



STATE OF INDIANA
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STATE BOARD OF ACCOUNTS
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August 1, 2022

Board of Directors
Indiana Bond Bank
10 W. Market St., Suite 2410
Indianapolis, IN 46204

We have reviewed the audit report of the Indiana Bond Bank, which was opined upon by Katz, Sapper & Miller, LLP, Independent Public Accountants, for the period July 1, 2020 to June 30, 2021. Per the *Independent Auditors' Report*, the financial statements included in the report present fairly the financial condition of the Indiana Bond Bank as of June 30, 2021, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

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

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

Tammy R. White, CPA
Deputy State Examiner

**INDIANA BOND BANK
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT WITH
SUPPLEMENTARY AND OTHER INFORMATION

June 30, 2021 and 2020

**INDIANA BOND BANK
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

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Independent Auditors' Report

Board of Directors
Indiana Bond Bank

Report on the Financial Statements

We have audited the accompanying financial statements of Indiana Bond Bank, a component unit of the State of Indiana, which comprise the statements of net position as of June 30, 2021 and 2020, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 auditors consider 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 Indiana Bond Bank as of June 30, 2021 and 2020, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 and the schedules of the Bond Bank's proportionate share of the net pension liability and the Bond Bank's contributions and the related notes on pages 34 through 36 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 audits 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.

Report on Other Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary schedules of net position information by program type and revenues, expenses and changes in net position information by program type on pages 38 through 41 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits 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, supplementary schedules of net position information by program type and revenues, expenses and changes in net position information by program type are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2021, on our consideration of Indiana Bond Bank'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 Indiana Bond Bank'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 Indiana Bond Bank's internal control over financial reporting and compliance.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
October 7, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

INDIANA BOND BANK
(A COMPONENT UNIT OF THE STATE OF INDIANA)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2021 and 2020

This section of the Indiana Bond Bank's (the Bond Bank) annual financial report presents our discussion and analysis of the Bond Bank's financial performance during the fiscal years ended June 30, 2021 and 2020. Please read it in conjunction with the Bond Bank's financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

- Bonds and notes payable issued during the year ended June 30, 2021, totaled \$221,112,000, including \$205,499,000 of Advance Funding Program Notes.
- Repayments of bonds and notes payable totaled \$438,417,000 including \$279,314,000 of Advance Funding Program Notes during the year ended June 30, 2021.
- Bonds and notes payable issued during the year ended June 30, 2020, totaled \$384,499,000, including \$234,140,000 of Advance Funding Program Notes.
- Repayments of bonds and notes payable totaled \$365,333,000, including \$143,065,000 of Advance Funding Program Notes during the year ended June 30, 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position provide information about the Bond Bank's financial status and the change in financial status. The Statement of Net Position includes all of the Bond Bank's assets, liabilities, deferred inflows, deferred outflows, and net position. Assets and liabilities are classified as either current or noncurrent. The Statement of Revenues, Expenses and Changes in Net Position reports all of the revenues and expenses during the time period. The Statement of Cash Flows reports the cash provided and used by operating activities as well as other cash sources and uses. The financial statements also include notes that explain and support the information in the statements and are followed by a section of supplementary information that further details the Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position by program type.

INDIANA BOND BANK
(A COMPONENT UNIT OF THE STATE OF INDIANA)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2021 and 2020

FINANCIAL ANALYSIS OF THE BOND BANK

The following table is a condensed summary of financial information as of and for the years ended June 30, 2021, 2020, and 2019.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net Position			
Current assets	\$ 245,095,000	\$ 347,130,000	\$ 269,293,000
Noncurrent assets	443,785,000	558,283,000	613,969,000
Total Assets	<u>688,880,000</u>	<u>905,413,000</u>	<u>883,262,000</u>
Deferred Outflows of Resources	<u>6,662,000</u>	<u>9,715,000</u>	<u>9,606,000</u>
Current liabilities	266,368,000	364,521,000	283,217,000
Noncurrent liabilities	413,587,000	535,297,000	594,896,000
Total Liabilities	<u>679,955,000</u>	<u>899,818,000</u>	<u>878,113,000</u>
Deferred Inflows of Resources	<u>42,000</u>	<u>32,000</u>	<u>35,000</u>
Restricted for debt service	744,000	798,000	264,000
Unrestricted	<u>14,801,000</u>	<u>14,480,000</u>	<u>14,456,000</u>
Total Net Position	<u>\$ 15,545,000</u>	<u>\$ 15,278,000</u>	<u>\$ 14,720,000</u>
Revenues, Expenses and Changes in Net Position			
Operating Revenues:			
Interest income	\$ 25,013,000	\$ 31,068,000	\$ 32,268,000
Acceptance and administration fees	1,852,000	1,817,000	893,000
Grant income - CARES Act	504,000		
Total Operating Revenues	<u>27,369,000</u>	<u>32,885,000</u>	<u>33,161,000</u>
Operating Expenses:			
Interest	23,938,000	28,643,000	30,488,000
Debt issuance costs	1,275,000	3,289,000	2,018,000
General and administrative	1,556,000	750,000	973,000
Qualified entities interest reimbursement - CARES Act	464,000		
Total Operating Expenses	<u>27,233,000</u>	<u>32,682,000</u>	<u>33,479,000</u>
Operating Income (Loss)	136,000	203,000	(318,000)
Nonoperating Revenue			
Interest income on investments	<u>131,000</u>	<u>355,000</u>	<u>264,000</u>
Change in Net Position	267,000	558,000	(54,000)
Net Position - Beginning of Year	<u>15,278,000</u>	<u>14,720,000</u>	<u>14,774,000</u>
Net Position - End of Year	<u>\$ 15,545,000</u>	<u>\$ 15,278,000</u>	<u>\$ 14,720,000</u>

INDIANA BOND BANK
(A COMPONENT UNIT OF THE STATE OF INDIANA)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2021 and 2020

Statement of Net Position - June 30, 2021

Total assets and deferred outflows of resources and total liabilities, deferred inflows of resources, and net position decreased by approximately \$220 million in fiscal year 2021 from 2020. The decrease in the qualified obligations receivable resulted primarily from approximately \$413 million of principal being repaid to the Bond Bank compared to \$201 million in new qualified entity debt issued. Similarly, there was a corresponding decrease in the bonds and notes payable due to \$438 million of principal being paid compared to \$222 million of new debt issued. Included in the other current assets are cash and cash equivalents and accrued interest receivable. Accrued interest payable and accounts payable are included in other current liabilities as well.

Statement of Net Position Reconciliation - 2021

Total Assets as of June 30, 2020		\$ 905,413,000
Decrease in current qualified obligations receivable	\$ (93,138,000)	
Decrease in other current assets	(8,897,000)	
Decrease in noncurrent qualified obligations receivable	(115,673,000)	
Increase in other noncurrent assets	<u>1,176,000</u>	
Total Decrease in Assets		<u>(216,532,000)</u>
Total Assets as of June 30, 2021		<u>\$ 688,881,000</u>
Total Deferred Outflows of Resources as of June 30, 2020		\$ 9,715,000
Decrease in fair value of interest rate swaps	\$ (1,018,000)	
Decrease in deferred refunding costs	(2,043,000)	
Increase in deferred pension costs	<u>8,000</u>	
Total Decrease in Deferred Outflows of Resources		<u>(3,053,000)</u>
Total Deferred Outflows of Resources as of June 30, 2021		<u>\$ 6,662,000</u>
Total Deferred Inflows of Resources as of June 30, 2020		\$ 32,000
Increase in deferred pension costs	<u>\$ 10,000</u>	
Total Increase in Deferred Inflows of Resources		<u>10,000</u>
Total Deferred Inflows of Resources as of June 30, 2021		<u>\$ 42,000</u>
Total Liabilities and Net Position as of June 30, 2020		\$ 915,096,000
Increase in net position	\$ 268,000	
Decrease in current bonds and notes payable	(97,861,000)	
Decrease in other current liabilities	(293,000)	
Decrease in noncurrent bonds and notes payable	(120,680,000)	
Decrease in other noncurrent liabilities	<u>(1,029,000)</u>	
Total Decrease in Liabilities and Net Position		<u>(219,595,000)</u>
Total Liabilities and Net Position as of June 30, 2021		<u>\$ 695,501,000</u>

INDIANA BOND BANK
(A COMPONENT UNIT OF THE STATE OF INDIANA)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2021 and 2020

Statement of Net Position - June 30, 2020

Total assets and deferred outflows of resources and total liabilities, deferred inflows of resources, and net position increased by approximately \$22 million in fiscal year 2020 from 2019. The increase in the qualified obligations receivable resulted primarily from approximately \$363 million of principal being repaid to the Bond Bank compared to \$383 million in new qualified entity debt issued. Similarly, there was a corresponding increase in the bonds and notes payable due to \$365 million of principal being paid compared to \$385 million of new debt issued. Included in the other current assets are cash and cash equivalents and accrued interest receivable. Accrued interest payable and accounts payable are included in other current liabilities as well.

Statement of Net Position Reconciliation - 2020

Total Assets as of June 30, 2019		\$ 883,262,000
Increase in current qualified obligations receivable	\$ 76,505,000	
Increase in other current assets	1,332,000	
Decrease in noncurrent qualified obligations receivable	(56,134,000)	
Increase in other noncurrent assets	448,000	
Total Increase in Assets		22,151,000
Total Assets as of June 30, 2020		\$ 905,413,000
Total Deferred Outflows of Resources as of June 30, 2019		\$ 9,606,000
Decrease in fair value of interest rate swaps	\$ (331,000)	
Increase in deferred refunding costs	431,000	
Increase in pension costs	9,000	
Total Increase in Deferred Outflows of Resources		109,000
Total Deferred Outflows of Resources as of June 30, 2020		\$ 9,715,000
Total Deferred Inflows of Resources as of June 30, 2020		\$ 35,000
Decrease in deferred pension costs	\$ (3,000)	
Total Decrease in Deferred Inflows of Resources		(3,000)
Total Deferred Inflows of Resources as of June 30, 2020		\$ 32,000
Total Liabilities and Net Position as of June 30, 2019		\$ 892,833,000
Increase in net position	\$ 558,000	
Increase in current bonds and notes payable	80,889,000	
Increase in other current liabilities	415,000	
Decrease in noncurrent bonds and notes payable	(59,277,000)	
Decrease in other noncurrent liabilities	(322,000)	
Total Increase in Liabilities and Net Position		22,263,000
Total Liabilities and Net Position as of June 30, 2020		\$ 915,096,000

INDIANA BOND BANK
(A COMPONENT UNIT OF THE STATE OF INDIANA)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2021 and 2020

Operating revenues consist of interest income earned on qualified obligations receivable and the related investments. The operating interest income for the fiscal years was 4.1% for 2021, 3.8% for 2020, and 4.1% for 2019 of the related investments. Also included in operating revenues are acceptance and administration fees paid by qualified entities to the Bond Bank's operating program. These fees increased approximately \$35,000 from 2020 to 2021 and increased \$924,000 from 2019 to 2020.

Operating expenses include interest expense on bonds and notes payable. Interest expense for the fiscal years represented 3.8% for 2021, 3.4% for 2020, and 3.7% for 2019 of the related bonds and notes payable balance. Also included in operating expenses is the actual debt issuance costs and general and administrative expenses such as management fees and arbitrage expense, as well as expenses for the operating program such as professional fees, payroll, and payroll related expenses.

Net position in fiscal year 2021 increased in total approximately \$267,000 from 2020. Net position restricted for debt service decreased approximately \$53,000 and unrestricted net position increased approximately \$320,000 in 2021. In comparison, net position for fiscal year 2020 increased approximately \$558,000. Net position restricted for debt service increased approximately \$534,000 and unrestricted net position decreased approximately \$24,000 in 2020.

DEBT ADMINISTRATION

Below is a listing of the amount of debt issued by program for the fiscal years ended June 30, 2021, 2020, and 2019:

<u>Programs</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Special Program	\$ 3,007,000	\$ 75,498,000	\$ -
Advance Funding Program	205,499,000	234,140,000	93,555,000
Common School Fund Program	-	-	87,110,000
USDA - RD Interim Loan Program	9,458,000	74,860,000	55,378,000
Community Funding Resource Program	3,148,000	-	-

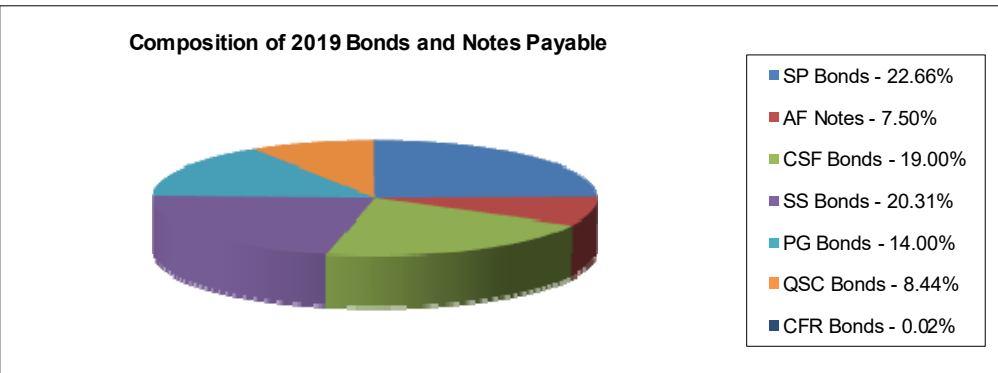
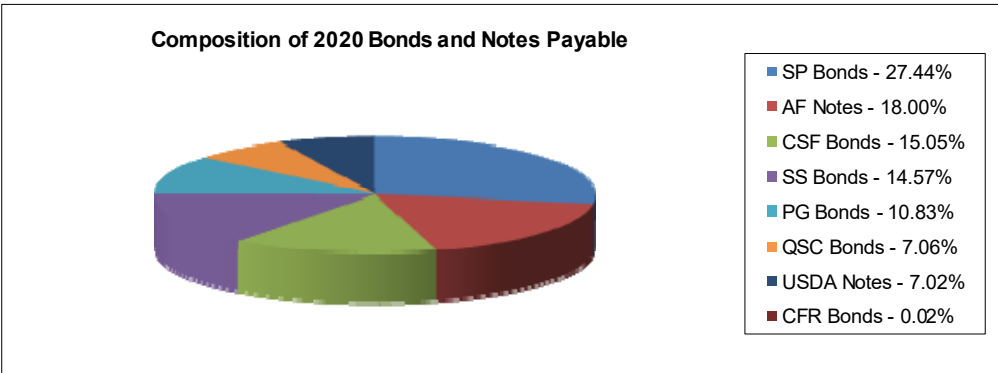
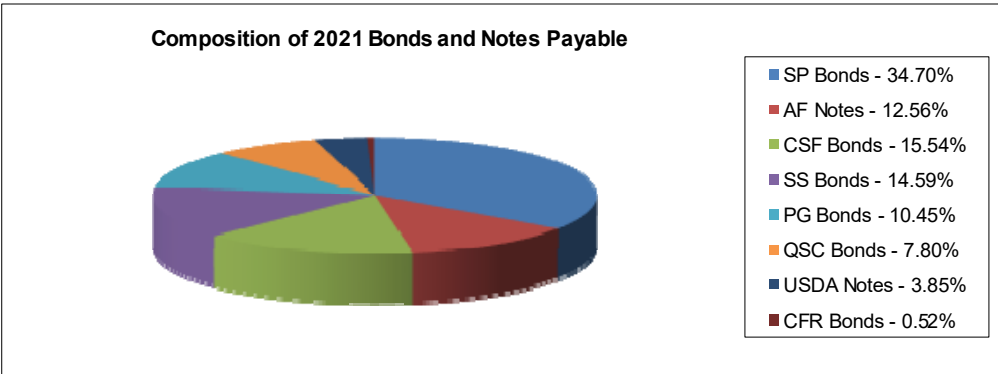
On the following pages are three graphs depicting the composition of bonds and notes payable. The first graph details the composition of bonds and notes payable by program as of June 30, 2021, the second graph shows as of June 30, 2020, and the third graph shows as of June 30, 2019. The composition by program has changed due to the combination of new bonds issued and maturation of old bonds during each of the years.

The Bond Bank's bond and note issues are rated A+ to AAA by the national rating agencies. The ratings are based on the financing program structure.

Additional information on the Bond Bank's debt can be found in Notes 5 and 6 to the financial statements.

INDIANA BOND BANK
 (A COMPONENT UNIT OF THE STATE OF INDIANA)
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2021 and 2020



INDIANA BOND BANK
(A COMPONENT UNIT OF THE STATE OF INDIANA)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2021 and 2020

CURRENTLY KNOWN FACTS

On January 30, 2020, the World Health Organization declared a global health emergency over the novel coronavirus known as COVID-19. The extent of the impact of COVID-19 on the Bond Bank's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, all of which are uncertain and cannot be predicted. The Bond Bank has seen a significant increase in its Advanced Funding Program in efforts to assist qualified entities struggling with the impact from COVID-19. The ultimate impact of the outbreak to the Bond Bank's financial results and operations cannot be determined at this time; however, management is taking actions to mitigate the impact of the outbreak to the Bond Bank.

REQUESTS OF INFORMATION

The financial report is designed to provide a general overview of the Bond Bank's finances. Questions concerning any of the information should be addressed to the Indiana Bond Bank, 10 West Market Street, Suite 2410, Indianapolis, Indiana 46204.

FINANCIAL STATEMENTS

**INDIANA BOND BANK
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

**STATEMENTS OF NET POSITION
June 30, 2021 and 2020**

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 31,239,111	\$ 42,171,197
Investments - short-term	8,835,912	3,883,957
Qualified obligations receivable	199,015,971	292,153,529
Accrued interest receivable	6,004,095	8,921,094
Total Current Assets	245,095,089	347,129,777
Noncurrent assets:		
Guaranteed investment contracts	33,929,672	32,704,424
Investments - long-term	4,999,688	5,049,164
Qualified obligations receivable, net of current portion	404,856,130	520,529,163
Total Noncurrent Assets	443,785,490	558,282,751
Total Assets	688,880,579	905,412,528
DEFERRED OUTFLOWS OF RESOURCES		
Accumulated decrease in fair value of interest rate swaps	1,867,000	2,885,000
Deferred refunding costs	4,702,174	6,745,105
Pension	93,128	85,369
Total Deferred Outflows of Resources	6,662,302	9,715,474
LIABILITIES		
Current liabilities:		
Bonds and notes payable	221,913,909	319,775,789
Accrued interest payable	7,014,457	9,099,846
Funds held for qualified entities	36,713,979	35,330,264
Accounts payable	725,492	315,534
Total Current Liabilities	266,367,837	364,521,433
Noncurrent liabilities:		
Bonds and notes payable, net of current portion	411,531,207	532,211,142
Net pension liability	189,379	200,287
Derivative instrument liability	1,867,000	2,885,000
Total Noncurrent Liabilities	413,587,586	535,296,429
Total Liabilities	679,955,423	899,817,862
DEFERRED INFLOWS OF RESOURCES		
Pension	42,106	31,743
Total Deferred Inflows of Resources	42,106	31,743
NET POSITION		
Restricted for debt service	744,514	798,011
Unrestricted	14,800,838	14,480,386
Total Net Position	\$ 15,545,352	\$ 15,278,397

See accompanying notes to financial statements.

**INDIANA BOND BANK
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended June 30, 2021 and 2020**

	2021	2020
OPERATING REVENUES		
Interest income	\$ 25,012,955	\$ 31,068,164
Acceptance and administration fees	1,851,984	1,817,335
Grant income	504,402	
Total Operating Revenues	27,369,341	32,885,499
OPERATING EXPENSES		
Interest	23,937,978	28,642,686
Debt issuance costs	1,275,899	3,288,808
General and administrative	1,555,649	750,474
Grant expense to Qualified Entities	464,250	
Total Operating Expenses	27,233,776	32,681,968
Operating Income	135,565	203,531
NONOPERATING REVENUE		
Interest income on investments	131,390	354,830
CHANGE IN NET POSITION	266,955	558,361
NET POSITION		
Beginning of Year	15,278,397	14,720,036
End of Year	\$ 15,545,352	\$ 15,278,397

See accompanying notes to financial statements.

**INDIANA BOND BANK
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

**STATEMENTS OF CASH FLOWS
Years Ended June 30, 2021 and 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from interest, acceptance and administrative fees	\$ 29,781,939	\$ 33,575,883
Cash payments for interest and operating expenses	(27,418,530)	(33,122,408)
Cash payments to suppliers and employees	(986,276)	(606,481)
Net Cash Provided (Used) by Operating Activities	1,377,133	(153,006)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Proceeds from debt issuances	221,918,125	386,514,399
Debt issuance costs paid	(1,275,899)	(3,288,808)
Repayment of bonds and notes payable	(438,417,008)	(365,333,449)
Net Cash Provided (Used) in Non-Capital Financing Activities	(217,774,782)	17,892,142
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(47,361,530)	(44,688,563)
Purchases of qualified obligations receivable	(201,632,545)	(384,045,388)
Interest received on investments	131,390	354,830
Maturities of investments	41,233,798	48,812,419
Maturities of qualified obligations receivable	413,094,450	368,420,777
Net Cash Provided (Used) by Investing Activities	205,465,563	(11,145,925)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(10,932,086)	6,593,211
CASH AND CASH EQUIVALENTS		
Beginning of Year	42,171,197	35,577,986
End of Year	\$ 31,239,111	\$ 42,171,197
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest received during the year	\$ 27,929,954	\$ 31,758,548
Interest paid during the year	26,023,367	29,649,172
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income	\$ 135,565	\$ 203,531
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Changes in certain assets and liabilities:		
Accrued interest receivable	2,916,999	690,384
Accrued interest payable	(2,085,389)	(1,006,486)
Accounts payable	409,958	(40,435)
Net Cash Provided (Used) by Operating Activities	\$ 1,377,133	\$ (153,006)

See accompanying notes to financial statements.

**INDIANA BOND BANK
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

**NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020**

(1) Summary of Significant Accounting Policies

Organization

Indiana Bond Bank (the Bond Bank), a component unit of the State of Indiana (the State), was created by Senate Enrolled Act No. 97 (as amended) (the Bond Bank Act) of the Indiana General Assembly on July 1, 1984. The Bond Bank is an instrumentality of the State but is not a State agency and has no taxing power. It has separate corporate and sovereign capacity and its Board of Directors is composed of the Treasurer of the State (who serves as Chairman of the Board, ex officio), the Director of Public Finance (who serves as director, ex officio) and five directors appointed by the Governor of the State. The Bond Bank has no oversight authority over any other entity.

The Bond Bank is authorized to buy and sell securities (see Note 5 for statutory limitations) for the purpose of providing funds to Indiana qualified entities, as defined under the Bond Bank Act. Accordingly, the Bond Bank enables qualified entities to issue debt at a lower cost of borrowing and on more favorable terms than would be possible by financing on their own. Certain financing agreements specify that any residual cash remaining at maturity or refinancing of a series is the property of the Bond Bank.

To achieve its purpose, the Bond Bank operates the following programs:

Special Program - Bonds issued to assist qualified entities with various long-term financing needs, including expansion of water and sewer systems and county hospitals.

Advance Funding Program - Notes issued to provide qualified entities with short-term cash flow financing during the periods of time prior to the semi-annual receipt of property taxes.

Common School Fund Program - Bonds issued to purchase outstanding advancements made from the State's constitutionally established Common School Fund to finance technology or construction costs. The proceeds replenish the Fund's balance, allowing the Indiana Department of Education to provide additional financial assistance for Indiana school corporations.

School Severance Program - Bonds issued to assist qualified entities with financing for contractual retirement or severance liabilities.

Year End Warrant Assistance Program - Notes issued to assist Indiana political subdivisions with financing for continued cash flow deficits at year end. These notes were issued to fund outstanding amounts from the Advance Funding and Midyear Programs.

Hoosier Equipment Lease Purchase Program - Equipment leases issued to assist qualified entities in obtaining low cost lease financing for essential equipment purchases. The leases and related obligations are not reflected on the Bond Bank's financial statements as these are assigned to a bank.

Prepaid Gas Funding Program - Bonds issued to allow qualified entities a mechanism for financing the prepayment of supplies of natural gas to be delivered over time.

Fuel Budgeting Program - Program to offer municipalities a means to reduce price volatility in gasoline and diesel fuel through use of commodity hedges.

Qualified School Construction Program - Tax credit bonds that enable schools to borrow funds at a below market interest rate for construction projects.

USDA-RD Interim Loan Program - Program is a partnership between the Bond Bank and USDA-Rural Development (USDA-RD). The Bond Bank assists with project financing prior to USDA-RD permanent financing.

**INDIANA BOND BANK
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

**NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020**

(1) Summary of Significant Accounting Policies (Continued)

Community Funding Resource – Provides local governmental units with an alternative financing tool for infrastructure and other related projects.

Basis of Presentation

The financial statements of the Bond Bank have been prepared on the accrual basis of accounting and using the economic resources management focus. Accordingly, the Bond Bank recognizes revenue in the period earned and expenses in the period incurred. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the amount of assets and liabilities and the disclosure of 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 may differ from those estimates.

Federal Income Taxes

The Bond Bank is exempt from federal income taxes under Internal Revenue Code Section 115.

Cash and Cash Equivalents

The Bond Bank considers all investments in commercial paper, certificates of deposit, repurchase agreements, passbook savings, money market deposits, and money market funds with original maturities of three months or less to be cash equivalents.

Investments

Investments are recorded at fair value, based on quoted market prices of the investment or similar investments. See Note 3 for discussion of fair value measurements. For investments at June 30, 2021 and 2020, fair value approximates cost. Changes in the fair value of investments are included in the statement of revenues, expenses and changes in net position. The calculation of realized gains or losses is independent of the calculation of the net change in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in prior year(s) and the current year. Guaranteed investment contracts are recorded at cost.

Defeasance of Debt

The Bond Bank considers debt to be defeased when cash or other assets are deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on a specific obligation. The related liability and assets held in trust for the related bonds are removed from the financial statements.

Retirement Plan

The employees of the Bond Bank participate in the Indiana Public Retirement System (INPRS). See Note 8.

**INDIANA BOND BANK
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

**NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020**

(1) Summary of Significant Accounting Policies (Continued)

Deferred Outflows of Resources

The Bond Bank reports net position that relate to future periods as deferred outflows of resources in a separate section of its statement of net position. Deferred outflows of resources reported at June 30, 2021 and 2020, includes amounts related to the defined benefit pension plan. The amounts related to the pension plan are being amortized into pension expense over the average expected remaining service lives, except for the difference between expected and actual investment earnings, which is being amortized over five years. In addition, deferred outflows of resources includes the fair market value of interest rate swaps (see Note 6) and deferred refunding costs, which are recognized at the time of refunding and are amortized over the life of the bond.

Deferred Inflows of Resources

The Bond Bank's statement of net position reports a separate section for deferred inflows of resources, which reflects an increase in net position that applies to future periods. Deferred inflows of resources reported at June 30, 2021 and 2020, related to the defined benefit pension plan. These amounts are being amortized into pension expense over the average expected remaining service lines, except for the difference between expected and actual investment earnings, which is being amortized over five years.

Net Position

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

- *Restricted* - Net position subject to externally imposed stipulations as to use. These net assets are restricted under the related program's bond indentures.
- *Unrestricted* - Net position which are available for the use of the Bond Bank.

Operating and Nonoperating Revenues

Revenues are classified as either operating or nonoperating. Operating revenues consist of interest income earned on qualified obligations receivable, related investments, and acceptance and administration fees paid by qualified entities to the Bond Bank's operating program. All other items are considered nonoperating.

Subsequent Events

The Bond Bank has evaluated the financial statements for subsequent events occurring through October 7, 2021, the date of which the financial statements were available to be issued. See Note 10.

(2) Deposits and Investments

The Bond Bank Act permits funds to be invested as provided by resolutions of the Board of Directors or trust indentures executed by the Bond Bank. In addition to authorizing investments in qualified entities, these resolutions and trust indentures have authorized the Bond Bank to invest in obligations of the U.S. Treasury, U.S. agencies and secured and unsecured investment agreements. The Bond Bank has also been authorized to invest in commercial paper, certificates of deposit, repurchase agreements, passbook savings and money market deposit accounts.

**INDIANA BOND BANK
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

**NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020**

(2) Deposits and Investments (Continued)

The Bond Bank's deposits and investments at June 30, 2021 and 2020 are summarized as follows:

	2021	
	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 31,152,954	\$ 31,152,954
U.S. government agency obligations	13,835,600	13,835,600
Guaranteed investments	33,929,672	33,929,672
Cash	86,157	86,157
	<u> </u>	<u> </u>
Total Deposits and Investments	<u>\$ 79,004,383</u>	<u>\$ 79,004,383</u>
	2020	
	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 37,827,805	\$ 37,827,805
U.S. government agency obligations	12,756,917	12,756,917
Guaranteed investments	32,704,424	32,704,424
Cash	519,596	519,596
	<u> </u>	<u> </u>
Total Deposits and Investments	<u>\$ 83,808,742</u>	<u>\$ 83,808,742</u>

Deposits with Financial Institutions

Custodial risk is the risk that in the event of bank failure, the Bond Bank's deposits may not be returned to it. The Bond Bank's cash is insured by the Federal Deposit Insurance Corporation (FDIC). From time to time, certain cash balances maintained by the Bond Bank exceed federally insured limits. As of June 30, 2021 and 2020, the Bond Bank had no cash balances with custodial risk.

Investments

Investments are restricted for repayment of bonds and notes payable issued under the respective programs (see Note 5). Funds deposited under investment agreements with banks and insurance companies earn a fixed interest rate and generally expire upon extinguishment of the debt issues to which they relate. Investments are also restricted to authorized investments per the applicable trust indentures.

**INDIANA BOND BANK
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

**NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020**

(2) Deposits and Investments (Continued)

Interest Rate Risk

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

As of June 30, 2021, the Bond Bank had investments with maturities as follows:

Investment Maturities (in Years)					
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than</u>
Money market funds	\$ 31,152,954	\$ 31,152,954			
Government obligations	13,835,600	8,835,912	\$ 4,999,688		
Guaranteed investments	<u>33,929,672</u>		<u>33,929,672</u>		
Totals	<u>\$ 78,918,226</u>	<u>\$ 39,988,866</u>	<u>\$ 38,929,360</u>	<u>\$ -</u>	<u>\$ -</u>

Custodial Credit Risk of Investments

Custodial credit risk is the risk that the Bond Bank 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 Bond Bank, and are held by either the counterparty or the counterparty's trust department or agent but no the Bond Bank's name. The Bond Bank has no custodial risk on investments.

Credit Risk Disclosure

The following table provides information on the credit ratings associated with the Bond Bank's cash equivalents and investments as of June 30, 2021:

Credit Ratings	S & P	Fitch	Moody's	Fair Value
Money market funds	AA-,A+,A-	AA-,A-	Aa2,A2,A3	\$ 31,152,954
Government obligations	A+	AA-	A2	13,835,600
Guaranteed investments	A	withdrawn	A3	<u>33,929,672</u>
Total Rated Investments				<u>\$ 78,918,226</u>

The Bond Bank previously issued its Special Program Gas Revenue Bonds, Series 2007, dated August 14, 2007 (the "Bonds"), pursuant to the Trust Agreement, dated as of August 1, 2007, between the Bond Bank and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"). In connection with the issuance of the Bonds, the Bond Bank, the Trustee and Transamerica Life Insurance Company (formerly Transamerica Occidental Life Insurance Company) ("Transamerica") entered into a guaranteed investment contract, pursuant to which the Bond Bank and the Trustee agreed to invest moneys in certain funds with Transamerica, until the final maturity of the Bonds. On December 1, 2020, Fitch Ratings, Inc. ("Fitch") withdrew its ratings on Aegon N.V. and its related entities, including Transamerica, for commercial reasons, after affirming, on that same date, Transamerica's current insurer financial strength rating of "A+/(Negative Outlook)". As a result, on February 9, 2021, Fitch also withdrew its rating on the Bonds. In response to the withdrawal of the Fitch rating on the Bonds, the Bond Bank entered into an agreement with S&P Global Ratings ("S&P") for the purpose of obtaining a second rating on the

INDIANA BOND BANK
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NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

(2) Deposits and Investments (Continued)

Bonds. On February 25, 2021, S&P assigned a rating of “A- (sf)” to the Bonds. S&P currently assigns a rating of “A+” to Transamerica.

Concentration of Credit Risk

There are no limits on the amount that may be invested in any one issuer. The following table shows investment issuers that represent 5% or more of the total investment at June 30, 2021:

Aegon Institutional Guaranteed Investment Contracts	43%
Bank of New York Cash Reserve	30%
U.S. Bank	18%
Huntington Collateral Backed Deposit Account	8%

(3) Fair Value Measurement

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

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

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Bond Bank 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 Bond Bank 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 Bond Bank for assets and liabilities that are measured at fair value on a recurring basis. There have been no changes in the methodologies used at June 30, 2021 and 2020.

Money Market Funds: Valued at the daily closing price as reported by the funds. These funds are required to publish their daily net asset value (NAV) and to transact at that price. These funds are deemed to be actively traded.

**INDIANA BOND BANK
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**NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020**

(4) Qualified Obligations Receivable

All of the qualified obligations receivable are held in safekeeping by trustees, are registered in the Bond Bank's name and are uninsured. All purchases of qualified obligations are authorized by the Board of Directors. Prior to being presented to the Board of Directors, an evaluation of each purchase is made by Bond Bank management and independent consultants. Repayment of these obligations by the qualified entities is funded by many sources, including property tax revenues and user fees.

In the event of default, the Bond Bank Act provides that certain qualified entities can, to the extent permitted by law, be required to levy tax or the Bond Bank may receive state funding to which the qualified entities are otherwise entitled. No qualified entity has defaulted on its obligation to the Bond Bank since inception of Bond Bank operations.

At June 30, 2021 and 2020, qualified obligations receivable included \$13,550,000 and \$17,985,000, respectively, which is to be repaid from incremental property tax revenues. The ability of the qualified entities to realize these incremental property tax revenues is dependent upon certain economic developments occurring in the future. Furthermore, the Bond Bank does not have the remedies, as described above, available should the qualified entities default due to the realization of insufficient property tax revenues. Management, however, believes the amount of these obligations to be fully collectible. Additionally, the Bond Bank executed letter of credit arrangements with a bank to further secure the related indebtedness to the Bond Bank bondholders (see Note 5 and Note 6).

As of June 30, 2021 and 2020, the Bond Bank's Board of Directors authorized the purchase and subsequent leasing of equipment totaling approximately \$37,562,000 and \$21,842,000, respectively, through the Hoosier Equipment Lease Purchase Program. These lease receivables and related obligations are not reflected in the financial statements as the leases and related obligations have been assigned to a bank and the Bond Bank has been legally released from the obligations.

Qualified obligation receivables typically require semi-annual payments of principal and interest with maturities through January 15, 2039. All rates bear interest at varying rates, which are generally than the corresponding interest rate on the bond or note payable. Refunding principal credits are issued to qualified entities in instances where the corresponding debt has been refunded at a lower interest rate. The refunding principal credits are amortized on an effective interest rate method over the life of the qualified obligation receivable.

At June 30, 2021, maturities of qualified obligations receivable were as follows:

Fiscal Year Ending June 30	Principal
2022	\$ 199,015,971
2023-2027	251,798,792
2028-2032	78,554,905
2033 and after	74,172,615
	603,542,283
Plus: Unamortized premium	5,502,739
Less: Refunding credit	(5,172,921)
	\$ 603,872,101

**INDIANA BOND BANK
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**NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020**

(5) Bonds and Notes Payable

Bonds and notes payable at June 30, 2021 and 2020 consisted of the following:

	2021	2020
Special Program Bonds:		
Series 2007 A (Ref) (rate of 5.25% with maturities from April 1, 2020 to April 1, 2030)	\$ 27,520,000	\$ 29,865,000
Series 2008 B (rates vary from 5.61% to 5.79% with maturities from May 1, 2029 to May 1, 3034, partially redeemed in 2017)	42,025,694	39,721,801
Series 2011 A (Ref) (rates vary from 3.00% to 5.00% with maturities from September 1, 2020 to September 1, 2021)	9,550,000	12,010,000
Series 2012 A (rate of 3.06% with maturities from October 1, 2020 to April 1, 2027)	1,766,122	2,030,439
Series 2012 C (rate of 5.00% with maturities from August 1, 2020 to February 1, 2025)	8,220,000	10,030,000
Series 2012 D (rates vary from 3.00% to 5.00% with maturities from February 1, 2021 to February 1, 2033)	23,830,000	25,325,000
Series 2013 A (rate of 1.84% with maturities from February 1, 2021 to February 1, 2023)	1,135,000	1,690,000
Series 2015 A (Ref) (rate of 2.78% with maturities from August 15, 2020 to February 15, 2027)	10,303,002	12,065,265
Series 2015 B (Ref) (rate of 2.20% with maturities from June 1, 2021 to June 1, 2026)	3,580,000	4,250,000
Series 2015 C (Ref) (rate of 2.85% with maturities from August 1, 2020 to August 1, 2028)	2,150,000	2,390,000
Series 2016 A (Ref) (rate of 1.70% with maturities February 1, 2021 to February 1, 2023)	4,000,000	5,975,000
Series 2016 B (Ref) (rates vary from 1.45% to 4.00% with maturities from August 1, 2020 to February 1, 2024)	5,040,000	6,660,000
Series 2019 A-1 (Ref) (rates vary from 2.50% to 4.00% with maturities from August 1, 2020 to February 1, 2030)	10,085,000	10,815,000
Series 2019 A-2 (Ref) (rate of 2.50% to 4.00% with maturities from February 1, 2021 to February 1, 2025)	165,000	165,000
Series 2019 B (rates vary from 1.86% to 5.00% with maturities from July 15, 2021 to January 15, 2039)	65,364,637	64,661,747
Total Special Program Bonds	\$ 214,734,455	\$ 227,654,252
Advance Funding Program Notes:		
Series 2020 A (rate of 3.00% matured on January 11, 2021)	\$ -	\$ 76,635,000
Series 2020 C Midyear (rate of 0.28% matured on July 1, 2020 and July 30, 2020)	-	76,040,000
Series 2021 A (rate of 2.00% maturing on January 5, 2021 and July 7, 2021)	78,860,000	-
Total Advance Funding Program Notes	\$ 78,860,000	\$ 152,675,000
Common School Fund Bonds:		
Series 2017 A (rates vary from 1.74% to 3.70% with maturities from August 1, 2019 to February 2, 2037)	\$ 58,135,000	\$ 64,280,000
Series 2019 A (rates vary from 2.75% to 2.97% with maturities from August 1, 2018 to February 2, 2037)	40,275,000	63,950,000
Total Common School Fund Bonds	\$ 98,410,000	\$ 128,230,000

**INDIANA BOND BANK
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**NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020**

(5) Bonds and Notes Payable (Continued)

	2021	2020
School Severance Program Bonds:		
Series 12A (rates vary from 2.49% to 3.32% with maturities from July 15, 2020 to January 15, 2023)	\$ 2,440,000	\$ 3,600,000
Series 12B (rates vary from 2.69% to 3.52% with maturities from July 15, 2020 to July 15, 2022)	740,000	1,210,000
Series 12C (rates vary from 1.20% to 2.56% with maturities from July 15, 2020 to January 15, 2023)	965,000	1,435,000
Series 13A (rates vary from 2.13% to 4.03% with maturities from July 15, 2020 to January 15, 2030)	29,990,000	43,290,000
Series 13C (rates vary from 2.73% to 4.34% with maturities from July 15, 2020 to January 13, 2026)	21,520,000	26,415,000
Series 15A (rates vary from 2.05% to 3.93% with maturities from July 15, 2020 to January 15, 2029)	35,895,000	46,970,000
Series 15C (rate of 2.25%, matured on January 15, 2021)	-	295,000
Series 15D (rate of 4.75% with maturities from July 15, 2020 to January 15, 2027)	855,000	970,000
Total School Severance Program Bonds	\$ 92,405,000	\$ 124,185,000
Prepaid Gas Funding Program Bonds:		
Series 2007 A and B	2007 A Fixed Bonds rate of 5.25%, with maturities from October 15, 2020 to October 15, 2021.	
	2007 B-1 LIBOR Index Rate Bonds rates vary based on 67% of the Three-Month LIBOR Rate plus the per annum spread of 0.97%. Rate at June 30, 2021 was 1.07%, maturing on October 15, 2022.	
	2007 B-2 BMA Index Rate Bonds rates vary based on the BMA Municipal Swap Index plus the per annum spread 0.66%. Rate at June 30, 2020 was 0.70%, maturing on October 15, 2022.	
Total Prepaid Gas Funding Program Bonds	\$ 66,170,000	\$ 92,125,000
Qualified School Construction Bonds:		
Series 2009 (rates of 1.75% with maturities from January 15, 2021 to January 15, 2025)	\$ 20,413,000	\$ 25,816,000
Series 2010 (rates vary from 5.06% to 5.49% with maturities from July 15, 2020 to July 15, 2026)	28,895,000	34,225,000
Total Qualified School Construction Bonds	\$ 49,308,000	\$ 60,041,000

**INDIANA BOND BANK
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**NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020**

(5) Bonds and Notes Payable (Continued)

	2021	2020
USDA-RD Interim Loan Program Bonds		
Series 2019 B (rate of 1.55% matured on February 23, 2021)	-	14,769,000
Series 2019 D (rate of 1.24% with matured on October 20, 2020)	-	5,146,250
Series 2019 E (rate of 1.09% matured on November 25, 2020)	-	10,572,000
Series 2019 F (rate of 1.01% matured on March 19, 2021)	-	8,394,000
Series 2019 G (rate of 1.14% maturing on April 2, 2021)	6,828,000	6,828,000
Series 2020 A (rate of 0.82% matured on February 22, 2021)	-	2,413,000
Series 2020 B (rate of 0.59% with maturities of January 4, 2021 and August 3, 2021)	3,060,000	3,060,000
Series 2020 C (rate of 0.12% with maturities of June 2, 2021 and July 2, 2021)	5,067,000	8,639,000
Series 2020 D (rate of 0.15% maturing on July 30, 2021)	755,000	-
Series 2020 E (rate of 0.13% maturing on October 4, 2021)	2,040,000	-
Series 2021 A (rate of 0.14% maturing on March 18, 2022)	1,693,000	-
Series 2021 B (rate of 0.09% maturing on January 4, 2022)	1,277,000	-
Series 2021 C (rate of 0.09% maturing on June 2, 2022)	3,692,655	-
	\$ 24,412,655	\$ 59,821,250
Total USDA-RD Interim Loan Program Bonds		
Community Funding Resource Program Bonds:		
Series 2018 A (rates vary from 2.15% to 2.87% with maturities from July 15, 2020 to January 15, 2026)	\$ 122,880	\$ 144,838
Series 2020 A (rates of 1.99% with maturities from July 15, 2021 to January 15, 2029)	2,410,000	-
Series 2021 A (rates of 0.79% with maturities from July 15, 2022 to January 15, 2031)	737,758	-
	\$ 3,270,638	\$ 144,838
Total Community Funding Resource Program Bonds		
Total	627,570,748	844,876,340
Add: Net unamortized premium	5,874,368	7,110,591
Total Bonds and Notes Payable	633,445,116	851,986,931
Less: Current portion	(221,913,909)	(319,775,789)
Noncurrent Portion of Bonds and Notes Payable	\$ 411,531,207	\$ 532,211,142

The bonds and notes payable listed above were issued under respective indentures of trust. Each indenture requires the maintenance of various trust accounts, and several of the bonds and notes payable require debt service reserve accounts. Assets held in debt service reserve accounts are included in investments and amounted to \$264,911 and \$633,002 at June 30, 2021 and 2020, respectively.

The faith, credit and taxing power of the State of Indiana or any political subdivision thereof are not pledged to the payment of principal and interest on these obligations. However, the following series of Bond Bank bonds are fully insured by a private insurer at June 30, 2021:

Special Program Bonds

Series 2007 A Refunding
Series 2008 B
Series 2011 A Refunding
Series 2016 B Refunding
Series 2019A-1 and Series 2019A-2

The Bond Bank is required under the trust indentures of certain series of Special Program Bonds to enter into letter of credit arrangements with banks in order to secure the indebtedness.

**INDIANA BOND BANK
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

**NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020**

(5) Bonds and Notes Payable (Continued)

Additionally, the Bond Bank was required under the trust indentures of certain series of bonds and notes payable to enter into line of credit arrangements with banks in order to secure the indebtedness. These line of credit arrangements are renewable each year.

The amounts eligible to be drawn under these arrangements at June 30, 2021 and 2020 were as follows:

<u>Series</u>	<u>2021 Eligible Amount</u>	<u>2020 Eligible Amount</u>
Special Program Bonds, Series 2007 A Refunding	\$ 3,920,650	\$ 3,920,650
Special Program Bonds, Series 2011 A Refunding	3,008,950	3,008,950
Special Program Bonds, Series 2012 C Refunding	2,294,750	2,294,750
Special Program Bonds, Series 2012 D Refunding	2,727,225	2,727,225
Special Program Bonds, Series 2016 B Refunding	2,177,093	2,177,093
Special Program Refunding Bonds, Series 2019A-1 and Series 2019A-2	1,612,425	1,612,425
Advance Funding Program Notes, Series 2020 A		6,897,150
Advance Funding Program Notes, Series 2021 A	8,674,600	

In the event of a draw on either a letter or line of credit facility, each borrowing will bear an interest rate based upon a series of optional rates as specified in the particular agreement. No draws were made against any debt service reserve account, letter, or line of credit facility during the years ended June 30, 2021 or 2020.

At June 30, 2021, maturities of long-term debt and interest were as follows:

<u>Fiscal Year Ending June 30</u>	<u>General Purpose Bonds</u>		<u>Direct Placement Bonds</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 186,407,467	\$ 18,402,532	\$ 35,506,442	\$ 1,076,004	\$ 221,913,909	\$ 19,478,536
2023	101,795,868	12,525,565	11,406,867	670,454	113,202,735	13,196,019
2024	38,244,528	9,374,193	8,094,020	493,328	46,338,548	9,867,521
2025	31,089,119	7,827,746	7,157,634	290,417	38,246,753	8,118,163
2026	30,425,019	6,779,340	3,043,195	145,676	33,468,214	6,925,016
2027-2031	92,794,335	45,180,210	4,056,138	100,649	96,850,473	45,280,859
2032-2036	53,232,228	38,873,189	-	-	53,232,228	38,873,189
2037-2041	24,317,888	957,245	-	-	24,317,888	957,245
	<u>558,306,452</u>	<u>\$ 139,920,020</u>	<u>69,264,296</u>	<u>\$ 2,776,528</u>	<u>627,570,748</u>	<u>\$ 142,696,548</u>
Add: Unamortized premium (discount)	<u>5,877,268</u>		<u>(2,900)</u>		<u>5,874,368</u>	
	<u>\$ 564,183,720</u>		<u>\$ 69,261,396</u>		<u>\$ 633,445,116</u>	

**INDIANA BOND BANK
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

**NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020**

(5) Bonds and Notes Payable (Continued)

The Bond Bank issued \$56,435,000 of debt on behalf of seventeen not-for-profit qualified water utilities. At June 30, 2021 and 2020, the balance outstanding for these qualified water utilities totaled \$3,230,000 and \$3,540,000, respectively. Under the provisions of these debt issues, the bonds are payable solely from the revenues generated by the qualified water utilities. This debt does not constitute a general or moral obligation of the Bond Bank nor are debt service reserve funds maintained for these debt issues. The Bond Bank is not obligated in any manner for repayment of the bonds. For these reasons, the Bond Bank has not recorded these debt issues and the related utilities' obligations in the accompanying financial statements.

The Bond Bank is restricted by statute (IC 5-1.5-4-1(c)) to limit its total outstanding debt to \$1,000,000,000. However, the statute allows for the exclusion of bonds and notes issued funding the refunding of bonds or notes, as well as bonds, notes, or other obligations that are not secured by a reserve fund as defined by IC 5-1.5-5. Accordingly, the debt involving not-for-profit water utilities discussed above is not included when computing the Bond Bank's available debt limit. In addition, certain debt recorded in the Bond Bank's financial statements is not included in such a computation due to the provisions described in the statute.

A reconciliation of debt outstanding as reflected in the financial statements to the statutory debt limit is as follows:

	2021	2020
Bonds and notes payable - face amount	\$ 627,570,748	\$ 844,876,340
Less: Debt recorded which does not require reserve funds	521,992,746	723,636,075
Debt outstanding for statutory debt limit purposes at June 30	105,578,002	121,240,265
Available remaining debt limit for statutory purposes	894,421,998	878,759,735
Statutory debt limit	\$ 1,000,000,000	\$ 1,000,000,000

The total bonds considered to have been defeased and removed from the financial statements in total have no outstanding principal balances at June 30, 2021 and 2020.

Changes in the Bond Bank's long-term liabilities, including unamortized premiums, during fiscal years 2021 and 2020 were as follows:

2021	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year	Amounts Due Thereafter
General purpose bonds and notes payable	\$ 663,799,777	\$ 83,158,832	\$ 182,774,889	\$ 564,183,720	\$ 178,177,467	\$ 386,006,253
Direct placement bonds and notes payable	188,187,153	139,244,632	258,170,389	69,261,396	43,736,442	25,524,954
Net pension liability	200,287	-	10,908	189,379	-	189,379
Derivative instrument liability	2,885,000	-	1,018,000	1,867,000	-	1,867,000
Total	\$ 855,072,217	\$ 222,403,464	\$ 441,974,186	\$ 635,501,495	\$ 221,913,909	413,587,586

INDIANA BOND BANK
(A COMPONENT UNIT OF THE STATE OF INDIANA)

NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

(5) Bonds and Notes Payable (Continued)

<u>2020</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due Thereafter</u>
General purpose bonds and notes payable	\$ 699,683,130	\$ 174,394,657	\$ 210,278,010	\$ 663,799,777	\$ 180,254,317	\$ 483,545,461
Direct placement bonds and notes payable	130,691,709	215,250,392	157,754,948	188,187,153	139,521,472	48,665,681
Net pension liability	192,273	8,014	-	200,287	-	200,287
Derivative instrument liability	3,216,000	-	331,000	2,885,000	-	2,885,000
Total	<u>\$ 833,783,112</u>	<u>\$ 389,653,063</u>	<u>\$ 368,363,958</u>	<u>\$ 855,072,217</u>	<u>\$ 319,775,789</u>	<u>\$ 535,296,429</u>

(6) Derivative Instruments and Fair Value Measurement

Objective of the Interest Rate SWAP Agreement. In August 2007, in anticipation of issuing the Series 2007 B1, B2, and B3 Gas Prepayment Bonds and protecting, in part, the Bond Bank from the risk of any adverse change in interest rates on the Series 2007 Gas Prepayment Bonds, the Bond Bank entered into a Swap Agreement with JP Morgan Chase Bank N.A. (JP Morgan) to lock in fixed interest rates.

SUMMARY OF DERIVATIVE INSTRUMENTS (INTEREST RATE SWAPS)

<u>Business-Type Activities</u>	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2021</u>		<u>Notional Amount</u>
	<u>Classification</u>	<u>Amount</u>	<u>Amount</u>		
Pay-fixed interest rate swap - LIBOR Index Rate Bonds (B-1)	Deferred Outflow	\$ 455,000	\$ (1,040,000)	\$ 22,500,000	
Pay-fixed interest rate swap - SIFMA Index Rate Bonds (B-2)	Deferred Outflow	563,000	(827,000)	15,690,000	
		<u>\$ 1,018,000</u>	<u>\$ (1,867,000)</u>	<u>\$ 38,190,000</u>	

<u>Business-Type Activities</u>	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2020</u>		<u>Notional Amount</u>
	<u>Classification</u>	<u>Amount</u>	<u>Amount</u>		
Pay-fixed interest rate swap - LIBOR Index Rate Bonds (B-1)	Deferred Outflow	\$ (102,000)	\$ (1,495,000)	\$ 22,500,000	
Pay-fixed interest rate swap - SIFMA Index Rate Bonds (B-2)	Deferred Outflow	433,000	(1,390,000)	15,690,000	
		<u>\$ 331,000</u>	<u>\$ (2,885,000)</u>	<u>\$ 38,190,000</u>	

**INDIANA BOND BANK
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

**NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020**

(6) Derivative Instruments and Fair Value Measurement (Continued)

Terms for B1 (LIBOR Index). Under the Swap Agreement, the Bond Bank pays interest to JP Morgan on the notional amount set forth in the three month LIBOR agreements at the fixed interest rate of 4.73%, in exchange for which JP Morgan pay interest to the Bond Bank on notional amounts at a variable interest rate equal to 67% of the three month LIBOR plus a spread of .97%. The swap's notional amount of \$22,500,000 at June 30, 2021 matched the variable rate bonds. The obligation began to bear interest on October 15, 2007, and each party is required to make payments, if any, to the other party under the 2007 Swap Agreements, on the 15th of October, January, April, and July.

Fair Value (LIBOR Index). Because LIBOR interest rates have decreased since execution of the Swap Agreement, the swap had a negative fair value of \$1,040,000 at June 30, 2021. The swap's negative fair value may be countered by a decrease in total interest payments required under the variable-rate bonds, creating a higher synthetic interest rate. Because the coupons on the Bond Bank's variable-rate bond adjust to changing interest rates, the bonds do not have a corresponding fair value decrease. The fair value was estimated using the zero coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of the future net settlement on the swap.

Terms for B2 (SIFMA Municipal Swap Index). Under the Swap Agreement, the Bond Bank pays interest to JP Morgan on the notional amount set forth in the weekly SIFMA Municipal Index Swap agreements at the fixed interest rate of 4.80%, in exchange for which JP Morgan pay interest to the Bond Bank on notional amounts at a variable interest rate equal to the weekly SIFMA Municipal Index Swap plus a spread of .66%. The swap's notional amount of \$15,690,000 at June 30, 2021 matched the variable rate bonds. The obligation began to bear interest on October 15, 2007, and each party is required to make payments, if any, to the other party under the 2007 Swap Agreement on the 15th of October, January, April, and July.

Fair Value (SIFMA Municipal Swap Index). Because SIFMA Municipal Swap Index rates have decreased since execution of the Swap Agreement, the swap had a negative fair value of \$827,000 at June 30, 2021. The swap's negative fair value may be countered by a decrease in total interest payments required under the variable-rate bonds, creating a higher synthetic interest rate. Because the coupons on the Bond Bank's variable-rate bond adjust to changing interest rates, the bonds do not have a corresponding fair value decrease. The fair value was estimated using the current weekly SIFMA Municipal Index to be used for the July 15, 2021 swap payment. This method calculates the future net settlement payments required by the swap, assuming that the current weekly SIFMA Municipal Index reflects the fair value of the Swap payments. These payments are then discounted using the current weekly SIFMA Municipal Index swap on the coupon due on the date of the future net settlement on the swap.

Credit Risk. As of June 30, 2021, the Bond Bank was not exposed to credit risk because the index swaps had negative fair values. However, should interest rates change and the fair value of the Swap become positive, the Bond Bank would be exposed to credit risk in the amount of the derivative's fair value.

The Swap Agreement counterparty, JP Morgan, was rated A+ by Standard & Poor's and Aa1 by Moody's Investor Service as of June 30, 2021.

Termination Risk. At any time, the Bond Bank may terminate the Swap Agreement by providing at least a two day written notice to JP Morgan. If at the time of termination the Swap Agreement has a negative fair value, the Bond Bank would be liable to JP Morgan for a payment equal to the swap's fair value.

**INDIANA BOND BANK
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

**NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020**

(6) Derivative Instruments and Fair Value Measurement (Continued)

Swap Payments and Associated Debt. As rates vary, variable-rate bond interest payments and net swap payments will vary for the qualified entities. As of June 30, 2021, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows.

Variable-Rate Bonds (B-1, LIBOR Index)

Fiscal Year Ending June 30	Principal	Interest	Interest Rate Swaps, Net	Total
2022	\$ 22,500,000	\$ 817,875	\$ 246,375	\$ 1,064,250
2023	22,500,000	817,875	246,375	1,064,250
Total	<u>\$ 22,500,000</u>	<u>\$ 1,635,750</u>	<u>\$ 492,750</u>	<u>\$ 2,128,500</u>

Variable-Rate Bonds (B-2, SIFMA Index)

Fiscal Year Ending June 30	Principal	Interest	Interest Rate Swaps, Net	Total
2022	\$ 15,690,000	\$ 642,662	\$ 110,458	\$ 753,120
2023	15,690,000	642,662	110,458	753,120
Total	<u>\$ 15,690,000</u>	<u>\$ 1,285,324</u>	<u>\$ 220,916</u>	<u>\$ 1,506,240</u>

(7) Concentrations of Credit

The Bond Bank has qualified obligations receivable in counties throughout the State of Indiana. The largest concentrations of such receivables are with qualified entities and are as follows:

County	Qualified Obligations Receivable	Concentration Percentage
Hamilton	\$ 90,440,571	15%
Marion	89,632,871	15%
Hendricks	39,950,106	7%

No other county has a concentration over 5% of the total qualified obligations receivable at June 30, 2021.

**INDIANA BOND BANK
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

**NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020**

(8) Employee Benefits

Plan Description

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

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

Public Employees' Defined Benefit Account

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

Eligibility for Pension Benefit Payment

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

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

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

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

Contribution Rates

Contributions are determined by the INPRS Board and are based on a percentage of covered payroll. If determined to be necessary by the actuaries of INPRS, the INPRS Board updates the percentage of covered payroll annually effective July 1. Employers currently contribute 11.2% of covered payroll. No member contributions are required. Indiana Bond Bank's contributions PERF DB were \$39,633 and \$37,893 for the years ended June 30, 2021 and 2020.

**INDIANA BOND BANK
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

**NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020**

(8) Employee Benefits (Continued)

Benefit Formula and Postretirement Benefit Adjustment

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

Public Employees' Defined Contribution Account

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

Contribution Rates

Member contributions under PERF DC are set by statute and the INPRS Board at 3% of covered payroll. The employer may choose to make these contributions on behalf of the member. The Board made no contributions to PERF DC for the year ended June 30, 2021. Under certain limitations, voluntary post-tax member contributions up to 10% of compensation can be made solely by the member.

Benefit Terms

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

Significant Actuarial Assumptions

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

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

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 percent), or one percentage point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
2021	<u>\$308,752</u>	<u>\$189,379</u>	<u>\$89,394</u>
2020	<u>\$321,663</u>	<u>\$200,287</u>	<u>\$99,050</u>

**INDIANA BOND BANK
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

**NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020**

(8) Employee Benefits (Continued)

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

At June 30, 2021 and 2020, the Bond Bank reported a liability of \$189,379 and \$200,287, respectively, for its proportionate share of the net pension liability. The Bond Bank's proportionate share of the net pension liability was based on the Bond Bank's wages as a proportion of total wages for the PERF Hybrid Plan. The proportionate share used at the June 30, 2020 and 2019, measurement dates was 0.00627 percent and 0.00606 percent, respectively.

For the years ended June 30, 2021 and 2020, the Bond Bank recognized pension expense of \$31,796 and \$44,003, respectively, which included net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions of \$2,207 and \$12,304, respectively. At June 30, 2021 and 2020, the Bond Bank 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
<u>2021</u>		
Differences between expected and actual experience	\$ 3,355	\$ 2,543
Net difference between projected and actual earnings on pension plan investments	16,208	
Changes of assumptions		39,459
Changes in proportion and differences between Bond Bank contributions and proportionate share of contributions	<u>23,574</u>	<u>104</u>
Total that will be recognized in pension expense based on table below	43,137	42,106
Pension contribution subsequent to measurement date	<u>49,991</u>	<u> </u>
Total	<u>\$93,128</u>	<u>\$42,106</u>
<u>2020</u>		
Differences between expected and actual experience	\$ 5,304	
Net difference between projected and actual earnings on pension plan investments		\$ 9,467
Changes of assumptions	45	21,773
Changes in proportion and differences between Bond Bank contributions and proportionate share of contributions	<u>42,127</u>	<u>503</u>
Total that will be recognized in pension expense based on table below	47,476	31,743
Pension contribution subsequent to measurement date	<u>37,893</u>	<u> </u>
Total	<u>\$85,369</u>	<u>\$31,743</u>

**INDIANA BOND BANK
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

**NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020**

(8) Employee Benefits (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

Fiscal Year Ending June 30,	Amount
2021	\$(2,952)
2022	(1,625)
2023	(1,276)
2024	<u>6,884</u>
	<u>\$ 1,031</u>

(9) Operating Leases

The Bond Bank leases office space as well as office equipment under non-cancelable leases with terms in excess of one year. The following is a schedule of the future minimum rentals under the leases as of June 30, 2021:

Fiscal Year Ending June 30,	Amount
2022	\$ 75,035
2023	29,764
2024	14,392
2025	14,392
2026	<u>14,392</u>
	<u>\$147,975</u>

In addition to the minimum lease payments, the Bond Bank is required to pay insurance, taxes and a proportional share of operating costs in excess of a basic level for the office space. The aggregate rental expense charged to operations was \$62,163 for 2021 and \$68,047 for 2020.

(10) Subsequent Events

Since July 1, 2021, the Bond Bank has closed 15 Hoosier Equipment Lease Purchase (HELP) program leases. These transactions provided \$7,689,702.15 in equipment financing assistance to 14 local units of government.

On July 7th, the Bond Bank redeemed \$8,640,000 of its \$78,860,000 Advance Funding Program Notes, Series 2021 A. The current outstanding notes, \$70,220,000, are scheduled to mature January 5, 2022.

On August 11, 2021, the Bond Bank refunded its \$23,830,000 Special Program Refunding Bonds, Series 2012 D (Adams County Hospital) through the issuance of its \$23,875,000 Taxable Special Program Refunding Bonds, Series 2021 A (Adams County Hospital).

REQUIRED SUPPLEMENTARY INFORMATION

**INDIANA BOND BANK
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Bond Bank's proportion of the net pension liability	0.00627%	0.00606%	0.00566%	0.00455%	0.00480%	0.00435%	0.00433%	0.00433%
Bond Bank's proportionate share of the net pension liability	\$ 189,379	\$ 200,287	\$ 192,273	\$ 203,000	\$ 217,845	\$ 177,171	\$ 113,790	\$ 166,459
Bond Bank's covered-employee payroll	\$ 338,328	\$ 315,779	\$ 283,906	\$ 225,809	\$ 221,741	\$ 216,680	\$ 211,582	\$ 233,338
Bond Bank's proportionate share of the net pension liability as a percentage of its covered-employee payroll	55.97%	63.43%	67.72%	89.90%	98.24%	81.77%	53.78%	71.34%
Plan fiduciary net position as a percentage of the total pension liability**	81.40%	80.10%	78.90%	72.70%	71.20%	73.30%	81.10%	74.30%

*The effort and cost to re-create financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2013 for GASB Statement No. 68 purposes.

**INDIANA BOND BANK
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

SCHEDULE OF THE BOND BANK'S CONTRIBUTIONS (UNAUDITED)

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 39,633	\$ 37,893	\$ 35,367	\$ 31,798	\$ 25,291	\$ 24,835	\$ 24,268	\$ 23,697	\$ 22,634
Contributions in relation to the contractually required contribution	<u>39,633</u>	<u>37,893</u>	<u>35,367</u>	<u>31,798</u>	<u>25,291</u>	<u>24,835</u>	<u>24,268</u>	<u>23,697</u>	<u>22,634</u>
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bond Bank's covered-employee payroll	\$ 353,868	\$ 338,328	\$ 315,779	\$ 283,906	\$ 225,809	\$ 221,741	\$ 216,680	\$ 216,680	\$ 233,338
Contributions as a percentage of covered-employee payroll	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	10.9%	9.7%

*The effort and cost to re-create financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2013 for GASB Statement No. 68 purposes.

**INDIANA BOND BANK
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
June 30, 2021 and 2020**

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

Plan Amendments: In 2020, there were no new plan amendments.

Assumption Changes: In 2020, an experience study was performed resulting in an update to several assumptions. These assumption changes included a change in mortality assumptions, retirement assumptions, withdrawal assumptions, disability assumptions, dependent spouse assumptions, and future salary increase assumptions. None of these changes were significant to the Bond Bank's proportionate share of the net pension liability.

SCHEDULE OF THE BOND BANK'S CONTRIBUTIONS (UNAUDITED)

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

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

OTHER SUPPLEMENTARY INFORMATION

**INDIANA BOND BANK
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

**SUPPLEMENTAL SCHEDULE OF NET POSITION INFORMATION BY PROGRAM TYPE
June 30, 2021**

ASSETS	Special Program	Advance Funding Program	Operating Program	Common School Fund Program	School Severance Program	Prepaid Gas Program	Fuel Budgeting Program	Qualified School Construction Bonds	USDA-RD Loans Program	Community Funding Resource	Eliminations	Total
ASSETS												
Current assets:												
Cash and cash equivalents	\$ 2,617,210	\$ 8,745,162	\$ 1,098,463	\$ 117,600	\$ 12,804,614	\$ 2,784,306	\$ 113,187	\$ 2,865,478	\$ 88,399	\$ 4,692	\$ -	\$ 31,239,111
Investments - short-term	-	-	8,835,912	-	-	-	-	-	-	-	-	8,835,912
Qualified obligations receivable	14,659,222	71,114,960	25,000	26,786,440	19,091,783	27,980,000	-	14,907,000	24,163,807	287,759	-	199,015,971
Accrued interest receivable	1,333,942	188,150	-	1,922,700	372,592	684,479	-	871,600	588,132	42,500	-	6,004,095
Total Current Assets	18,610,374	80,048,272	9,959,375	28,826,740	32,268,989	31,448,785	113,187	18,644,078	24,840,338	334,951	-	245,095,089
Noncurrent assets:												
Guaranteed investment contracts	-	-	-	-	-	33,929,672	-	-	-	-	-	33,929,672
Investments - long-term	-	-	4,999,688	-	-	-	-	-	-	-	-	4,999,688
Qualified obligations receivable, net of current portion	199,969,068	-	-	71,008,860	60,680,843	38,190,000	-	32,086,680	-	2,920,679	-	404,856,130
Total Noncurrent Assets	199,969,068	-	4,999,688	71,008,860	60,680,843	72,119,672	-	32,086,680	-	2,920,679	-	443,785,490
Total Assets	218,579,442	80,048,272	14,959,063	99,835,600	92,949,832	103,568,457	113,187	50,730,758	24,840,338	3,255,630	-	688,880,579
DEFERRED OUTFLOWS OF RESOURCES												
Accumulated decrease in fair value of interest rate swaps												
	-	-	-	-	-	1,867,000	-	-	-	-	-	1,867,000
Deferred refunding costs	2,947,342	-	-	-	1,754,832	-	-	-	-	-	-	4,702,174
Pension	-	-	93,128	-	-	-	-	-	-	-	-	93,128
Total Deferred Outflows of Resources	2,947,342	-	93,128	-	1,754,832	1,867,000	-	-	-	-	-	6,662,302
LIABILITIES												
Current liabilities:												
Bonds and notes payable	16,421,495	78,860,000	-	27,650,000	29,190,000	27,980,000	-	17,112,000	24,412,655	287,759	-	221,913,909
Accrued interest payable	1,995,754	660,651	-	1,225,600	1,386,489	684,479	-	891,200	158,384	11,900	-	7,014,457
Funds held for qualified entities	-	-	-	-	-	36,713,979	-	-	-	-	-	36,713,979
Accounts payable	-	-	19,868	-	-	243,700	-	461,924	-	-	-	725,492
Total Current Liabilities	18,417,249	79,520,651	19,868	28,875,600	30,576,489	65,622,158	-	18,465,124	24,571,039	299,659	-	266,367,837
Noncurrent liabilities:												
Bonds and notes payable, net of current portion	203,398,798	722,356	-	70,760,000	63,207,239	38,190,000	-	32,269,935	-	2,982,879	-	411,531,207
Net pension liability	-	-	189,379	-	-	-	-	-	-	-	-	189,379
Derivative instrument liability	-	-	-	-	-	1,867,000	-	-	-	-	-	1,867,000
Total Noncurrent Liabilities	203,398,798	722,356	189,379	70,760,000	63,207,239	40,057,000	-	32,269,935	-	2,982,879	-	413,587,586
Total Liabilities	221,816,047	80,243,007	209,247	99,635,600	93,783,728	105,679,158	-	50,735,059	24,571,039	3,282,538	-	679,955,423
DEFERRED INFLOWS OF RESOURCES												
Pension	-	-	42,106	-	-	-	-	-	-	-	-	42,106
Total Deferred Inflows of Resources	-	-	42,106	-	-	-	-	-	-	-	-	42,106
NET POSITION												
Restricted for debt service	(289,263)	(194,735)	-	200,000	920,936	(243,701)	113,187	(4,301)	269,299	(26,908)	-	744,514
Unrestricted	-	-	14,800,838	-	-	-	-	-	-	-	-	14,800,838
Total Net Position	\$ (289,263)	\$ (194,735)	\$ 14,800,838	\$ 200,000	\$ 920,936	\$ (243,701)	\$ 113,187	\$ (4,301)	\$ 269,299	\$ (26,908)	\$ -	\$ 15,545,352

**INDIANA BOND BANK
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

**SUPPLEMENTAL SCHEDULE OF NET POSITION INFORMATION BY PROGRAM TYPE
June 30, 2020**

	Special Program	Advance Funding Program	Operating Program	Common School Fund Program	School Severance Program	Prepaid Gas Program	Fuel Budgeting Program	Qualified School Construction Bonds	USDA-RD Loans Program	Community Funding Resource	Eliminations	Total
ASSETS												
Current assets:												
Cash and cash equivalents	\$ 1,811,921	\$ 14,496,689	\$ 6,580,838	\$ 93,910	\$ 14,602,578	\$ 2,625,840	\$ 360,878	\$ 1,334,145	\$ 261,640	\$ 2,758	\$ -	\$ 42,171,197
Investments - short-term	1,282,543	-	2,601,414	-	-	-	-	-	-	-	-	3,883,957
Qualified obligations receivable	14,749,871	139,177,698	225,000	28,605,888	20,959,113	25,955,000	-	9,788,000	52,671,000	21,959	-	292,153,529
Accrued interest receivable	2,143,024	523,244	-	2,500,900	898,892	967,431	-	876,857	1,008,246	2,500	-	8,921,094
Interfund receivables	249,465	-	-	-	-	-	-	-	-	-	(249,465)	-
Total Current Assets	20,236,824	154,197,631	9,407,252	31,200,698	36,460,583	29,548,271	360,878	11,999,002	53,940,886	27,217	(249,465)	347,129,777
Noncurrent assets:												
Guaranteed investment contracts	-	-	-	-	-	32,704,424	-	-	-	-	-	32,704,424
Investments - long-term	-	-	5,049,164	-	-	-	-	-	-	-	-	5,049,164
Qualified obligations receivable, net of current portion	211,461,525	-	191,331	98,812,302	87,656,990	66,247,872	-	49,276,166	6,760,098	122,879	-	520,529,163
Total Noncurrent Assets	211,461,525	-	5,240,495	98,812,302	87,656,990	98,952,296	-	49,276,166	6,760,098	122,879	-	558,282,751
Total Assets	231,698,349	154,197,631	14,647,747	130,013,000	124,117,573	128,500,567	360,878	61,275,168	60,700,984	150,096	(249,465)	905,412,528
DEFERRED OUTFLOWS OF RESOURCES												
Accumulated decrease in fair value of interest rate swaps												
	-	-	-	-	-	2,885,000	-	-	-	-	-	2,885,000
Deferred refunding costs	3,929,165	-	-	-	2,815,940	-	-	-	-	-	-	6,745,105
Pension	-	-	85,369	-	-	-	-	-	-	-	-	85,369
Total Deferred Outflows of Resources	3,929,165	-	85,369	-	2,815,940	2,885,000	-	-	-	-	-	9,715,474
LIABILITIES												
Current liabilities:												
Bonds and notes payable	15,936,580	152,675,000	-	29,820,000	31,780,000	25,955,000	-	10,733,000	52,854,250	21,959	-	319,775,789
Accrued interest payable	2,184,999	956,882	-	1,583,000	1,770,009	967,431	-	1,067,400	568,325	1,800	-	9,099,846
Funds held for qualified entities	-	-	-	-	-	35,330,264	-	-	-	-	-	35,330,264
Accounts payable	-	-	20,700	-	-	243,700	-	51,134	-	-	-	315,534
Interfund payables	-	-	-	-	249,465	-	-	-	-	-	(249,465)	-
Total Current Liabilities	18,121,579	153,631,882	20,700	31,403,000	33,799,474	62,496,395	-	11,851,534	53,422,575	23,759	(249,465)	364,521,433
Noncurrent liabilities:												
Bonds and notes payable, net of current portion	217,842,760	710,691.00	-	98,410,000	92,394,341	66,335,536	-	49,427,935	6,967,000	122,879	-	532,211,142
Net pension liability	-	-	200,287	-	-	-	-	-	-	-	-	200,287
Derivative instrument liability	-	-	-	-	-	2,885,000	-	-	-	-	-	2,885,000
Total Noncurrent Liabilities	217,842,760	710,691	200,287	98,410,000	92,394,341	69,220,536	-	49,427,935	6,967,000	122,879	-	535,296,429
Total Liabilities	235,964,339	154,342,573	220,987	129,813,000	126,193,815	131,716,931	-	61,279,469	60,389,575	146,638	(249,465)	899,817,862
DEFERRED INFLOWS OF RESOURCES												
Pension												
	-	-	31,743	-	-	-	-	-	-	-	-	31,743
Total Deferred Inflows of Resources	-	-	31,743	-	-	-	-	-	-	-	-	31,743
NET POSITION												
Restricted for debt service	(336,825)	(144,942)	-	200,000	739,698	(331,364)	360,878	(4,301)	311,409	3,458	-	798,011
Unrestricted	-	-	14,480,386	-	-	-	-	-	-	-	-	14,480,386
Total Net Position	\$ (336,825)	\$ (144,942)	\$ 14,480,386	\$ 200,000	\$ 739,698	\$ (331,364)	\$ 360,878	\$ (4,301)	\$ 311,409	\$ 3,458	\$ -	\$ 15,278,397

**INDIANA BOND BANK
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INFORMATION BY PROGRAM TYPE
Year Ended June 30, 2021**

	Special Program	Advance Funding Program	Operating Program	Common School Fund Program	School Severance Program	Prepaid Gas Program	Fuel Budgeting Program	Qualified School Construction Bonds	USDA-RD Loans Program	Community Funding Resource	Total
OPERATING REVENUES											
Interest income	\$ 8,936,109	\$ 1,135,261	\$ -	\$ 3,148,223	\$ 4,550,741	\$ 3,974,609	\$ 229	\$ 2,070,715	\$ 1,135,940	\$ 61,128	\$ 25,012,955
Acceptance and administration fees	-	-	457,832	-	-	-	1,394,152	-	-	-	1,851,984
Grant income	-	-	504,402	-	-	-	-	-	-	-	504,402
Total Operating Revenues	<u>8,936,109</u>	<u>1,135,261</u>	<u>962,234</u>	<u>3,148,223</u>	<u>4,550,741</u>	<u>3,974,609</u>	<u>1,394,381</u>	<u>2,070,715</u>	<u>1,135,940</u>	<u>61,128</u>	<u>27,369,341</u>
OPERATING EXPENSES											
Interest	8,862,147	393,157	-	3,111,223	4,337,910	3,519,152	1,288,954	2,059,599	351,942	13,894	23,937,978
Debt issuance costs	-	894,363	-	-	-	-	-	-	304,736	76,800.00	1,275,899
General and administrative	26,400	12,350	1,025,597	37,000	13,595	367,794	60,047	11,116	1,250	500	1,555,649
Grant expense to Qualified Entities	-	-	464,250	-	-	-	-	-	-	-	464,250
Total Operating Expenses	<u>8,888,547</u>	<u>1,299,870</u>	<u>1,489,847</u>	<u>3,148,223</u>	<u>4,351,505</u>	<u>3,886,946</u>	<u>1,349,001</u>	<u>2,070,715</u>	<u>657,928</u>	<u>91,194</u>	<u>27,233,776</u>
Operating Income (Loss)	47,562	(164,609)	(527,613)	-	199,236	87,663	45,380	-	478,012	(30,066)	135,565
NONOPERATING REVENUES											
Interest income on investments	-	-	131,390	-	-	-	-	-	-	-	131,390
Change in Net Position Before Transfers	47,562	(164,609)	(396,223)	-	199,236	87,663	45,380	-	478,012	(30,066)	266,955
Transfers	-	114,816	716,675	-	(17,998)	-	(293,071)	-	(520,122)	(300.00)	-
CHANGE IN NET POSITION	<u>\$ 47,562</u>	<u>\$ (49,793)</u>	<u>\$ 320,452</u>	<u>\$ -</u>	<u>\$ 181,238</u>	<u>\$ 87,663</u>	<u>\$ (247,691)</u>	<u>\$ -</u>	<u>\$ (42,110)</u>	<u>\$ (30,366)</u>	<u>\$ 266,955</u>

**INDIANA BOND BANK
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INFORMATION BY PROGRAM TYPE
Year Ended June 30, 2020**

	Special Program	Advance Funding Program	Operating Program	Common School Fund Program	School Severance Program	Prepaid Gas Program	Fuel Budgeting Program	Qualified School Construction Bonds	USDA-RD Loans Program	Community Funding Resource	Total
OPERATING REVENUES											
Interest income	10,589,059	1,384,586	-	4,048,953	5,786,108	4,958,873	4,382	2,433,426	1,857,034	5,743	\$ 31,068,164
Acceptance and administration fees	-	-	749,085	-	-	-	1,068,250	-	-	-	1,817,335
Total Operating Revenues	<u>10,589,059</u>	<u>1,384,586</u>	<u>749,085</u>	<u>4,048,953</u>	<u>5,786,108</u>	<u>4,958,873</u>	<u>1,072,632</u>	<u>2,433,426</u>	<u>1,857,034</u>	<u>5,743</u>	<u>32,885,499</u>
OPERATING EXPENSES											
Interest	8,453,568	979,841	-	3,886,753	5,598,957	4,806,823	1,495,622	2,422,587	994,461	4,074	28,642,686
Debt issuance costs	2,284,520	454,880	-	135,200	-	-	-	-	414,208	-	3,288,808
General and administrative	43,856	6,500	606,939	27,000	13,339	30,000	5,251	10,839	6,250	500	750,474
Total Operating Expenses	<u>10,781,944</u>	<u>1,441,221</u>	<u>606,939</u>	<u>4,048,953</u>	<u>5,612,296</u>	<u>4,836,823</u>	<u>1,500,873</u>	<u>2,433,426</u>	<u>1,414,919</u>	<u>4,574</u>	<u>32,681,968</u>
Operating Income (Loss)	(192,885)	(56,635)	142,146	-	173,812	122,050	(428,241)	-	442,115	1,169	203,531
NONOPERATING REVENUES											
Interest income on investments	-	-	354,830	-	-	-	-	-	-	-	354,830
Change in Net Position Before Transfers	(192,885)	(56,635)	496,976	-	173,812	122,050	(428,241)	-	442,115	1,169	558,361
Transfers	61,822	65,336	(472,817)	-	(63,865)	-	485,000	-	(75,476)	-	-
CHANGE IN NET POSITION	<u>\$ (131,063)</u>	<u>\$ 8,701</u>	<u>\$ 24,159</u>	<u>\$ -</u>	<u>\$ 109,947</u>	<u>\$ 122,050</u>	<u>\$ 56,759</u>	<u>\$ -</u>	<u>\$ 366,639</u>	<u>\$ 1,169</u>	<u>\$ 558,361</u>

OTHER INFORMATION

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

Board of Directors
Indiana Bond Bank

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Indiana Bond Bank, a component unit of the State of Indiana, which comprise the statement of net position as of June 30, 2021, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 7, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Indiana Bond Bank's internal control over financial reporting (internal control) as a basis for designing the 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 Indiana Bond Bank's internal control. Accordingly, we do not express an opinion on the effectiveness of the Indiana Bond Bank'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 Indiana Bond Bank'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.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
October 7, 2021