,898.

Credit Risk: The fair value of each of the swap agreements represents the Authority's credit exposure to the counterparties as of December 31, 2020. 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, 2020, the Authority was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap agreement become positive, the Authority would be exposed to credit risk in the amount of the derivative instrument's fair value. In the event that the credit ratings fall below the agreed upon threshold, the fair value of the swaps is to be fully collateralized with eligible securities (as defined in the Master Agreement) to be held by a third-party custodian on behalf of the Authority.

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

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

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

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Swap Payments and Associated Debt: As of December 31, 2020, debt service requirements of the Authority's hedged outstanding variable rate debt and net swap payments (assuming current interest rates remain the same for their term and bonds are called as the swap amortizes) are as follows:

	Principal	Interest	Net Swap Payments	Total
2021	\$ -	\$ 36,053	\$ 654,606	\$ 690,659
2022	-	36,053	654,606	690,659
2023	-	36,053	654,606	690,659
2024	-	36,053	654,606	690,659
2025	-	36,053	654,606	690,659
2026 - 2029	-	180,263	3,273,028	3,453,291
2030 - 2034	-	180,263	3,273,028	3,453,291
2035 - 2039	7,275,000	158,859	2,880,482	10,314,341
2040 - 2044	14,335,000	80,328	1,452,949	15,868,277
2045 - 2047	11,165,000	8,393	151,206	11,324,599
	<u>11,165,000</u>	<u>8,393</u>	<u>151,206</u>	<u>11,324,599</u>
Total	<u>\$ 32,775,000</u>	<u>\$ 788,371</u>	<u>\$ 14,303,723</u>	<u>\$ 47,867,094</u>

Note 9: 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.

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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, 2020.

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

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

Municipal Bonds: Valued using pricing models maximizing the use of observable inputs for similar securities.

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

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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, 2020:

	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment by Fair Value Level				
Money market mutual funds	\$ 243,523,972	\$ 243,523,972	\$ -	\$ -
Federal agency obligations	635,326,581	-	635,326,581	-
Municipal bonds	1,680,875	-	1,680,875	-
	<u>\$ 880,531,428</u>	<u>\$ 243,523,972</u>	<u>\$ 637,007,456</u>	<u>\$ -</u>
Total investments measured at fair value				
	<u>\$ 880,531,428</u>	<u>\$ 243,523,972</u>	<u>\$ 637,007,456</u>	<u>\$ -</u>
Hedging Derivative Instruments				
Interest rate swaps	\$ 2,872,898	\$ -	\$ -	\$ 2,872,898

Note 10: Lease Liability

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

Future principal and interest requirements to maturity for the lease liability as of December 31, 2020 are:

	Principal	Interest	Total
2021	\$ 419,981	\$ 310,985	\$ 730,966
2022	454,093	285,500	739,593
2023	442,982	258,458	701,440
2024	410,049	234,530	644,579
2025	443,116	210,090	653,206
2026 - 2030	2,783,956	611,351	3,395,307
2031	627,332	18,180	645,512
	<u>\$ 5,581,509</u>	<u>\$ 1,929,094</u>	<u>\$ 7,510,603</u>

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Note 11: 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.

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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 no COLA for the year ended June 30, 2020; however, there was a one-time check (13th check) on October 1, which is assumed to continue annually until 2021.

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

Upon the death in service of a member with 15 or more years of creditable service 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.

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

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

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

Significant Actuarial Assumptions

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

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

Asset valuation date:	June 30, 2020
Liability valuation date and method:	June 30, 2019 - Member census data as of June 30, 2019 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2019 and June 30, 2020. Standard actuarial roll forward techniques were then used to project the liability computed as of June 30, 2019 to June 30, 2020.
Actuarial cost method:	Entry age normal - level percent of payroll
Experience study date:	Period of four years ended June 30, 2019
Investment rate of return:	6.75%
Cost of living adjustment:	Varies per year as follows: 2020 through 2021 - 13th check, 2022 through 2033 - 0.40%, 2034 through 2038 - 0.50%, and 2039 and on - 0.60%
Projected salary increases:	2.75% - 8.75%
Inflation:	2.25%

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	22.0%	4.4%
Private equity	14.0%	7.6%
Fixed income - ex inflation linked	20.0%	1.9%
Fixed income - inflation linked	7.0%	0.5%
Commodities	8.0%	1.6%
Real estate	7.0%	5.8%
Absolute return	10.0%	2.9%
Risk parity	12.0%	5.5%
	100%	

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

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

1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
\$ 5,039,498	\$ 3,091,072	\$ 1,459,106

Investment Valuation and Benefit Payment Policies

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

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

Funding Policy

The State is obligated by statute to make contributions to the PERF Hybrid Plan or the My Choice Plan. Any political subdivision that elects to participate in the PERF Hybrid Plan is obligated by statute to make contributions to the Plan. The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to fund the pension benefits when they become due. As PERF is a cost-sharing plan, all risks and costs, including benefit costs, are shared proportionately by the participating employers. During the fiscal year ended June 30, 2020, all participating employers were required to contribute 11.2% of covered payroll for members employed by the State. For the My Choice Plan, all participating employers were required to contribute a supplemental 7.1%.

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

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

At December 31, 2020, the Authority reported a liability of \$3,091,072 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, 2020 measurement date was 0.0010234.

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For the year ended December 31, 2020, the Authority recognized pension expense of \$292,449, which included net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions of \$43,511. At December 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to the PERF Hybrid Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 54,765	\$ 41,502
Net difference between projected and actual earnings on pension plan investments	264,546	-
Changes in assumptions	-	644,050
Changes in proportion and differences between the Authority's contributions and proportionate share contributions	95,887	-
Authority's contributions subsequent to the measurement date	348,390	-
Total	\$ 763,588	\$ 685,552

The Authority reported \$348,390 as deferred outflows of resources that will be recognized as a reduction of the net pension liability for the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

2021	\$ (253,297)
2022	(80,827)
2023	(48,604)
2024	112,374
Total future minimum payments	\$ (270,354)

Note 12: 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.

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Investments

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

Excess Investment Earnings

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

COVID-19

On March 13, 2020, the President of the United States declared a national emergency with respect to the COVID-19 Pandemic. In addition, the United States Congress enacted several COVID-19-related bills, including the *Coronavirus Aid, Relief, and Economic Security Act* (the “CARES Act”), signed into law on March 27, 2020. Among other things, the CARES Act provides that during the COVID-19 emergency, borrowers of mortgage loans which are FHA insured, VA, HUD or Rural Housing guaranteed, or purchased or securitized by Fannie Mae or Freddie Mac (collectively, “Federal Single-Family Loans”) who are directly or indirectly experiencing economic difficulties because of the coronavirus can seek up to 360 days of payment forbearance. The CARES Act also imposed a foreclosure and eviction moratorium on all Federal Single-Family Loans for a period of 60-days which commenced March 18, 2020 and ended on May 17, 2020. In addition to this statutory foreclosure and eviction relief, HUD/FHA, and the Federal Housing Finance Agency (“FHFA”) also ordered the servicers of Federal Single-Family Loans to suspend foreclosures and evictions of Federal Single-Family Loans; HUD/FHA and FHFA extended their foreclosure and eviction moratoriums for single-family residences until at least December 31, 2020.

The COVID-19 Pandemic is an ongoing situation. At this time, the Authority cannot predict:

- (i) the duration or extent of the COVID-19 Pandemic or any other outbreak emergency;
- (ii) the duration or expansion of any foreclosure or eviction moratorium affecting the Servicer’s ability to foreclose and collect on delinquent mortgage loans;
- (iii) the number of mortgage loans that will be in forbearance or default as a result of the COVID-19 Pandemic and subsequent federal, state and local responses thereto, including the CARES Act;
- (iv) whether and to what extent the COVID-19 Pandemic or other outbreak or emergency may disrupt the local or global economy, real estate markets, manufacturing, or supply chain, or whether any such disruption may adversely impact the Authority or its operations;

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- (v) whether or to what extent the Authority or other government agencies may provide additional deferrals, forbearances, adjustments, or other changes to payments on mortgage loans; or
- (vi) the effect of the COVID-19 Pandemic on the State budget, or whether any such effect may adversely impact the Authority or its operations.

However, the continuation of the COVID-19 Pandemic and the resulting containment and mitigation efforts could have economic uncertainties arise which may negatively affect the financial position, results of operations and cash flows for the Authority, including the reduction of overall investment position. The duration of these uncertainties and the ultimate financial effects continue to not be reasonably estimated at this time.

Note 13: Subsequent Events

Debt Issuance

On January 14, 2021, the Authority issued \$55,945,000 of Indiana Housing and Community Development Authority Single Family Mortgage Revenue Bonds, 2021 Series A (2021 Series A Bonds). The 2021 Series A Bonds include serial bonds maturing through 2033, and term bonds, which mature in 2036, 2041, 2045 and PAC bonds due 2051. The 2021 Series A Bonds bear interest at rates ranging from 1.35% to 5.00%.

REQUIRED SUPPLEMENTARY INFORMATION

Indiana Housing and Community Development Authority
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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*

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

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

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

Notes to Schedule:

Benefit changes: No changes.

Changes of assumption: As a result of the 2014-2019 Experience Study completed in February 2020, the following changes were made: 1) The future salary increase assumption changed from an age-based table ranging from 2.50% to 4.25% to a service-based table ranging from 2.75% to 8.75%; 2) The mortality assumption changed from the RP-2014 Total Data Set Mortality Table to the Pub-2010 public Retirement Plans Mortality Plans; 3) The retirement assumption was updated to an age-based table dependent on eligibility for a reduced benefit or unreduced benefit. Additionally, for actives who are eligible for early retirement, 30% are assumed to commence benefits immediately and 70% are assumed to commence benefits at unreduced retirement eligibility (previously 33% and 67%, respectively); 4) The termination assumption tables for state members were combined from being split by salary and sex to being one unisex service-based table. For members in political subdivisions earning more than \$20,000, the sex-distinct tables were combined to one unisex service-based table, while members in political subdivisions earning less than \$20,000 maintained their sex-distinct age-based table and the rates were updated based on experience; 5) The disability assumption was updated based on recent experience; 6) The marital assumption was updated to assume 80% of male members and 65% of female members are married or have a dependent beneficiary (previously 75% and 60%, respectively); 7) The load placed on the final average earnings to account for additional wages received upon termination, such as severance or unused sick leave, decreased from \$400 to \$200.

Changes in actuarial methods: No changes.

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

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

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

Notes to Schedule:

Benefit changes: No changes.

Changes of assumption: As a result of the 2014-2019 Experience Study completed in February 2020, the following changes were made: 1) The future salary increase assumption changed from an age-based table ranging from 2.50% to 4.25% to a service-based table ranging from 2.75% to 8.75%; 2) The mortality assumption changed from the RP-2014 Total Data Set Mortality Table to the Pub-2010 public Retirement Plans Mortality Plans; 3) The retirement assumption was updated to an age-based table dependent on eligibility for a reduced benefit or unreduced benefit. Additionally, for actives who are eligible for early retirement, 30% are assumed to commence benefits immediately and 70% are assumed to commence benefits at unreduced retirement eligibility (previously 33% and 67%, respectively); 4) The termination assumption tables for state members were combined from being split by salary and sex to being one unisex service-based table. For members in political subdivisions earning more than \$20,000, the sex-distinct tables were combined to one unisex service-based table, while members in political subdivisions earning less than \$20,000 maintained their sex-distinct age-based table and the rates were updated based on experience; 5) The disability assumption was updated based on recent experience; 6) The marital assumption was updated to assume 80% of male members and 65% of female members are married or have a dependent beneficiary (previously 75% and 60%, respectively); 7) The load placed on the final average earnings to account for additional wages received upon termination, such as severance or unused sick leave, decreased from \$400 to \$200.

Changes in actuarial methods: No changes.

SUPPLEMENTARY INFORMATION

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Other Information
Combining Schedule of Net Position
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	General Fund	Program Fund	Single Family Fund	Home First Fund	MBS Pass-thru Fund	2020 Total
Assets and Deferred Outflows of Resources						
Current Assets						
Cash and cash equivalents						
Unrestricted	\$ 73,896,147	\$ 32,722,874	\$ 29,891,305	\$ -	\$ -	\$ 136,510,326
Restricted	-	96,478,621	134,642,751	14,300,117	60,642	245,482,131
Accrued interest receivable						
Investments	97,878	-	189,387	22,062	-	309,327
Investments held against bonds	-	-	1,255,831	53,901	137,210	1,446,942
Accounts and loans receivable, net	7,875,963	14,674,998	-	-	-	22,550,961
Other assets	-	95,207	-	-	-	95,207
Total current assets	<u>81,869,988</u>	<u>143,971,700</u>	<u>165,979,274</u>	<u>14,376,080</u>	<u>197,852</u>	<u>406,394,894</u>
Noncurrent Assets						
Investments						
Unrestricted	33,969,407	-	54,107,107	-	-	88,076,514
Restricted	-	-	23,515,521	9,799,764	-	33,315,285
Investments held against bonds	-	-	443,798,143	19,503,583	52,313,931	515,615,657
Accounts and loans receivable, net	39,092	94,830,102	4,043,016	-	-	98,912,210
Capital assets, at cost, less accumulated depreciation	836,656	85,924	-	-	-	922,580
Leased assets, less accumulated depreciation.	5,378,022	-	-	-	-	5,378,022
Interfund accounts	12,835,705	(11,094,871)	(1,740,834)	-	-	-
Total noncurrent assets	<u>53,058,882</u>	<u>83,821,155</u>	<u>523,722,953</u>	<u>29,303,347</u>	<u>52,313,931</u>	<u>742,220,268</u>
Total assets	<u>134,928,870</u>	<u>227,792,855</u>	<u>689,702,227</u>	<u>43,679,427</u>	<u>52,511,783</u>	<u>1,148,615,162</u>
Deferred Outflows of Resources						
Pension-related	763,588	-	-	-	-	763,588
Accumulated decrease in fair value of derivative	-	-	2,872,898	-	-	2,872,898
Deferred refunding costs	-	-	-	-	1,319,199	1,319,199
Total deferred outflows of resources	<u>763,588</u>	<u>-</u>	<u>2,872,898</u>	<u>-</u>	<u>1,319,199</u>	<u>4,955,685</u>
Total assets and deferred outflows of resources	<u>\$ 135,692,458</u>	<u>\$ 227,792,855</u>	<u>\$ 692,575,125</u>	<u>\$ 43,679,427</u>	<u>\$ 53,830,982</u>	<u>\$ 1,153,570,847</u>
Liabilities, Deferred Inflows of Resources and Net Positions						
Current Liabilities						
Bonds payable	\$ -	\$ -	\$ 12,955,000	\$ 2,240,000	\$ -	\$ 15,195,000
Accrued interest payable	-	-	6,818,969	47,172	137,212	7,003,353
Unearned revenue	92,000	39,374,853	-	-	-	39,466,853
Government advances	-	568,269	-	-	-	568,269
Capital lease liability	419,981	-	-	-	-	419,981
Accounts payable and other liabilities	2,776,692	9,788,698	114,447	-	-	12,679,837
Total current liabilities	<u>3,288,673</u>	<u>49,731,820</u>	<u>19,888,416</u>	<u>2,287,172</u>	<u>137,212</u>	<u>75,333,293</u>
Noncurrent Liabilities						
Bonds payable	-	-	481,930,000	11,920,000	47,467,638	541,317,638
Original issue premium	-	-	16,056,111	72,160	1,207,676	17,335,947
Bonds payable, net	-	-	497,986,111	11,992,160	48,675,314	558,653,585
Notes payable	-	1,619,401	-	-	-	1,619,401
Derivative instrument - interest rate swap agreements	-	-	2,872,898	-	-	2,872,898
Pension liability	3,091,072	-	-	-	-	3,091,072
Government advances	-	31,817,297	-	-	-	31,817,297
Capital lease liability	5,161,528	-	-	-	-	5,161,528
Total noncurrent liabilities	<u>8,252,600</u>	<u>33,436,698</u>	<u>500,859,009</u>	<u>11,992,160</u>	<u>48,675,314</u>	<u>603,215,781</u>
Total liabilities	<u>11,541,273</u>	<u>83,168,518</u>	<u>520,747,425</u>	<u>14,279,332</u>	<u>48,812,526</u>	<u>678,549,074</u>
Deferred Inflows of Resources						
Pension-related	685,552	-	-	-	-	685,552
Net Position						
Net investment in capital assets	633,169	85,924	-	-	-	719,093
Restricted	-	122,910,410	89,380,735	29,400,095	5,018,456	246,709,696
Unrestricted	122,832,464	21,628,003	82,446,965	-	-	226,907,432
Total net position	<u>123,465,633</u>	<u>144,624,337</u>	<u>171,827,700</u>	<u>29,400,095</u>	<u>5,018,456</u>	<u>474,336,221</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 135,692,458</u>	<u>\$ 227,792,855</u>	<u>\$ 692,575,125</u>	<u>\$ 43,679,427</u>	<u>\$ 53,830,982</u>	<u>\$ 1,153,570,847</u>

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Other Information
Combining Schedule of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2020

	General Fund	Program Fund	Single Family Fund	Home First Fund	MBS Pass-thru Fund	2020 Total
Revenues						
Interest income						
Investments	\$ 2,163,048	\$ 86,991	\$ 2,813,103	\$ 512,868	\$ 717	\$ 5,576,727
Investments held against bonds	-	-	15,970,367	2,318,998	2,530,224	20,819,589
Loans	-	1,874,218	-	-	-	1,874,218
Fee income	5,880,664	-	-	-	-	5,880,664
Program income	9,627,062	430,527,375	-	-	-	440,154,437
Gain on sale of Next Home investments	9,830,782	-	-	-	-	9,830,782
Net increase (decrease) in fair value of investments	271,614	-	11,320,223	(1,982,410)	635,712	10,245,139
Other income	1,648,598	-	-	-	-	1,648,598
Total revenues	<u>29,421,768</u>	<u>432,488,584</u>	<u>30,103,693</u>	<u>849,456</u>	<u>3,166,653</u>	<u>496,030,154</u>
Expenses						
Investment expense (down payment assistance)	7,054,474	-	1,710,176	-	-	8,764,650
Loss on sale of investments	394,318	-	841,486	119,957	-	1,355,761
Interest expense	104,872	246,595	13,033,960	2,005,853	2,259,376	17,650,656
Issuance costs	-	-	1,883,868	-	-	1,883,868
Program expenses	1,802,277	407,670,793	200,051	-	-	409,673,121
General and administrative expenses	4,034,319	15,411,845	1,310,871	260,900	13,000	21,030,935
Total expenses	<u>13,390,260</u>	<u>423,329,233</u>	<u>18,980,412</u>	<u>2,386,710</u>	<u>2,272,376</u>	<u>460,358,991</u>
Operating Income	16,031,508	9,159,351	11,123,281	(1,537,254)	894,277	35,671,163
Transfers						
Interfund transfers	(557,817)	557,817	2,412,377	(2,193,746)	(218,631)	-
Increase in Net Position	15,473,691	9,717,168	13,535,658	(3,731,000)	675,646	35,671,163
Net Position, Beginning of Year, as previously reported	108,191,530	134,907,169	158,292,042	33,131,095	4,342,810	438,864,646
Change in accounting principal	(199,588)	-	-	-	-	(199,588)
Net Position, Beginning of Year, as restated	<u>107,991,942</u>	<u>134,907,169</u>	<u>158,292,042</u>	<u>33,131,095</u>	<u>4,342,810</u>	<u>438,665,058</u>
Net Position, End of Year	<u>\$ 123,465,633</u>	<u>\$ 144,624,337</u>	<u>\$ 171,827,700</u>	<u>\$ 29,400,095</u>	<u>\$ 5,018,456</u>	<u>\$ 474,336,221</u>

Indiana Housing and Community Development Authority
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Combining Schedule of Cash Flows
Year Ended December 31, 2020

	General Fund	Program Fund	Single Family Fund	Home First Fund	MBS Pass-thru Fund	2020 Total
Cash Flows From Operating Activities						
Receipts for services	\$ 16,688,571	\$ -	\$ -	\$ -	\$ -	\$ 16,688,571
Receipts for program revenue	2,907,202	443,698,273	-	-	-	446,605,475
Principal received on loans receivable	1,147	-	-	-	-	1,147
Interest received on investments	2,290,007	86,991	2,967,142	537,394	717	5,882,251
Interest received on investments held against bonds	-	-	15,086,497	2,273,045	2,267,011	19,626,553
Interest received on loans	-	1,874,218	-	-	-	1,874,218
Payments for program expenses	(1,802,277)	(423,855,409)	(200,051)	-	-	(425,857,737)
Interest paid on bonds and bank loans	(104,872)	(246,595)	(11,487,078)	(2,188,272)	(1,955,353)	(15,982,170)
Debt issuance costs incurred	-	-	(1,883,868)	-	-	(1,883,868)
Investment expense	-	-	(1,710,176)	-	-	(1,710,176)
Payments for suppliers and employees	(10,589,465)	-	(1,251,763)	(277,196)	(13,000)	(12,131,424)
Interfund activity	(8,496,294)	7,483,151	1,013,143	-	-	-
Net cash provided by operating activities	<u>894,019</u>	<u>29,040,629</u>	<u>2,533,846</u>	<u>344,971</u>	<u>299,375</u>	<u>33,112,840</u>
Cash Flows From Noncapital and Related Financing Activities						
Proceeds from bond issues	-	-	184,258,109	-	-	184,258,109
Repayments and redemption of bonds and bank loans	-	(73,075)	(44,594,256)	(80,649,935)	(14,806,654)	(140,123,920)
Transfers	(557,817)	557,817	2,412,377	(2,193,746)	(218,631)	-
Net cash provided by (used in) noncapital and related financing activities	<u>(557,817)</u>	<u>484,742</u>	<u>142,076,230</u>	<u>(82,843,681)</u>	<u>(15,025,285)</u>	<u>44,134,189</u>
Cash Flows From Capital and Related Financing Activities						
Purchases of capital assets	-	-	-	-	-	-
Payments on capital lease	(387,805)	-	-	-	-	(387,805)
Net cash provided by capital and related financing activities	<u>(387,805)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(387,805)</u>
Cash Flows From Investing Activities						
Proceeds from sale and maturities of investments	33,740,350	-	37,087,400	11,278,039	-	82,105,789
Principal received on investments held against bonds	-	-	126,117,508	81,273,761	14,725,911	222,117,180
Purchases of investments held against bonds	-	-	(174,452,276)	-	-	(174,452,276)
Purchase of DPA loans	-	-	(3,800,981)	-	-	(3,800,981)
Purchase of investments	-	-	(29,002,100)	(5,000,000)	-	(34,002,100)
Net cash provided by investing activities	<u>33,740,350</u>	<u>-</u>	<u>(44,050,449)</u>	<u>87,551,800</u>	<u>14,725,911</u>	<u>91,967,612</u>
Net Increase in Cash and Cash Equivalents	33,688,747	29,525,371	100,559,627	5,053,090	1	168,826,836
Cash and Cash Equivalents, January 1	40,207,400	99,676,124	63,974,429	9,247,027	60,641	213,165,621
Cash and Cash Equivalents, December 31	\$ 73,896,147	\$ 129,201,495	\$ 164,534,056	\$ 14,300,117	\$ 60,642	\$ 381,992,457
Cash and Cash Equivalents						
Cash	\$ 10,603,282	\$ 127,865,203	\$ -	\$ -	\$ -	\$ 138,468,485
Money market investments	63,292,865	1,336,292	164,534,056	14,300,117	60,642	243,523,972
Total cash and cash equivalents	<u>\$ 73,896,147</u>	<u>\$ 129,201,495</u>	<u>\$ 164,534,056</u>	<u>\$ 14,300,117</u>	<u>\$ 60,642</u>	<u>\$ 381,992,457</u>

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Other Information
Combining Schedule of Cash Flows (Continued)
Year Ended December 31, 2020

	General Fund	Program Fund	Single Family Fund	Home First Fund	MBS Pass-thru Fund	2020 Total
Reconciliation of Change in Net Position to Net Cash						
Provided by (Used in) Operating Activities:						
Change in net position	\$ 16,031,508	\$ 9,159,351	\$ 11,123,281	\$ (1,537,254)	\$ 894,277	\$ 35,671,163
Adjustment to reconcile change in net position to net cash provided by (used in) operating activities:						
Net (increase) decrease in fair value of investments	(271,614)	-	(11,320,223)	1,982,410	(635,712)	(10,245,139)
Loss on sale of investments	394,318	-	841,486	119,957	-	1,355,761
Depreciation	998,474	43,615	-	-	-	1,042,089
Amortization of bond premium/discount	-	-	(811,330)	(265,999)	(305,253)	(1,382,582)
Changes in operating assets and liabilities:						
Accounts and loan receivable	(7,281,712)	7,317,887	-	-	-	36,175
Accrued interest receivable	126,959	-	81,499	244,572	42,040	495,070
Other assets	(8,496,294)	8,120,371	1,013,143	-	-	637,220
Deferred pension costs	(196,860)	-	-	-	-	(196,860)
Deferred refunding costs	-	-	-	-	346,061	346,061
Unearned revenue	(108,474)	5,098,919	-	-	-	4,990,445
Accounts payable and other liabilities	(154,717)	(816,386)	59,108	(16,296)	-	(928,291)
Accrued interest payable	-	-	1,546,882	(182,419)	(42,038)	1,322,425
Net pension liability	(290,669)	-	-	-	-	(290,669)
Deferred pension revenue	143,100	-	-	-	-	143,100
Government advances	-	116,872	-	-	-	116,872
Total adjustments	(15,137,489)	19,881,278	(8,589,435)	1,882,225	(594,902)	(2,558,323)
Net cash provided by (used in) operating activities	<u>\$ 894,019</u>	<u>\$ 29,040,629</u>	<u>\$ 2,533,846</u>	<u>\$ 344,971</u>	<u>\$ 299,375</u>	<u>\$ 33,112,840</u>

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

Single Audit Report

For the Year Ended December 31, 2020

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
December 31, 2020

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Indiana Housing and Community Development Authority

(A Component Unit of the State of Indiana)

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2020

Federal Grantor / Pass - Through Grantor or Cluster Title	Federal CFDA Number	Pass Through to Subrecipients	Expenditures Paid Directly by the Authority	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE:				
Rural Rental Housing Loans	10.415	\$ -	\$ 1,696,910	\$ 1,696,910
Total U.S. Department of Agriculture		<u>-</u>	<u>1,696,910</u>	<u>1,696,910</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Housing Counseling Assistance Program	14.169	-	111,483	111,483
Section 8 Housing Assistance Payments Program <i>(Section 8 Project-Based Cluster)</i>	14.195	196,580,410	-	196,580,410
Indiana Office of Rural and Community Affairs <i>(pass-through entity)</i>				
Community Development Block Grants (a)	14.228	24,839,410	63,842	24,903,252
Emergency Solutions Grant	14.231	2,532,381	113,103	2,645,484
COVID-19 - Emergency Solutions Grant	14.231	1,525,154	526,746	2,051,900
Total Emergency Solutions Grant		<u>4,057,535</u>	<u>639,849</u>	<u>4,697,384</u>
Home Investment Partnerships Program	14.239	17,008,490	10,205,061	27,213,551
Housing Opportunities for Persons with AIDS	14.241	956,638	30,915	987,553
COVID-19 - Housing Opportunities for Persons with AIDS	14.241	54,148	5,358	59,506
Total Housing Opportunities for Persons with AIDS		<u>1,010,786</u>	<u>36,273</u>	<u>1,047,059</u>
Continuum of Care Program	14.267	5,598,021	951,477	6,549,498
Housing Trust Fund	14.275	-	677,094	677,094
Performance Based Contract Administrator Programs	14.327	-	890,664	890,664
Section 8 Housing Choice Vouchers <i>(Housing Voucher Cluster)</i>	14.871	26,781,795	5,310,078	32,091,873
COVID-19 - Section 8 Housing Choice Vouchers <i>(Housing Voucher Cluster)</i>	14.871	-	456,100	456,100
Section 8 - Housing Choice Vouchers Mainstream <i>(Housing Voucher Cluster)</i>	14.879	93,777	6,081	99,858
COVID-19 - Section 8 - Housing Choice Vouchers Mainstream <i>(Housing Voucher Cluster)</i>	14.879	-	2,549	2,549
Total Housing Voucher Cluster		<u>26,875,572</u>	<u>5,774,808</u>	<u>32,650,380</u>
Family Unification Program	14.880	1,543	-	1,543
Lead Hazard Reduction Demonstration Grant Program	14.905	195,017	35,113	230,130
Total U.S. Department of Housing and Urban Development		<u>276,166,784</u>	<u>19,385,664</u>	<u>295,552,448</u>
U.S. DEPARTMENT OF TREASURY:				
COVID -19 - Coronavirus Relief Fund	21.019	-	47,294,668	47,294,668
Total U.S. Department of Treasury		<u>-</u>	<u>47,294,668</u>	<u>47,294,668</u>
U.S. DEPARTMENT OF ENERGY:				
Weatherization Assistance for Low-Income Persons	81.042	5,085,191	364,109	5,449,300
Total U.S. Department of Energy		<u>5,085,191</u>	<u>364,109</u>	<u>5,449,300</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Temporary Housing for Needy Families <i>(TANF Cluster)</i>	93.558	576,016	17,758	593,774
Low Income Home Energy Assistance Program	93.568	8,957,589	62,553,746	71,511,335
COVID - 19 - Low Income Home Energy Assistance Program	93.568	604,515	17,146	621,661
Total Low Income Home Energy Assistance Program		<u>9,562,104</u>	<u>62,570,892</u>	<u>72,132,996</u>
Community Services Block Grant	93.569	9,428,114	583,608	10,011,722
COVID - 19 - Community Services Block Grant	93.569	2,253,208	8,205	2,261,413
Total - Community Services Block Grant		<u>11,681,322</u>	<u>591,813</u>	<u>12,273,135</u>
Assets for Independence Demonstration Program	93.602	19,040	156,623	175,663
Block Grants for Community Mental Health	93.958	-	16,000	16,000
Total U.S. Department of Health and Human Services		<u>21,838,482</u>	<u>63,353,086</u>	<u>85,191,568</u>
Total Expenditures of Federal Awards		<u>\$ 303,090,457</u>	<u>\$ 132,094,437</u>	<u>\$ 435,184,894</u>

Pass-through Identifying Numbers: A192-IH-PSH12-001, A192-IH-PSC16-001, A192-IH-PSH18-001, A192-10-PSC-DR2-001, A192-20-MOU-101,
(a) STIND_00000000000000000041392_0, STIND_00000000000000000041413_0(1)

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, 2020

Notes to Schedule

1. The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the Indiana Housing and Community Development Authority (the Authority) under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.
2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or other applicable regulatory guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Authority has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
3. The federal loan programs listing subsequently are administered directly by the Authority, and balance and transactions relating to these programs are included in the Authority’s basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at December 31, 2020, consist of:

CFDA Number	Program Name	Outstanding Balance at December 31, 2020
10.415	Rural Rental Housing Loans	\$ 1,638,219
14.228	Community Development Block Grants	15,894,837
14.239	Home Investment Partnerships Program	16,490,728
		\$ 34,023,784

During 2020, the Authority granted noncash assistance in the form of loans totaling \$323,683 for the Home Investment Partnerships Program.

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Indiana Housing and Community Development Authority (Authority), which comprise the statement of net position as of December 31, 2020, 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, 2021, which included an emphasis of matter paragraph regarding adoption of a new accounting standard.

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 may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

BKD, LLP

Indianapolis, Indiana
April 15, 2021

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

We have audited Indiana Housing and Community Development Authority's (Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2020. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the financial statements of the Authority, as of and for the year ended December 31, 2020, and have issued our report thereon dated April 15, 2021, which contained an unmodified opinion on those financial statements, and which contained an emphasis of matter paragraph related to adoption of a new accounting standard. 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

BKD, LLP

Indianapolis, Indiana
April 15, 2021

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, 2020

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

7. The Authority's major programs were:

Cluster/Program	CFDA Number
Section 8 Project-Based Cluster	14.195
Housing Voucher Cluster	14.871 & 14.879
Emergency Solutions Grant Program	14.231
Coronavirus Relief Fund	21.019

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

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

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, 2020

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
	No matters are reportable.

Findings Required to be Reported by the *Uniform Guidance*

Reference Number	Finding
	No matters are reportable.

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2020

Reference Number	Summary of Finding	Status
2019-001	Differences were identified by the Authority during the year-end financial statement preparation process that resulted in the restatement of the beginning net position balance in the 2019 financial statements and some minor adjustments to the current year activity.	Resolved