



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B60201

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

November 10, 2022

Board of Directors  
Indiana Finance Authority  
One North Capitol Ave., Suite 900  
Indianapolis, Indiana 46204

We have received the audit report of the Indiana Finance Authority, which was opined upon by Katz, Sapper & Miller, LLP, Independent Public Accountants, for the period July 1, 2021 to June 30, 2022. Per the *Independent Auditors' Report*, the financial statements included in the report present fairly the financial condition of the Indiana Finance Authority as of June 30, 2022, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

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

Tammy R. White, CPA  
Deputy State Examiner

INDIANA FINANCE AUTHORITY  
ANNUAL FINANCIAL STATEMENTS  
June 30, 2022

**INDIANA FINANCE AUTHORITY  
(A Component Unit of the State of Indiana)  
FINANCIAL STATEMENTS  
June 30, 2022**

**CONTENTS**

<b>INDEPENDENT AUDITORS' REPORT .....</b>	<b>1</b>
<b>PART 1 - MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited).....</b>	<b>4</b>
<b>PART 2 - BASIC FINANCIAL STATEMENTS .....</b>	<b>18</b>
<i>A. GOVERNMENT WIDE FINANCIAL STATEMENTS:</i>	
Statement of Net Position .....	19
Statement of Activities .....	21
<i>B. FUND FINANCIAL STATEMENTS:</i>	
GOVERNMENTAL FUNDS:	
1. Balance Sheet – Governmental Funds .....	22
2. Reconciliation of Balance Sheet - Governmental Funds to the Government Wide Statement of Net Position .....	23
3. Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	24
4. Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Government Wide Statement of Activities .....	25
PROPRIETARY FUNDS:	
1. Statement of Net Position – Proprietary Funds.....	26
2. Reconciliation of Statement of Net Position - Proprietary Funds to the Government Wide Statement of Net Position .....	27
3. Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds .....	28
4. Reconciliation of Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds to the Government Wide Statement of Activities .....	29
5. Statement of Cash Flows – Proprietary Funds .....	30
<i>C. NOTES TO FINANCIAL STATEMENTS .....</i>	<i>31</i>
<b>PART 3 - REQUIRED SUPPLEMENTARY INFORMATION .....</b>	<b>86</b>
Schedule of Actual Operating Revenues and Expenses Compared to Budget – Cash Basis (Unaudited).....	87
Indiana Toll Road Infrastructure Condition Rating (Unaudited).....	89
Schedule of IFA's Proportionate Share of the Net Pension Liability (Unaudited).....	90
Schedule of IFA Contributions (Unaudited).....	91
Notes to Required Supplementary Information (Unaudited).....	92
<b>PART 4 - OTHER SUPPLEMENTARY INFORMATION .....</b>	<b>93</b>
Segment Reporting - Statement of Net Position.....	94
Segment Reporting - Statement of Revenues, Expenses and Changes in Net Position .....	95
Segment Reporting - Statement of Cash Flows .....	96
<b>PART 5 - OTHER REPORT.....</b>	<b>97</b>
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 <i>Government Auditing Standards</i> .....	98

## *Independent Auditors' Report*

Members of the Indiana Finance Authority

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

#### ***Opinion***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Indiana Finance Authority (IFA), a component unit of the State of Indiana, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the IFA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of IFA, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of IFA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about IFA's ability to continue as a going concern for a reasonable period of time.

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

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise IFA's basic financial statements. The accompanying supplementary schedules of segment reporting – statements of net position, revenues, expenses and changes in net position, and cash flows 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules of segment reporting – statements of net position, revenues, expenses and changes in net position, and cash flows 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 31, 2022 on our consideration of IFA'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 IFA'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 IFA's internal control over financial reporting and compliance.

*Katz, Sapper & Miller, LLP*

Indianapolis, Indiana  
October 31, 2022

**PART 1 - MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**



**INDIANA FINANCE AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")**  
**June 30, 2022**

---

This section of Indiana Finance Authority's ("IFA") financial report provides management's discussion and analysis of the financial performance during the year ended June 30, 2022. Please read it in conjunction with the Independent Auditors' Report at the beginning of this report and the financial statements, which follow this section.

This MD&A is an opportunity for management to make information concerning IFA meaningful and understandable to IFA's constituents, including Indiana's citizens and their representatives and the investors who buy and sell IFA's bonds. In addition to describing IFA and its work, this MD&A briefly analyzes, discusses or presents:

- Basic financial statements
- Condensed financial information
- Overall financial position and results of operations
- Significant transactions within individual funds
- Significant capital assets and long-term debt activity
- Currently known facts

**Background:** Established on May 15, 2005, IFA, a component unit of the State of Indiana, combined five formerly independent bodies under one entity. The entities combined included the Indiana Development Finance Authority, State Office Building Commission, Indiana Transportation Finance Authority, Recreational Development Commission and the State Revolving Fund Programs. Effective July 1, 2005, all records, money, and other property held by the Auditor of the State with respect to the Supplemental Drinking Water and Wastewater Assistance Program transferred to IFA as the successor entity. On July 1, 2007, the duties and responsibilities of the Indiana Health and Education Facility Finance Authority were transferred to IFA, and the responsibilities of the following programs were transferred from IFA to the Indiana Economic Development Corporation: Guaranty Fund, Capital Access Program Fund, Business Development Loan Fund and Rural & Agriculture Development Fund. Additional funds that have been created since IFA's inception include Stadium and Convention Center, Indiana Toll Road Lease, State Fair, Public Private Partnerships, Indiana Motorsports Commission, Flood Control Revolving Fund, and Local Transportation Infrastructure Revolving Fund.

IFA is a body both corporate and politic, and though separate from the State of Indiana (the "State"), the exercise by IFA of its powers constitutes an essential governmental function. Indiana's constitution restricts State incurrence of debt. As a result, the General Assembly created IFA and authorized it to issue revenue bonds and other obligations to finance projects for loan to the State. These loans do not constitute State debt. Except as described elsewhere in this MD&A, loan financing payments are payable solely from appropriations made by the General Assembly.

---

(Continued)

**INDIANA FINANCE AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")**  
**June 30, 2022**

---

IFA finances and refinances state hospitals, state office buildings, state garages, correctional facilities, recreational facilities, highways, bridges, airport facilities, and other related facilities for the benefit of the State. IFA also provides low interest loans to Indiana communities for environmental improvements. It also promotes business and employment opportunities by issuing tax-exempt financing for industrial development projects, rural development projects, health care facilities, and educational facility projects.

IFA's lease revenue bonds and notes are special and limited obligations of IFA, payable from loan financing revenue, bond or note proceeds, and investment income. IFA's revenue bonds are not general obligations of IFA nor are they State debt within the meaning of any constitutional provision or limitation. IFA cannot compel the General Assembly to make appropriations to pay loan financing payments.

**Financial Highlights:** Management believes an important indicator of IFA's financial health is whether or not IFA receives sufficient loan receivable revenue to pay debt service on IFA's lease revenue bonds and meet its other obligations when due. In fiscal year 2022 and prior fiscal years since IFA and its predecessor entities were established, IFA received sufficient revenue to pay its debts and meet its other obligations.

To note some major accomplishments in fiscal year 2022, IFA:

- Loaned \$424.1 million to Indiana communities to fund drinking water and wastewater infrastructure projects
- Issued \$392.9 million of State Revolving Fund bonds and a Water Infrastructure Finance and Innovation Act loan to fund wastewater and drinking water infrastructure projects
- Issued \$346.9 million Lease Appropriation Refunding Bonds (Stadium Project) Series 2022A that refunded the 2005A, 2007A, and 2008A Stadium Variable Rate Bonds and terminated the associated interest rate swaps. By completing this transaction, the IFA Stadium portfolio is 100% traditional fixed rated debt
- Defeased \$154 million of the Highway Refunding Bonds, Series 2017A

IFA's revenue and net position may increase or decrease in any particular fiscal year, but such increases and decreases primarily result from timing of receipts and expenditures, financings, including issuance of new lease revenue bond and note issues, and construction activities.

Although IFA reports through a number of enterprise funds, IFA is not a profit-making enterprise. IFA exists to benefit the State through its ability to finance and refinance important State infrastructure needs, and not to grow revenue and net position over time.

---

(Continued)

INDIANA FINANCE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")  
June 30, 2022

---

**BASIC FINANCIAL STATEMENTS**

The basic financial statements include the kinds of statements required by the Governmental Accounting Standards Board ("GASB") that present different financial views of IFA:

- A. The first two statements are government wide financial statements that provide both long-term and short-term information about IFA's overall financial status.
- B. The remaining statements are fund financial statements that focus on individual parts of IFA, reporting IFA's operations in more detail than the government wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide data that is more detailed. Please note the breakdown of the statements is required by GASB and for financial statement reporting only.

**A. Government Wide Financial Statements** report information about IFA as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of IFA's assets, deferred outflows and inflows of resources, and liabilities. All of the current year's revenues and expenses are accounted, when earned or incurred, in the Statement of Activities regardless of when cash is received or paid. Net position, the difference between IFA's assets, deferred outflows and inflows, and liabilities, is one way to measure IFA's financial position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of IFA is improving or deteriorating. The IFA government wide financial statements are divided into two categories:

- 1. **Governmental Activities** generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. These activities are reported in governmental funds or internal service funds. Although most internal service funds are associated with business-type activities, some of IFA's internal service funds have characteristics more closely associated with governmental activities. Internal service funds classified as governmental activities include the Highway Revenue Bonds, Transportation Finance General, Indiana Motorsports Commission, Stadium and Convention Center Financing, Public Private Partnerships, and State Office Building Commission.

Governmental Activities reported under governmental funds include the Operating Account ("General Funds"), Conduit Debt General Program Fund, Environmental Remediation Revolving Loan Fund, Petroleum Remediation Grant Fund, and Brownfields Cleanup Revolving Fund.

---

(Continued)

**INDIANA FINANCE AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")**  
**June 30, 2022**

---

- 2. Business-Type Activities** are financed in whole or in part by fees charged to external parties for goods or services. These activities are reported in proprietary funds or internal service funds. Business-Type Activities include the State Revolving Fund, Supplemental Fund, Flood Control Revolving Fund, Conduit Debt Program Fund, Indiana Toll Road Lease Fund, Local Transportation Infrastructure Revolving Fund, State Fair Fund, Recreational Development Commission, and the Water Infrastructure Assistance Fund.

To determine the appropriate reporting, IFA has considered the following characteristics:

- The relationship between services received and resources provided by the consumer:
  - Governmental - Resources typically not derived from specific services.
  - Business-Type - Direct relationship between the charge and the service provided.
  
- Revenue-producing capital assets:
  - Governmental - Capital assets do not have a direct relationship to revenue raising capability.
  - Business-Type - Capital assets are typically revenue producing.
  
- Similarly designated activities and potential for comparison:
  - Governmental - Government may perform multiple or unique functions and are difficult to compare to other governments.
  - Business-Type - Government typically performs a single function that allows for comparability with other governments.
  
- Nature of funding and budgets:
  - Governmental - Typically part of overall legally adopted governmental budget process.
  - Business-Type - May involve rate setting and appropriations.
  
- Users and uses of financial reports:
  - Governmental - Emphasis is on financial condition and results of operations of multipurpose functions and broader group of users including citizens, legislative and oversight bodies, and investors/creditors.
  - Business-Type - Emphasis is on financial condition and results of operations of a single activity, related compliance and reasonableness of user charges.

**B. Fund Financial Statements** provide detailed information about IFA's significant funds, not IFA as a whole. IFA uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. IFA has two kinds of funds:

---

(Continued)

INDIANA FINANCE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")  
June 30, 2022

---

1. **Governmental Funds** report activities for IFA and other State Agencies that support the overall State's basic services. IFA uses the following governmental funds:

**General Fund** reports on the administrative functions of IFA, which includes salary, benefits and other expenses that support the related financings and refinancing activities.

**Conduit Debt General Program Fund** is a special revenue fund, which provides financing alternatives for projects eligible for tax-exempt financing under the Internal Revenue Code for manufacturing projects, Indiana health care organizations, private institutions of education, and certain other qualified projects.

**Environmental Remediation Revolving Loan Fund (Brownfields Fund) & Petroleum Remediation Grant Fund** is a special revenue fund, which provides financing for environmental clean up to local Indiana communities.

**Brownfields Cleanup Revolving Fund** is a special revenue fund created by statute that provides financial, technical, legal, and educational assistance to eligible entities involved in Brownfield redevelopment.

2. **Proprietary Funds** report activities for which IFA charges loan amounts or user fees to similar customers. Under the proprietary funds, there are two types of sub-funds: 1) enterprise funds track business-type activities, while 2) internal service funds report activities providing general support for IFA's programs.

- a. **Enterprise Funds**

**State Revolving Fund** reports on low interest loans provided to Indiana communities to improve drinking water and wastewater infrastructure.

**Supplemental Fund** reports on low interest loans and grants provided to Indiana communities to improve drinking water and wastewater infrastructure.

**Conduit Debt Program Fund** reports on financing alternatives for projects eligible for tax-exempt financing under the Internal Revenue Code, Indiana health care organizations and private institutions of higher education.

**Flood Control Revolving Fund** reports on low interest loans provided to Indiana communities to improve flood control infrastructure.

**Indiana Toll Road Lease Fund** includes IFA's lease to the Indiana Toll Road Concession Company, LLC ("ITRCC"). The ITRCC is responsible for the operation and maintenance of the Indiana Toll Road.

---

(Continued)

INDIANA FINANCE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")  
June 30, 2022

---

**Local Transportation Infrastructure Revolving Fund** reports on low interest loans provided to Indiana communities to improve transportation infrastructure.

**Water Infrastructure Assistance Fund** reports on low interest loans and grants provided to Indiana communities to improve water infrastructure.

**b. Internal Service Funds**

**Public Private Partnerships** is an internal service fund that reports on the construction of the public private partnership projects. A private party manages the construction and operations. INDOT oversees these projects.

**Highway Revenue Bonds** is an internal service fund that provides financing for the construction of highway and bridge projects that are managed by INDOT. This fund reports on the direct financing activities and construction of such projects.

**Indiana Motorsports Commission** is an internal service fund providing financing and leasing of real and personal property improvements for the benefit of an owner of a qualified motorsports facility within a motorsports investment district. The Indiana Motorsports Commission oversees construction of such projects.

**Stadium and Convention Center Financing Program** is an internal service fund providing financing for the new Stadium and Convention Center expansion in Indianapolis. The Indiana Stadium and Convention Building Authority managed construction of the expansion.

**State Fair Fund** is an internal service fund providing financing for the State Fair Coliseum renovation and a new arena in Indianapolis. The Indiana State Fair Commission managed construction of the renovation and expansion.

**State Office Building Commission** reports on the financing activities for State office buildings, garages, hospitals and correctional facilities. These facilities are owned by IFA but operated and maintained by the Indiana Department of Administration.

**Recreational Development Commission** reports on the financing activities of recreational facilities constructed in State parks. The Indiana Department of Natural Resources is responsible for the operation and maintenance of these facilities.

**Transportation Finance General** reports on the administrative functions of the Transportation Finance Authority, which includes salary, benefits and other expenses that support the related financings and refinancing activities.

---

(Continued)

**INDIANA FINANCE AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")**  
**June 30, 2022**

**CONDENSED FINANCIAL INFORMATION; OVERALL FINANCIAL POSITION AND  
RESULTS OF OPERATIONS AND SIGNIFICANT TRANSACTIONS  
WITHIN INDIVIDUAL FUNDS**

This section provides an overview of the overall financial position, results of operations and significant transactions within individual funds.

**Net Position:** The following is condensed from the Statement of Net Position:

**Indiana Finance Authority**  
**Condensed Statement of Net Position (in millions of dollars)**  
**June 30, 2022**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Activities</u>
<b>Assets</b>			
Cash and investments	\$ 400	\$ 477	\$ 877
Accounts, interest, and loans receivable	1,052	3,402	4,454
Investment in direct financing loan receivable	711	-	711
Capital assets, net	1,194	580	1,774
Other assets	98	2	100
<b>Total assets</b>	<u>\$ 3,455</u>	<u>\$ 4,461</u>	<u>\$ 7,916</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflow of resources related to pension	\$ 1	\$ -	\$ 1
Deferred swap termination	45	-	45
Loss on debt refunding	5	4	9
<b>Total deferred outflows of resources</b>	<u>\$ 51</u>	<u>\$ 4</u>	<u>\$ 55</u>
<b>Liabilities</b>			
Accounts payable and other liabilities	\$ 6	\$ 4	\$ 10
Interest payable	23	34	57
Unearned revenue	102	75	177
Lease liability	-	2	2
Amount due to primary government	135	-	135
Net pension liability	1	-	1
Bonds and notes payable and other long-term obligations	2,628	2,088	4,716
<b>Total liabilities</b>	<u>\$ 2,895</u>	<u>\$ 2,203</u>	<u>\$ 5,098</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflow of resources related to pension	\$ 1	\$ -	\$ 1
Advanced payment for service concession agreement	-	3,855	3,855
Deferred service concession arrangement receipts	-	261	261
<b>Total deferred inflows of resources</b>	<u>\$ 1</u>	<u>\$ 4,116</u>	<u>\$ 4,117</u>
<b>Net Position</b>			
Net investment in capital assets	\$ 424	\$ 319	\$ 743
Restricted	68	1,625	1,693
Unrestricted	118	(3,798)	(3,680)
<b>Total net position</b>	<u>\$ 610</u>	<u>\$ (1,854)</u>	<u>\$ (1,244)</u>

(Continued)

**INDIANA FINANCE AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")**  
**June 30, 2022**

---

The total net position at June 30 was as follows (in millions of dollars):

	<u>2022</u>	<u>2021</u>
Assets and Deferred Outflows of Resources	\$ 7,971	\$ 7,690
Liabilities and Deferred Inflows of Resources	<u>(9,215)</u>	<u>(9,033)</u>
Net position	<u>\$ (1,244)</u>	<u>\$ (1,343)</u>

IFA's revenue and net position may increase or decrease in any particular fiscal year, but such increases and decreases primarily result from timing of receipts and expenditures, financings, including issuance of new lease revenue bond and note issues, and construction activities. The net position was (\$1,244) million at June 30, 2022, which represents a \$99 million, or 7% increase from the prior year's net position. Total assets and deferred outflows of resources increased by \$281 million, while total liabilities and deferred inflows increased by \$182 million.

Assets and deferred outflows were higher due to the \$327 million increase of accounts, interest, loans, and loan revenue receivables, \$222 million increase in cash and investments, \$5 million increase in other assets, \$119 million decrease in direct financing loan receivables, the accumulated fair value of hedging derivatives decreasing \$109 million, \$32 million decrease in net capital assets, the amortization of the loss on debt refunding of \$8 million, and the deferred swap termination of \$5 million.

Liabilities and deferred inflows increased due to the \$187 million in debt increase from new issuances being greater than regularly scheduled bond and note payments, \$145 million increase in unearned revenue, \$21 million increase in amount due to primary government, \$8 million increase in accounts payable, interest payable, and lease liability. The increases were offset by the \$109 million decrease in the derivative instrument liability, \$65 million of recognition of Indiana Toll Road revenue, \$4 million of recognition of a deferred service agreement, and \$1 million decrease on the net pension liability. Effective June 29, 2006, IFA leased the Indiana Toll Road for a one-time payment of \$3.8 billion to the ITRCC for 75 years. As required under the legislation passed by the Indiana General Assembly, IFA transferred \$3.6 billion of the lease payment to the State in July 2006 to fund the Major Moves initiative to improve both State and local transportation infrastructure. On October 5, 2018, IFA amended its agreement with the ITRCC to allow ITRCC to increase the toll rates for heavy vehicles by 35%. As part of the amendment, IFA received \$400 million in fiscal year 2019, \$300 million in fiscal year 2020 and \$300 million in fiscal year 2021. The proceeds will be used to fund planned road projects in the seven Toll Road counties. The funds received in fiscal years 2019, 2020, and 2021 were transferred to INDOT's Major Moves Fund. IFA recognizes lease revenue over the life of the lease on a straight-line basis.

---

(Continued)

**INDIANA FINANCE AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")**  
**June 30, 2022**

**Change in Net Position:** The following is condensed from the Statement of Activities:

**Indiana Finance Authority**  
**Statement of Activities (in millions of dollars)**  
**Year Ended June 30, 2022**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total Activities</b>
<b>Revenues</b>			
Lease rental	\$ 116	\$ 74	\$ 190
Investment earnings	-	2	2
Interest on loans	-	78	78
State appropriation and grants	21	20	41
Other	89	8	97
<b>Total revenues</b>	<b>226</b>	<b>182</b>	<b>408</b>
<b>Expenses</b>			
IFA operations and other	65	44	109
Interest expense	105	49	154
Distribution to primary government	97	9	106
<b>Total expenses</b>	<b>267</b>	<b>102</b>	<b>369</b>
<b>Capital Contributions</b>	<b>1</b>	<b>59</b>	<b>60</b>
<b>Transfers in (out)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>(40)</b>	<b>139</b>	<b>99</b>
<b>Net position, beginning of year</b>	<b>650</b>	<b>(1,993)</b>	<b>(1,343)</b>
<b>Net position , end of year</b>	<b>\$ 610</b>	<b>\$ (1,854)</b>	<b>\$ (1,244)</b>

The change in net position for the fiscal year ended June 30 was as follows (in millions of dollars):

	<u>2022</u>	<u>2021</u>
Revenues and Capital Contributions	\$ 468	\$ 877
Expenses	<u>(369)</u>	<u>(1,224)</u>
Change in net position	<u>\$ 99</u>	<u>\$ (347)</u>

The increase in net position was \$99 million for the fiscal year ended June 30, 2022, as compared to a decrease of net position of \$347 million for the prior year. Revenue and capital contributions decreased by \$409 million, which represents a 46.6% change from the prior year. Expenses decreased by \$855 million, which represents a 69.9% change from the prior year. Revenue and capital contributions decreased due to decrease in loan financing revenues and State appropriations. Expenses were lower due to transferring property back to the State last fiscal year due to the defeasances.

(Continued)

INDIANA FINANCE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")  
June 30, 2022

---

**SIGNIFICANT CAPITAL ASSETS AND LONG TERM-DEBT ACTIVITY**

**Investment in Direct Financing Loan Receivables and Analysis of Recognition of Infrastructure Assets:** IFA's investment in direct financing loan receivables is presented on the Statement of Net Position at \$711 million. The primary infrastructure assets underlying the loan receivable related to IFA are within the Highway Revenue Bonds, the Indiana Toll Road Lease Fund, and the State Office Building Commission.

**Highway Revenue Bonds** - The nature of the direct financing loan receivable activity between IFA and INDOT means that IFA does not own infrastructure assets related to the Highway Revenue Bonds. Instead, IFA has an interest in direct financing loan receivable assets on the Statement of Net Position for \$509 million. For such loan receivable, IFA is the lessor and INDOT is the lessee. INDOT is responsible for reporting information regarding the assessment condition and condition level of the road system funded through Highway Revenue Bonds.

**Indiana Toll Road Lease** - Historically, the infrastructure assets related to the Indiana Toll Road were reported separate from IFA's reporting entity. IFA reported an equity interest in the overall assets held by the Indiana Toll Road Project. During fiscal year 2006, IFA concluded its lease with INDOT, and leased the Indiana Toll Road to the ITRCC for 75 years. With the inception of the new lease, IFA liquidated its equity interest in the Indiana Toll Road Project. IFA's investment in infrastructure assets, land and land improvements, is \$580 million.

**Indiana State Office Building Commission** - The nature of the direct financing loan receivable activity between IFA and IDOA means that IFA does not own infrastructure assets related to the State Office Building Bonds. Instead, IFA has an interest in direct financing loan receivable assets on the Statement of Net Position for \$131 million. For such loan receivable, IFA is the lessor and DOA is the lessee.

**Capital Assets:** Property and equipment used for IFA operations are land, bridges, buildings and equipment related to the following: the prior State Office Building Commission, the prior Recreational Development Commission, the Indiana Toll Road Lease Fund, Brownfield, and the Public Private Partnerships. The State Office Building Commission assets have a cost basis of \$12 million and accumulated depreciation of \$1 million. The total decrease in the State Office Building Commission's net capital assets is \$115 million, which is due to impact of adopting GASB Statement No. 87 - *Leases* during 2022 and property being transferred to the State. Indiana Toll Road Lease Fund assets have a cost basis of \$621 million and accumulated depreciation of \$41 million. The Brownfield assets are non-depreciable and have a cost basis of \$4 million. Public Private Partnerships' assets are non-depreciable and have a cost basis of \$1.2 billion.

---

(Continued)

**INDIANA FINANCE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")  
June 30, 2022**

---

**Indiana Finance Authority  
Capital and Infrastructure Assets (in millions of dollars)  
June 30, 2022**

---

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Activities</u>
<b>Capital Assets</b>			
Property, plant and equipment, net:			
State Office Building Commission	\$ 11	\$ -	\$ 11
Brownfield	4	-	4
Public Private Partnerships	1,179	-	1,179
Indiana Toll Road Lease Fund	<u>-</u>	<u>580</u>	<u>580</u>
<b>Total</b>	<b><u>\$1,194</u></b>	<b><u>\$ 580</u></b>	<b><u>\$1,774</u></b>
<b>Investment in Direct Financing Loan Receivable</b>			
State Office Building Commission	\$ 131	\$ -	\$ 131
Indiana Motorsports Commission	71	-	71
Highway Revenue Bonds	<u>509</u>	<u>-</u>	<u>509</u>
<b>Total</b>	<b><u>\$ 711</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 711</u></b>

Additional information on IFA's capital assets can be found in Note 6 to the financial statements on pages 62 through 63 of this report. Additional information on IFA's direct financing loan receivable can be found below in the Investment in Direct Financing Loan Receivable Activity section and in Note 7 to the financial statements on pages 64 through 65 of this report.

---

(Continued)

**INDIANA FINANCE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")  
June 30, 2022**

**Debt Activity:** Outstanding debt balances (bonds, notes, and contracts payable) are presented as follows for governmental and business-type activities:

**Governmental Activities:**

Debt	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Highway Revenue Bonds	\$ 748,022,864	\$ -	\$ 238,727,864	\$ 509,295,000
Indiana Motorsports Commission Bonds	74,820,000	-	3,800,000	71,020,000
Public Private Partnerships	120,355,000	-	10,645,000	109,710,000
State Office Building Commission	139,066,020	-	9,953,802	129,112,218
Stadium Project Bonds	997,006,051	422,542,565	369,109,146	1,050,439,470
	<u>\$ 2,079,269,935</u>	<u>\$ 422,542,565</u>	<u>\$ 632,235,812</u>	<u>\$ 1,869,576,688</u>

Contract Payable	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Public Private Partnerships	\$ 628,443,682	\$ 130,111,895	\$ -	\$ 758,555,577

**Business-Type Activities:**

Debt	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
State Revolving Program Fund	\$ 1,821,398,323	\$ 475,238,064	\$ 208,852,475	\$ 2,087,783,912
	<u>\$ 1,821,398,323</u>	<u>\$ 475,238,064</u>	<u>\$ 208,852,475</u>	<u>\$ 2,087,783,912</u>

**Investment in Direct Financing Loan Receivable Activity:** Outstanding loan balances are presented as follows for governmental and business-type activities:

**Governmental Activities:**

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
State Office Building Commission	\$ 7,041,020	\$ 127,164,623	\$ 3,173,802	\$ 131,031,841
Highway Revenue Bonds	748,022,864	-	238,727,864	509,295,000
Indiana Motorsports Commission	74,820,000	-	3,800,000	71,020,000
	<u>\$ 829,883,884</u>	<u>\$ 127,164,623</u>	<u>\$ 245,701,666</u>	<u>\$ 711,346,841</u>

Additional information on IFA's debt and direct financing loan receivable activity can be found in Notes 7, 8, 9, 10 and 11 to the financial statements on pages 64 through 77 of this report.

(Continued)

**INDIANA FINANCE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")  
June 30, 2022**

---

**CURRENTLY KNOWN FACTS**

**Business-Type Activities**

On September 8, 2022, IFA issued 2022B SRF Program Bonds for the aggregate amount of \$250 million, maturing from February 1, 2028 to February 1, 2047, at interest rate of 5%. Of this, \$237,955,000 was allocated to the WSRF Program and \$12,045,000 was allocated to the DWSRF Program.

**DISCLOSURE**

These annual financial statements are not a disclosure document, an offering memorandum, an official statement or prospectus for any revenue bond issued by IFA, and no investor should rely on it as such. The information contained in the annual financial statements is limited information. Information and any expression of opinion (other than the report of the independent auditors) contained in the annual financial statements are subject to change. Such information and any opinion speak only as of their date.

**REQUESTS OF INFORMATION**

This financial report is designed to provide a general overview of IFA's finances for all those interested in IFA's finances. Questions concerning any of the information should be addressed to IFA at One North Capitol, Suite 900, Indianapolis, IN 46204.

---

(Continued)

## **PART 2 - BASIC FINANCIAL STATEMENTS**

**INDIANA FINANCE AUTHORITY**  
**GOVERNMENT WIDE FINANCIAL STATEMENTS**  
**STATEMENT OF NET POSITION**  
**June 30, 2022**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total Activities
<b>ASSETS</b>			
Current assets:			
Cash	\$ 396,745	\$ 2,298,174	\$ 2,694,919
Investments	399,818,290	455,119,633	854,937,923
Interest receivable on investments and loans	110,182	35,966,257	36,076,439
Prepaid expenses	2,196,550	-	2,196,550
Loan income receivable	26,339,321	2,581,205	28,920,526
Grants and accounts receivable	14,089,777	1,105,826	15,195,603
Loans receivable, net	14,413,484	162,563,809	176,977,293
Interfund receivable	723,188	259,733	982,921
Investment in direct financing loan receivable	76,424,099	-	76,424,099
Total current assets	<u>534,511,636</u>	<u>659,894,637</u>	<u>1,194,406,273</u>
Noncurrent assets:			
Investments	-	19,273,852	19,273,852
Investment in direct financing loan receivable	634,922,742	-	634,922,742
Prepaid expenses	95,978,429	-	95,978,429
Loans receivable, net	996,376,864	3,199,472,684	4,195,849,548
Intangible lease asset	-	1,967,508	1,967,508
Capital assets, net	1,193,949,782	579,951,910	1,773,901,692
Total noncurrent assets	<u>2,921,227,817</u>	<u>3,800,665,954</u>	<u>6,721,893,771</u>
<b>Total Assets</b>	<u>\$ 3,455,739,453</u>	<u>\$ 4,460,560,591</u>	<u>\$ 7,916,300,044</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflow of resources related to pension	\$ 931,802	\$ -	\$ 931,802
Deferred swap termination	45,272,342	-	45,272,342
Loss on debt refunding	4,357,697	3,796,239	8,153,936
<b>Total Deferred Outflows of Resources</b>	<u>\$ 50,561,841</u>	<u>\$ 3,796,239</u>	<u>\$ 54,358,080</u>

See accompanying notes to financial statements.

**INDIANA FINANCE AUTHORITY**  
**GOVERNMENT WIDE FINANCIAL STATEMENTS**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**June 30, 2022**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total Activities
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 5,680,494	\$ 3,047,583	\$ 8,728,077
Interfund payable	403,416	579,505	982,921
Interest payable	22,919,769	34,365,652	57,285,421
Amount due to primary government	134,908,335	-	134,908,335
Unearned revenue	102,132,101	-	102,132,101
Lease liability	-	162,206	162,206
Revenue bonds payable	97,630,000	112,860,000	210,490,000
Contract payable	23,068,883	-	23,068,883
Notes payable	1,609,476	7,852,900	9,462,376
Pollution remediation	-	667,989	667,989
Total current liabilities	388,352,474	159,535,835	547,888,309
Noncurrent liabilities:			
Lease liability	-	1,810,265	1,810,265
Revenue bonds payable	1,768,079,470	1,667,878,112	3,435,957,582
Contract payable	735,486,694	-	735,486,694
Notes payable	2,257,742	299,192,900	301,450,642
Amount due to federal government	-	35,190	35,190
Net pension liability	754,507	-	754,507
Unearned revenue	-	74,934,636	74,934,636
Total noncurrent liabilities	2,506,578,413	2,043,851,103	4,550,429,516
<b>Total Liabilities</b>	\$ 2,894,930,887	\$ 2,203,386,938	\$ 5,098,317,825
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflow of resources related to pension	\$ 1,167,503	\$ -	\$ 1,167,503
Advanced payment for service concession agreement	-	3,854,637,978	3,854,637,978
Deferred service concession arrangement receipts	-	260,613,872	260,613,872
<b>Total Deferred Inflows of Resources</b>	\$ 1,167,503	\$ 4,115,251,850	\$ 4,116,419,353
<b>NET POSITION</b>			
Net investment in capital assets	\$ 423,859,184	\$ 319,145,177	\$ 743,004,361
Restricted for:			
Debt service	68,452,235	-	68,452,235
Environmental and other projects	-	1,624,404,401	1,624,404,401
Unrestricted	117,891,485	(3,797,831,536)	(3,679,940,051)
<b>Total Net Position</b>	\$ 610,202,904	\$ (1,854,281,958)	\$ (1,244,079,054)

See accompanying notes to financial statements.

**INDIANA FINANCE AUTHORITY**  
**GOVERNMENT WIDE FINANCIAL STATEMENTS**  
**STATEMENT OF ACTIVITIES**  
**For the year ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating and Capital Grants	Governmental Activities	Business-Type Activities	Total
<b>Primary Government</b>						
<b>Governmental Activities:</b>						
General Government	\$ 4,629,616	\$ 5,531,054	\$ -	\$ 901,438	\$ -	\$ 901,438
Conduit Debt Program	138,247	246,910	-	108,663	-	108,663
Environmental	6,702,218	4,173,542	1,056,463	(1,472,213)	-	(1,472,213)
Transportation Finance	47,663,824	45,029,160	-	(2,634,664)	-	(2,634,664)
State Office Buildings Finance	5,522,567	6,351,418	-	828,851	-	828,851
Indiana Motorsports Commission	3,039,511	3,039,511	-	-	-	-
Public Private Partnerships	149,803,543	111,362,105	-	(38,441,438)	-	(38,441,438)
Stadium and Convention Center Finance	49,323,311	45,152,922	4,170,389	-	-	-
<b>Total Governmental Activities</b>	<b>266,822,837</b>	<b>220,886,622</b>	<b>5,226,852</b>	<b>(40,709,363)</b>	<b>-</b>	<b>(40,709,363)</b>
<b>Business-Type Activities:</b>						
Drinking Water and Wastewater	85,516,776	78,801,592	53,882,739	-	47,167,555	47,167,555
Water Infrastructure Assist Fund	6,077,449	25,289,865	-	-	19,212,416	19,212,416
Toll Road Lease	9,295,312	80,242,831	-	-	70,947,519	70,947,519
Local Trans Infrastructure Revolving Fund	-	39,334	-	-	39,334	39,334
Flood Control	46	25,314	-	-	25,268	25,268
Health and Education	358,591	509,580	-	-	150,989	150,989
<b>Total Business-Type Activities</b>	<b>101,248,174</b>	<b>184,908,516</b>	<b>53,882,739</b>	<b>-</b>	<b>137,543,081</b>	<b>137,543,081</b>
<b>Total Primary Government</b>	<b>\$ 368,071,011</b>	<b>\$ 405,795,138</b>	<b>\$ 59,109,591</b>	<b>\$ (40,709,363)</b>	<b>\$ 137,543,081</b>	<b>\$ 96,833,718</b>
<b>General Revenues</b>						
Investment earnings, net				\$ 330,089	\$ 1,551,741	\$ 1,881,830
<b>Other Financing Sources</b>						
Transfers				116,976	(116,976)	-
<b>Total General and Other Sources</b>				<b>447,065</b>	<b>1,434,765</b>	<b>1,881,830</b>
<b>Change in net position</b>				<b>(40,262,298)</b>	<b>138,977,846</b>	<b>98,715,548</b>
<b>Net Position - Beginning of year</b>				<b>650,465,202</b>	<b>(1,993,259,804)</b>	<b>(1,342,794,602)</b>
<b>Net Position - End of year</b>				<b>\$ 610,202,904</b>	<b>\$ (1,854,281,958)</b>	<b>\$ (1,244,079,054)</b>

See accompanying notes to financial statements.

**INDIANA FINANCE AUTHORITY  
FUND FINANCIAL STATEMENTS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2022**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
<b><u>ASSETS</u></b>			
Cash	\$ 396,745	\$ -	\$ 396,745
Investments	1,876,906	14,248,809	16,125,715
Interest receivable on investments	837	12,134	12,971
Interest receivable on loans	-	21	21
Accounts receivable	3,986,032	57,775	4,043,807
Loans receivable, net	-	4,041,361	4,041,361
Interfund receivable	723,188	-	723,188
Capital assets, net of accumulated depreciation	-	3,531,001	3,531,001
<b>Total Assets</b>	<b>\$ 6,983,708</b>	<b>\$ 21,891,101</b>	<b>\$ 28,874,809</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable and accrued expenses	\$ 735,465	\$ 383,719	\$ 1,119,184
Interfund payable	-	206,488	206,488
<b>Total Liabilities</b>	<b>735,465</b>	<b>590,207</b>	<b>1,325,672</b>
Fund Balances:			
Nonspendable			
Equipment	-	3,531,001	3,531,001
Restricted	-	-	-
Committed			
Environmental Brownfield remediation	-	7,636,865	7,636,865
Assigned			
Environmental Brownfield remediation	-	8,594,570	8,594,570
Unassigned	6,248,243	1,538,458	7,786,701
<b>Total Fund Balances</b>	<b>6,248,243</b>	<b>21,300,894</b>	<b>27,549,137</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,983,708</b>	<b>\$ 21,891,101</b>	<b>\$ 28,874,809</b>

See accompanying notes to financial statements.

**INDIANA FINANCE AUTHORITY  
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE GOVERNMENT WIDE STATEMENT OF NET POSITION  
June 30, 2022**

---

**Total fund balances - governmental funds** \$ 27,549,137

Amounts reported for governmental activities in the statement of net position are different because:

Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Funds for Highway Revenue Bonds, State Office Building Commission, Transportation Finance General, Public Private Partnerships, Indiana Motorsports Commission, and Stadium and Convention Center Financing Program are included in governmental activities in the statement of net position. 583,643,975

Effect of net pension liability and deferred inflow and outflow of resources related to pension liability. (990,208)

**Net position of governmental activities** \$ 610,202,904

---

See accompanying notes to financial statements.

**INDIANA FINANCE AUTHORITY  
FUND FINANCIAL STATEMENTS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
For the year ended June 30, 2022**

	<b>General</b>	<b>Other Governmental Funds</b>	<b>Totals</b>
<b>Revenues</b>			
State appropriations	\$ -	\$ 2,500,000	\$ 2,500,000
Investment earnings, net	3,939	26,353	30,292
Interest on loans	-	1,696	1,696
Financing fees and premiums	568,507	246,910	815,417
Grants and other funding	4,966,315	1,671,846	6,638,161
<b>Total Revenues</b>	<u>5,538,761</u>	<u>4,446,805</u>	<u>9,985,566</u>
<b>Expenditures</b>			
General government	4,985,568	-	4,985,568
Business development	-	138,247	138,247
Environmental	-	6,702,218	6,702,218
<b>Total Expenditures</b>	<u>4,985,568</u>	<u>6,840,465</u>	<u>11,826,033</u>
<b>Excess (Deficit) of Revenues over Expenditures</b>	<u>553,193</u>	<u>(2,393,660)</u>	<u>(1,840,467)</u>
<b>Other Financing Sources</b>			
Capital contributions	-	1,056,463	1,056,463
<b>Total Other Financing Sources</b>	<u>-</u>	<u>1,056,463</u>	<u>1,056,463</u>
<b>Net Change in Fund Balances</b>	553,193	(1,337,197)	(784,004)
<b>Fund Balances - Beginning of year</b>	5,695,050	22,638,091	28,333,141
<b>Fund Balances - End of year</b>	<u>\$ 6,248,243</u>	<u>\$ 21,300,894</u>	<u>\$ 27,549,137</u>

See accompanying notes to financial statements.

**INDIANA FINANCE AUTHORITY**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**TO THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES**  
**For the year ended June 30, 2022**

---

**Net change in fund balances - governmental funds** \$ (784,004)

Amounts reported for governmental activities in the statement of activities are different because:

Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The net revenues (expenses) of the Internal Service Funds for Highway Revenue Bonds, State Office Building Commission, Transportation Finance General, Public Private Partnerships, Indiana Motorsports Commission, and Stadium and Convention Center Financing Program are included in governmental activities in the statement of activities. (39,834,246)

Effect of net pension liability and deferred inflow and outflow of related to net pension liability, pension expense and amortization of deferrals. 355,952

**Change in net position of governmental activities** \$ (40,262,298)

---

See accompanying notes to financial statements.

**INDIANA FINANCE AUTHORITY  
FUND FINANCIAL STATEMENTS  
STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
June 30, 2022**

	Enterprise Funds				Total	Internal Service Funds
	State Revolving Fund	Toll Road Lease Fund	Water Infrastructure Assistance Fund	Other Enterprise Funds		
<b>ASSETS</b>						
Current assets:						
Cash	\$ -	\$ -	\$ -	\$ 2,298,174	\$ 2,298,174	\$ -
Investments	307,038,661	36,794,600	97,207,434	14,078,938	455,119,633	383,692,575
Interest receivable on investments	634,444	31,007	75,615	9,452	750,518	97,190
Interest receivable on loans	35,010,907	-	120,023	84,809	35,215,739	-
Prepaid expenses	-	-	-	-	-	2,196,550
Loan revenue receivable	-	2,581,205	-	-	2,581,205	26,339,321
Grants and accounts receivable	390,820	-	688,941	26,065	1,105,826	10,045,970
Loans receivable, net	160,299,116	-	773,613	1,491,080	162,563,809	14,050,000
Interfund receivable	-	-	-	259,733	259,733	-
Investment in direct financing loan receivable	-	-	-	-	-	76,424,099
<b>Total current assets</b>	<b>503,373,948</b>	<b>39,406,812</b>	<b>98,865,626</b>	<b>18,248,251</b>	<b>659,894,637</b>	<b>512,845,705</b>
Noncurrent assets:						
Investments	19,273,852	-	-	-	19,273,852	-
Investment in direct financing loan receivable	-	-	-	-	-	634,922,742
Prepaid expenses	-	-	-	-	-	95,978,429
Loans receivable, net	3,176,642,709	-	15,392,659	7,437,316	3,199,472,684	992,698,987
Intangible lease asset	-	-	-	1,967,508	1,967,508	-
Capital assets, net of accumulated depreciation	105,330	579,653,719	-	192,861	579,951,910	1,190,418,781
<b>Total noncurrent assets</b>	<b>3,196,021,891</b>	<b>579,653,719</b>	<b>15,392,659</b>	<b>9,597,685</b>	<b>3,800,665,954</b>	<b>2,914,018,939</b>
<b>Total Assets</b>	<b>\$ 3,699,395,839</b>	<b>\$ 619,060,531</b>	<b>\$ 114,258,285</b>	<b>\$ 27,845,936</b>	<b>\$ 4,460,560,591</b>	<b>\$ 3,426,864,644</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred swap termination	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,272,342
Loss on debt refunding	3,796,239	-	-	-	3,796,239	4,357,697
<b>Total Deferred Outflows of Resources</b>	<b>\$ 3,796,239</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,796,239</b>	<b>\$ 49,630,039</b>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable and accrued expenses	\$ 325,724	\$ 2,581,245	\$ -	\$ 140,614	\$ 3,047,583	\$ 4,561,310
Interfund payable	541,481	-	-	38,024	579,505	196,928
Interest payable	34,365,652	-	-	-	34,365,652	22,919,769
Amount due to primary government	-	-	-	-	-	134,908,335
Unearned revenue	-	-	-	-	-	102,132,101
Lease liability	-	-	-	162,206	162,206	-
Revenue bonds payable	112,860,000	-	-	-	112,860,000	97,630,000
Contract payable	-	-	-	-	-	23,068,883
Notes payable	7,852,900	-	-	-	7,852,900	1,609,476
Pollution remediation	-	667,989	-	-	667,989	-
<b>Total current liabilities</b>	<b>155,945,757</b>	<b>3,249,234</b>	<b>-</b>	<b>340,844</b>	<b>159,535,835</b>	<b>387,026,802</b>
Noncurrent liabilities:						
Lease liability	-	-	-	1,810,265	1,810,265	-
Contract payable	-	-	-	-	-	735,486,694
Notes payable	299,192,900	-	-	-	299,192,900	2,257,742
Revenue bonds payable	1,667,878,112	-	-	-	1,667,878,112	1,768,079,470
Amount due to federal government	35,190	-	-	-	35,190	-
Unearned revenue	-	-	74,934,636	-	74,934,636	-
<b>Total noncurrent liabilities</b>	<b>1,967,106,202</b>	<b>-</b>	<b>74,934,636</b>	<b>1,810,265</b>	<b>2,043,851,103</b>	<b>2,505,823,906</b>
<b>Total Liabilities</b>	<b>\$ 2,123,051,959</b>	<b>\$ 3,249,234</b>	<b>\$ 74,934,636</b>	<b>\$ 2,151,109</b>	<b>\$ 2,203,386,938</b>	<b>\$ 2,892,850,708</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Advanced payment for service concession agreement	\$ -	\$ 3,854,637,978	\$ -	\$ -	\$ 3,854,637,978	\$ -
Deferred service concession arrangement receipts	-	260,613,872	-	-	260,613,872	-
<b>Total Deferred Inflows of Resources</b>	<b>\$ -</b>	<b>\$ 4,115,251,850</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,115,251,850</b>	<b>\$ -</b>
<b>NET POSITION</b>						
Net investment in capital assets	\$ 105,330	\$ 319,039,847	\$ -	\$ -	\$ 319,145,177	\$ 420,328,183
Restricted for debt service	-	-	-	-	-	68,452,235
Restricted for environmental and other projects	1,580,034,789	-	39,323,649	5,045,963	1,624,404,401	-
Unrestricted	-	(3,818,480,400)	-	20,648,864	(3,797,831,536)	94,863,557
<b>Total Net Position</b>	<b>\$ 1,580,140,119</b>	<b>\$ (3,499,440,553)</b>	<b>\$ 39,323,649</b>	<b>\$ 25,694,827</b>	<b>\$ (1,854,281,958)</b>	<b>\$ 583,643,975</b>

See accompanying notes to financial statements.

**INDIANA FINANCE AUTHORITY**  
**RECONCILIATION OF STATEMENT OF NET POSITION - PROPRIETARY FUNDS TO THE**  
**GOVERNMENT WIDE STATEMENT OF NET POSITION**  
**June 30, 2022**

---

**Total net position - enterprise funds** \$(1,854,281,958)

Amounts reported for business-type activities in the statement of net position are different because:

Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Funds for the State Fair Fund and the Recreational Development Commission are included in business-type activities in the statement of net position.

\_\_\_\_\_ -

**Net position of business-type activities** \$(1,854,281,958)

**Note:** The State Fair Fund and the Recreational Development Commission have no balances on the Government Wide Statement of Net Position at June 30, 2022.

**INDIANA FINANCE AUTHORITY  
FUND FINANCIAL STATEMENTS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET POSITION - PROPRIETARY FUNDS  
For the year ended June 30, 2022**

	Enterprise Funds					Internal Service Funds
	State Revolving Fund	Toll Road Lease Fund	Water Infrastructure Assistance Fund	Other Enterprise Funds	Total	
<b>Operating Revenues</b>						
State appropriations	\$ -	\$ -	\$ 20,000,000	\$ -	\$ 20,000,000	\$ -
Loan financing revenue	-	74,237,048	-	-	74,237,048	115,555,106
Interest on loans	77,618,353	-	224,501	202,204	78,045,058	-
Financing fees and premiums	1,045,431	-	-	509,580	1,555,011	1,738,112
Other funding	-	6,005,783	-	252	6,006,035	84,937,598
Total operating revenue	<u>78,663,784</u>	<u>80,242,831</u>	<u>20,224,501</u>	<u>712,036</u>	<u>179,843,152</u>	<u>202,230,816</u>
<b>Operating Expenses</b>						
Personal services	2,474,971	-	-	87,401	2,562,372	524,408
Nonpersonal services	71,125	-	-	218,336	289,461	760,905
Professional services	485,596	221,045	-	2,771,538	3,478,179	3,471,390
Supplies	2,163	-	-	358	2,521	2,150
Equipment and building fixtures	4,818	-	-	5,554	10,372	33,324
Travel	8,768	-	-	4,427	13,195	-
Interest expense	48,783,186	-	-	-	48,783,186	105,090,231
Depreciation and bond issuance costs	2,373,922	-	-	-	2,373,922	2,599,252
Grants	97,611	-	5,751,883	1,097,629	6,947,123	12,867,899
Reimbursement agreement loss	1,547,155	-	-	-	1,547,155	-
Other expense	80,348	351,390	-	88,101	519,839	33,104,494
Total operating expenses	<u>55,929,663</u>	<u>572,435</u>	<u>5,751,883</u>	<u>4,273,344</u>	<u>66,527,325</u>	<u>158,454,053</u>
Operating income	<u>22,734,121</u>	<u>79,670,396</u>	<u>14,472,618</u>	<u>(3,561,308)</u>	<u>113,315,827</u>	<u>43,776,763</u>
<b>Nonoperating Revenues (Expenses)</b>						
Investment earnings, net	1,317,429	69,540	150,442	14,329	1,551,740	296,029
Distribution to primary government	-	(8,722,877)	-	-	(8,722,877)	(96,898,703)
Total nonoperating revenues (expenses)	<u>1,317,429</u>	<u>(8,653,337)</u>	<u>150,442</u>	<u>14,329</u>	<u>(7,171,137)</u>	<u>(96,602,674)</u>
<b>Income (loss) before Capital Contributions and Transfers</b>	24,051,550	71,017,059	14,623,060	(3,546,979)	106,144,690	(52,825,911)
<b>Capital Contributions</b>	53,882,739	-	5,065,364	-	58,948,103	12,874,689
<b>Forgivable Loan Expense</b>	(25,672,406)	-	(325,566)	-	(25,997,972)	-
<b>Transfers in (out)</b>	(427,339)	(107,045)	-	427,339	(107,045)	107,046
<b>Change in Net Position</b>	51,834,544	70,910,014	19,362,858	(3,119,640)	138,987,776	(39,844,176)
<b>Net Position - Beginning of year</b>	1,528,305,575	(3,570,350,567)	19,960,791	28,814,467	(1,993,269,734)	623,488,151
<b>Net Position - End of year</b>	<u>\$ 1,580,140,119</u>	<u>\$ (3,499,440,553)</u>	<u>\$ 39,323,649</u>	<u>\$ 25,694,827</u>	<u>\$ (1,854,281,958)</u>	<u>\$ 583,643,975</u>

See accompanying notes to financial statements.

**INDIANA FINANCE AUTHORITY  
FUND FINANCIAL STATEMENTS  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION - PROPRIETARY FUNDS TO THE GOVERNMENT WIDE  
STATEMENT OF ACTIVITIES  
For the year ended June 30, 2022**

---

**Net change in net position - enterprise funds** \$ 138,987,776

Amounts reported for business-type activities in the statement of activities are different because:

Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The net revenues (expenses) of the Internal Service Funds for the State Fair Fund and the Recreational Development Commission are included in business-type activities in the statement of activities.

(9,930)

**Change in net position of business-type activities** \$ 138,977,846

---

See accompanying notes to financial statements.

**INDIANA FINANCE AUTHORITY**  
**FUND FINANCIAL STATEMENTS**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**For the year ended June 30, 2022**

	Enterprise Funds					Internal Service Funds
	State Revolving Fund	Toll Road Lease Fund	Water Infrastructure Assistance Fund	Other Enterprise Funds	Total	
<b>Cash Flows from Operating Activities</b>						
Loan, rent and toll receipts	\$ -	\$ 8,869,437	\$ -	\$ -	\$ 8,869,437	\$ 187,922,532
Other operating income	46,776	1,662,217	99,311,059	289,252	101,309,304	108,040,602
Payments for general and administrative expenses	(3,591,028)	(9,346,686)	-	(3,101,165)	(16,038,879)	(140,346,052)
Payments for grants	-	-	(5,751,883)	(1,097,629)	(6,849,512)	-
Transfers	(427,339)	-	-	427,339	-	2
Net Cash Provided (Used) by Operating Activities	(3,971,591)	1,184,968	93,559,176	(3,482,203)	87,290,350	155,617,084
<b>Cash Flows from Investing Activities</b>						
Principal repayments of loans	180,423,748	-	220,000	1,953,565	182,597,313	349,540,000
Issuance of loans	(424,093,126)	-	(11,531,077)	(1,751,389)	(437,375,592)	(422,542,565)
Change in investments	18,729,696	-	-	-	18,729,696	-
Interest received on loans and investments, net	77,195,350	39,154	191,118	213,936	77,639,558	207,676
Change in direct financing loan receivable	-	-	-	-	-	(123,990,821)
Purchase/transfer of property and equipment	-	-	-	-	-	114,673,671
Net Cash Provided (Used) by Investing Activities	(147,744,332)	39,154	(11,119,959)	416,112	(158,409,025)	(82,112,039)
<b>Cash Flows from Non-Capital Financing Activities</b>						
Proceeds from debt issuance	475,238,064	-	-	-	475,238,064	-
Principal payments to reduce indebtedness including refunding	(173,260,245)	-	-	-	(173,260,245)	-
Interest paid on debt	(75,797,761)	-	-	-	(75,797,761)	-
Net Cash Provided by Non-Capital Financing Activities	223,806,597	-	-	-	223,806,597	-
<b>Cash Flows from Capital and Related Financing Activities</b>						
Proceeds from debt issuance	-	-	-	-	-	552,654,460
Principal payments to reduce indebtedness	-	-	-	-	-	(588,018,802)
Interest paid on debt	-	-	-	-	-	(104,196,764)
Direct financing loan receivable principal receipts	-	-	-	-	-	217,880,000
Acquisition of capital assets	-	-	-	-	-	(82,935,343)
Capital contributions	53,688,224	-	-	-	53,688,224	6,790
Issuance of forgivable loans to participants	(25,672,406)	-	-	-	(25,672,406)	-
Net Cash Provided (Used) by Capital Financing Activities	28,015,818	-	-	-	28,015,818	(4,609,659)
<b>Net Increase in Cash and Short-term Investments</b>	100,106,492	1,224,122	82,439,217	(3,066,091)	180,703,740	68,895,386
<b>Cash and Short-term Investments</b>						
Beginning of Year	206,932,169	35,570,478	14,768,217	19,443,203	276,714,067	314,797,189
End of Year	\$ 307,038,661	\$ 36,794,600	\$ 97,207,434	\$ 16,377,112	\$ 457,417,807	\$ 383,692,575
<b>Cash and Short-term Investments</b>						
Cash	\$ -	\$ -	\$ -	\$ 2,298,174	\$ 2,298,174	\$ -
Short-term Investments	307,038,661	36,794,600	97,207,434	14,078,938	455,119,633	383,692,575
	\$ 307,038,661	\$ 36,794,600	\$ 97,207,434	\$ 16,377,112	\$ 457,417,807	\$ 383,692,575
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>						
Operating income	\$ 22,734,121	\$ 79,670,396	\$ 19,212,416	\$ (3,561,308)	\$ 118,055,625	\$ 56,644,662
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Interest on loans	(77,618,353)	-	(224,501)	(202,204)	(78,045,058)	-
Interest expense	48,783,186	-	-	-	48,783,186	105,090,231
Bond issuance costs	2,373,461	-	-	-	2,373,461	2,395,764
Amortization of deferred revenue	-	(69,711,177)	-	-	(69,711,177)	-
Depreciation	461	-	-	-	461	203,488
Distribution to primary government	-	(8,722,877)	-	-	(8,722,877)	(96,898,703)
Transfer for administrative reimbursement	(427,339)	(107,045)	-	427,339	(107,045)	107,046
Changes in assets and liabilities:						
Accounts receivable and other assets	(128,087)	(533,968)	(363,375)	(132,479)	(1,157,909)	(9,349,687)
Accounts payable, accrued expenses and other liabilities	473,178	589,639	-	(13,551)	1,049,266	20,668,086
Unearned revenue	-	-	74,934,636	-	74,934,636	76,756,197
Amount due to federal government	(162,219)	-	-	-	(162,219)	-
Net Cash Provided (Used) by Operating Activities	\$ (3,971,591)	\$ 1,184,968	\$ 93,559,176	\$ (3,482,203)	\$ 87,290,350	\$ 155,617,084

See accompanying notes to financial statements.

INDIANA FINANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
For the year ended June 30, 2022

---

**NOTE 1 - REPORTING ENTITY AND BASIS OF FINANCIAL PRESENTATION**

The accompanying financial statements of Indiana Finance Authority (IFA) as of June 30, 2022, and for the fiscal year then ended, conform with accounting principles generally accepted in the United States of America as applied to governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. The GASB's Codification of Governmental Accounting and Financial Reporting Standards document these principles. IFA's significant accounting policies are as follows:

**Reporting Entity:** IFA is a component unit of the State of Indiana (State) and IFA's primary purpose is to oversee State-related debt issuance and provide efficient and effective financing solutions to facilitate state, local government, and business investment in the State. IFA was constituted pursuant to changes made to Indiana Code 4-4-10 & 11 et seq., via Public Law 235-2005 as enacted by the Indiana General Assembly in 2005 (PL 235), replaced by Indiana Code 5-1.2-1-1 et seq., via Public Law 189-2018 as enacted by the Indiana General Assembly in 2018 (PL189).

In order to provide economic efficiencies, management synergies, and enable the State to communicate as one voice with the various participants in the financial markets, the Indiana Development Finance Authority (IDFA), the State Office Building Commission (SOBC), the Indiana Transportation Finance Authority (ITFA), State Revolving Fund Programs (SRF) and the Recreational Development Commission (RDC) were consolidated under the new Indiana Finance Authority on May 15, 2005 in PL 235, replaced by PL189 in 2018. On July 1, 2007, the Indiana Health and Education Facility Finance Authority (IHEFFA) was consolidated under IFA. For purposes of comparison, the previously existing entities are reported in a way that may give the impression that they are still in existence. However, IDFA, SOBC, ITFA, IHEFFA and RDC are no longer existing legal entities. Additional funds that have been created since IFA's inception include Stadium and Convention Center, Indiana Toll Road Lease, State Fair, Public Private Partnerships, Indiana Motorsports Commission, Flood Control Revolving Fund, and Local Transportation Infrastructure Revolving Fund.

IFA's primary programs include:

State Finance Programs: As the successor entity to these formerly separate debt issuing entities, IFA is authorized to issue revenue bonds payable from loan financing revenues under lease agreements with various State agencies, and to finance or refinance the cost of acquiring, building and equipping structures for State use, including State office buildings, garages, highways, bridges, airport facilities, correctional facilities, State hospitals, and recreational facilities related to State parks.

INDIANA FINANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
For the year ended June 30, 2022

---

**NOTE 1 - REPORTING ENTITY AND BASIS OF FINANCIAL PRESENTATION**

(Continued)

Business Finance Programs: The following are IFA's business finance programs:

- Volume Cap - Indiana's \$749 million capacity to issue private activity bonds, competitively awarded based on jobs created and/or retained, wages, capital investment, project location, dedication to low-income housing and other factors.
- Tax-Exempt Bond - Industrial revenue bonds, refunding bonds, 501(c)(3) bonds, and smaller bonds issued monthly.
- Health and Education Facilities - Financing alternatives for Indiana health care organizations and private institutions of higher education.

Environmental Finance Programs: The following are IFA's environmental finance programs:

- Indiana Brownfields Program - The Program offers financial, technical, legal and educational assistance to eligible entities involved in Brownfields redevelopment. IFA works in partnership with the U.S. Environmental Protection Agency (EPA) and other State agencies to assist communities in making productive use of their Brownfield properties.
- State Revolving Fund Programs (SRF) - The SRF Loan Program provides low-interest loans to Indiana communities for projects that improve wastewater and drinking water infrastructure.

**Segment Reporting:** Governments that report enterprise funds or that use enterprise fund accounting and reporting standards to report their activities are required to present segment information for those activities in the notes to the financial statements. A segment is an identifiable activity reported as, or within, an enterprise fund or other reporting entity that has one or more bonds or other debt instruments outstanding, with a revenue stream pledged in support of that debt.

For the benefit of stakeholders and to address accounting and reporting requirements commonly set forth in bond indentures, IFA has additionally disclosed condensed segment information for all non-conduit debt financing activities regardless of their reporting treatment as enterprise funds or other types of funds, and treatment as major versus non-major in the body of the basic financial statements.

**IFA Financial Statements:** The basic financial statements include statements required by GASB that present different financial views of IFA:

- The first two statements are government wide financial statements that provide both long-term and short-term information about IFA's overall financial status.

INDIANA FINANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
For the year ended June 30, 2022

---

**NOTE 1 - REPORTING ENTITY AND BASIS OF FINANCIAL PRESENTATION**

(Continued)

- The remaining statements are fund financial statements that focus on individual parts of IFA, reporting IFA's operation in more detail than the government wide statements.

The financial statements also include these notes that explain some of the information in the financial statements and provide data that is more detailed. Please note the breakdown of the statements is required by GASB and for financial statement reporting only.

**A. Government Wide Financial Statements Basis of Presentation:** IFA includes operating functions that conduct governmental activities and business-type activities, which collectively present a government wide summary of the financial position and activities of IFA. The Statement of Net Position and the Statement of Activities display government wide information. IFA's government wide financial statements are divided into two categories:

- **Governmental activities** include the Operating Account (General Fund), Conduit Debt General Program Fund, Environmental Remediation Revolving Loan Fund, Petroleum Remediation Grant Fund, and Brownfields Cleanup Revolving Fund. Although most internal service funds are associated with business-type activities, some of IFA's internal service funds have characteristics more closely associated with governmental activities. Internal service funds classified as governmental activities include the Highway Revenue Bonds, Stadium and Convention Center Financing, Transportation Finance General, Indiana Motorsports Commission, Public Private Partnerships, and State Office Building Commission.
- **Business-type activities** include the State Revolving Fund, Supplemental Fund, Flood Control Revolving Fund, Conduit Debt Program Fund, Indiana Toll Road Lease Fund, Airport Facilities Fund, Local Transportation Infrastructure Revolving Fund, Water Infrastructure Assistance Fund, State Fair Fund, and Recreational Development Commission.

**B. Fund Financial Statements Presentation:** These statements are reported in two categories: Governmental Funds and Proprietary Funds.

**1) Governmental Funds** - Governmental Funds report activities for IFA and other State Agencies that support the overall State's basic services. Governmental funds include:

**General Fund:** The General Fund is used to account for IFA activities not required to be accounted for in another fund. Examples of activities accounted for within the General Fund include IFA operating budget activity, program service revenue and expenses, and certain business and environmental finance programs, not included in special revenue funds or other fund types.

INDIANA FINANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
For the year ended June 30, 2022

---

**NOTE 1 - REPORTING ENTITY AND BASIS OF FINANCIAL PRESENTATION**  
(Continued)

**Special Revenue Funds:** Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specified purpose. IFA's Special Revenue Funds include the following:

The **Environmental Remediation Revolving Loan Fund (Brownfields Fund)** was created in 1997 by the General Assembly to facilitate economic development and environmental remediation for inactive or abandoned industrial or commercial property upon which redevelopment is difficult due to environmental issues.

The **Conduit Debt General Program Fund** is a special revenue fund, which provides financing alternatives for projects eligible for tax-exempt financing under the Internal Revenue Code for manufacturing projects, Indiana health care organizations, private institutions of education, and certain other qualified projects.

The **Petroleum Remediation Grant Fund** is a component of the Environmental Remediation Revolving Loan Fund that provides assistance to cities, towns, and counties in Indiana to complete remediation of petroleum contamination at Brownfield sites. IFA administers the program in conjunction with technical staff of the Indiana Department of Environmental Management (IDEM).

The **Brownfields Cleanup Revolving Fund** is a grant fund, which was capitalized by an award from the EPA. The purpose of the Fund is to establish a revolving loan within the grantee's organization, under a Cooperative Agreement with the EPA. The Fund is used solely to finance remediation activities at eligible Brownfield sites.

**2) Proprietary Funds** - Proprietary funds follow the economic resources measurement focus, which is concerned with the total resources necessary to operate a particular activity. Accordingly, these funds include capital assets and long-term debt that are not included in governmental funds. Proprietary funds include enterprise funds and internal service funds.

**Enterprise Funds:** Enterprise funds are used to report any activity for which a fee is charged to external users for goods or services. Activities are reported as enterprise funds if any of the following criteria are met. Governments should apply each of these criteria in the context of an activity's principal revenue source:

INDIANA FINANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
For the year ended June 30, 2022

---

**NOTE 1 - REPORTING ENTITY AND BASIS OF FINANCIAL PRESENTATION**

(Continued)

- The activity is financed with debt that is secured solely by a pledge of the net revenue from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit—even if that government is not expected to make any payments—is not solely from fees and charges of the activity.
- Laws or regulations require that the activity’s costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges rather than taxes or similar revenues.
- The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

IFA’s Enterprise Funds include:

**State Revolving Fund** reports on the Wastewater State Revolving Fund (WSRF) and Drinking Water State Revolving Fund (DWSRF) programs. The federal Water Quality Act of 1987, as amended in 1996, and further amended by the Water Resources and Development Act (WRRDA) of 2014 authorized the United States Environmental Protection Agency (EPA) to award capitalization grants to states for public drinking water system programs and water pollution control revolving fund programs. Pursuant to Indiana Code 13-18-13 (WSRF Act), as replaced by Indiana Code 5-1.2-10 effective July 1, 2018, the State established a water pollution control revolving fund program to provide financial assistance, essentially, to make loans to political subdivisions for eligible projects. A variety of political subdivisions and other eligible borrowers may receive loans from the WSRF Program, including municipal sewage works, sanitary districts, regional sewer districts and conservancy districts. Pursuant to Indiana Code 13-18-21 (DWSRF Act), as replaced by Indiana Code 5-1.2-10 effective July 1, 2018, the State has established a public drinking water system program to provide financial assistance for eligible projects. The SRF Programs provide both loans and forgivable loans to public water systems for eligible projects.

**Supplemental Fund** reports on low interest loans and grants provided to Indiana communities to improve drinking water and wastewater infrastructure.

INDIANA FINANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
For the year ended June 30, 2022

---

**NOTE 1 - REPORTING ENTITY AND BASIS OF FINANCIAL PRESENTATION**

(Continued)

**Conduit Debt Program Fund** reports on financing alternatives for projects eligible for tax-exempt financing under the Internal Revenue Code, Indiana health care organizations and private institutions of higher education.

**Flood Control Revolving Fund** reports on low interest loans provided to Indiana communities to improve flood control infrastructure.

**Water Infrastructure Assistance Fund** reports on low interest loans and grants provided to Indiana communities to improve water infrastructure.

**Indiana Toll Road Lease Fund** reports on the operating lease between IFA, as lessor, and Indiana Toll Road Concession Company, LLC (ITRCC), as lessee, to manage and operate the Indiana Toll Road, as approved by certain legislation adopted by the Indiana General Assembly. The operating lease began on June 29, 2006 with a term of 75 years. IFA owns the 157-mile highway, and leases it to ITRCC, which operates from the existing Indiana Toll Road headquarters in Granger, Indiana. IFA received a cash payment of approximately \$3.8 billion upon closing of the lease agreement, and ITRCC will receive all tolls and concession revenues for the next 75 years. On October 5, 2018, IFA amended its agreement with the ITRCC to allow ITRCC to increase the toll rates for heavy vehicles by 35%. As part of the amendment, IFA received \$400 million in fiscal year 2019, and \$300 million in fiscal year 2020 and in fiscal year 2021. The proceeds will be used to fund planned road projects in the seven Toll Road counties. The funds received in fiscal year 2019, fiscal year 2020, and fiscal year 2021 were transferred to INDOT's Major Moves Fund.

**Local Transportation Infrastructure Revolving Fund** reports on low interest loans provided to Indiana communities to improve transportation infrastructure.

**Internal Service Funds:** Internal service funds may be used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis. IFA's Internal Service Funds include:

INDIANA FINANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
For the year ended June 30, 2022

---

**NOTE 1 - REPORTING ENTITY AND BASIS OF FINANCIAL PRESENTATION**

(Continued)

**Public Private Partnerships** - The Public Private Partnership projects includes a joint project between Kentucky and Indiana to construct Downtown Crossing and East End bridges over the Ohio River. Public private partnership agreements were initiated between IFA and private parties. The private parties will construct, finance, operate, and maintain the projects. IFA and INDOT entered into use agreements.

**Highway Revenue Bonds'** primary purpose is to finance construction of highway and bridge projects that are managed by INDOT. This fund reports on the direct financing activities and construction of such projects.

**Indiana Motorsports Commission** is an internal service fund providing financing and leasing of real and personal property improvements for the benefit of an owner of a qualified motorsports facility within a motorsports investment district. The Indiana Motorsports Commission oversees construction of such projects.

**Stadium and Convention Center Financing Program** reports on the financing of the Indiana Stadium and Convention Center project. Construction of the project was managed by the Indiana Stadium and Convention Building Authority (ISCBA). IFA issued \$666 million of lease revenue bonds (Stadium), and \$329 million of lease revenue bonds (Convention Center) to finance a portion of the construction projects. IFA then entered into a loan agreement with the ISCBA structured with a payment schedule to meet debt service requirements on the bonds.

**State Fair Fund's** primary purpose was to finance the State Fair Coliseum renovation and build a new arena that is managed by the Indiana State Fair Commission. This fund reports on the direct financing activities and construction of the projects.

The previously existing **State Office Building Commission's** primary purpose was to construct, equip and lease state facilities through revenue bonds as authorized by the Indiana General Assembly. The facilities are loaned to the Department of Administration (DOA) of the State under use and occupancy agreements. IFA has been authorized to issue debt obligations to provide funds for:

- Financing the implementation of the Indiana Government Center Master Plan

INDIANA FINANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
For the year ended June 30, 2022

---

**NOTE 1 - REPORTING ENTITY AND BASIS OF FINANCIAL PRESENTATION**

(Continued)

- Infrastructure and transportation facilities in its vicinity, certain correctional facilities and certain hospitals
- Financing the Indiana State Museum acquisition, design and construction costs
- Conducting projects to reduce energy consumption costs and other operating costs at qualified state-owned institutions

The previously existing **Recreational Development Commission's** primary purpose was providing funds for projects involving Department of Natural Resources' properties. The Recreational Development Commission (RDC) was created in 1973 by an Act of the General Assembly. Effective May 15, 2005, all powers and duties of the RDC were transferred to IFA under IC 4-4-10.9 & 11, replaced by IC 5-1.2-6 effective July 1, 2018.

The **Transportation Finance General Fund's** primary purpose was reporting on the administrative functions of the Transportation Finance Authority, which included salary and benefits and other expenses that supported the related financings and refinancing activities.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting: The government wide statements and the proprietary fund statements use the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Government-mandated non-exchange revenues and voluntary non-exchange revenues and certain grants and entitlements are recognized in the period when all applicable eligibility requirements have been met.

During 2022, the IFA adopted GASB Statement No. 87, *Leases* (Statement No. 87). Statement No. 87 requires lessees to recognize a lease liability and an intangible right-to-use lease asset for leases that previously were classified as operating leases, thereby enhancing the relevance and consistency of information about a government's leasing activities. Statement No. 87 has been applied retrospectively to all years presented. The adoption had no impact on the opening balance of net position as of July 1, 2021. There is an immaterial difference between the intangible lease asset and lease liability that was recognized as expense in 2022. See Note 11 for further details.

IFA's activities also include lessee and lessor agreements that are considered to be a financed purchase under Statement No. 87. Therefore, not subject to Statement No. 87.

---

**INDIANA FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2022**

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Governmental funds are used to account for the government's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (that is, when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. For IFA, "available" means collectible within one month of the fiscal year end. Expenditures are recorded when the related fund liability is incurred. The governmental funds recognize expenditures for these liabilities to the extent they will be matured or liquidated with expendable financial resources.

Fund Accounting: IFA debt financing agreements and indentures may require the use of specific funds or subfunds to account for the activities within a specific bond issue or other IFA activities. As a result, governmental and proprietary funds may have subfunds and accounts that are considered separate accounting entities for internal reporting purposes. The operations of each specific fund are accounted for with a separate set of self-balancing accounts. IFA uses the following subfund types as applicable for debt financing and indenture agreements:

- General Funds
- Expense Funds
- Lease Revenue Funds
- Debt Service Funds
- Debt Service Reserve Funds
- Replacement Reserve Funds
- Construction Funds (including interest and clearing accounts)

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body establishing governmental accounting and financial reporting principles.

Use of Estimates in Preparation of Financial Statements: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred outflows and inflows of resources and 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 could differ from those estimates.

INDIANA FINANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
For the year ended June 30, 2022

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Internal Balances and Activity Reporting in Government Wide Financial Statements:

Transaction and balances are recorded as follows:

- **Between funds included in governmental activities column** - Eliminated within the governmental activities column.
- **Between funds included in business-type activities column** - Eliminated within the business-type activities column.
- **Between a fund included in governmental activities column and a fund included in the business-type activities column** - Internal balance; eliminated in the total activities primary government column.

Revenue Recognition: The primary revenue sources of IFA are accounted for as follows:

- State appropriations are made by the General Assembly on a biennial basis. Due to the uncertainty of allotment and release of appropriations, IFA records revenues when cash payments are received.
- Toll lease revenue is recognized on an accrual basis. (proprietary fund and government-wide statements)
- Direct financing loan receivable revenue and operating lease revenue are recognized on an accrual basis. (proprietary funds and government-wide statements)
- Investment earnings are recognized on an accrual basis for proprietary funds and government-wide statements, and modified accrual basis for governmental funds.
- Loan interest income is recorded on a modified accrual basis for governmental funds and full accrual for proprietary funds and government-wide statements.
- Grant income is recognized on an accrual basis for proprietary funds and government-wide statements, and modified accrual basis for governmental funds.
- Program revenue is recognized on an accrual basis for proprietary funds and government wide statements, and modified accrual basis for governmental funds.

Other relevant policies related to revenues follow:

- Program revenues derive directly from the program itself or from parties outside the reporting government's taxpayers or citizens as a whole. Program revenues are separately classified in three categories—(a) charges for services, (b) program-specific operating grants and contributions, and (c) program-specific capital grants and contributions.

INDIANA FINANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
For the year ended June 30, 2022

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- Operating revenues and expenses generally result from providing services or leasing property. Operating expenses include the cost of providing services, administrative services, and interest on debt and depreciation on capital assets. Governmental fund transactions for which cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities normally would not be reported as components of operating income.
- For proprietary funds, revenue and expense transactions normally classified as other than operating cash flows are classified as operating revenues and expenses if those transactions constitute principal ongoing operations. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.
- IFA's policy is to apply externally restricted and reserved funds first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Expense Classification: Expenses have been classified using functional and activity classifications using direct costs and estimated indirect cost allocations based upon time allocation and benefit. Direct expenses (charges based on actual use) are not eliminated, whereas indirect expense allocations made in the funds are reversed (unless reported in the separate column).

Net Position and Fund Balances: Net position is displayed in three components:

- The Net Investment in Capital Assets component consists of property or infrastructure that IFA acquired, net of the related debt.
- The Restricted Net Position component represents net position with constraints placed on their use that are either (i) externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or (ii) imposed by law through constitutional provisions or enabling legislation, as defined in GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*.
- The Unrestricted Net Position component consists of net position that does not meet the definition of the preceding two components. IFA has reserved fund equity in special revenue funds for specific purposes as stated in appropriations from the Indiana General Assembly or as designated by IFA's governing body.

INDIANA FINANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
For the year ended June 30, 2022

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- Governmental Funds: Fund balances are displayed in five components:
  - Non-spendable fund balance includes amounts not in spendable form.
  - Amounts listed in restricted fund balance are subject to constraints imposed by external organizations. For purposes of determining the ending fund balance, restricted funds are considered to be spent first when an expenditure occurs for which both restricted and unrestricted amounts are available.
  - Committed fund balance is amounts that are designated by an IFA Board resolution to be used for a specific purpose. If expenditure occurs for which committed, assigned or unassigned amounts are available, committed amounts are considered to be spent first, followed by assigned and then unassigned funds.
  - Assigned fund balance amounts are available for commitment by IFA Board resolution to projects within the Brownfield program.
  - Unassigned fund balance is the residual classification for the general fund.

Cash and Equivalents: Cash and equivalents include deposits in financial institutions and short-term investments with original maturities of 90 days or less.

Investments: Investments are recorded at fair value (see Note 4). Changes in the fair value of investments, including interest, dividends, realized and unrealized gains and losses are included in the Statement of Activities. Securities traded on a national exchange are valued at their last reported sales price on the primary exchange on which they are traded. Securities traded in the over-the-counter market, and listed securities for which no sale was reported on that date, are valued at the last reported bid price.

Capital Assets: Capital assets are recorded at historical cost. Cost includes interest expense, net of interest income, incurred during construction until the asset is placed in service.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Infrastructure Assets: The Indiana Toll Road Lease Fund, an enterprise fund, and Public Private Partnerships, an internal service fund, adopted the modified approach for recording infrastructure. Under the modified approach, infrastructure assets that are part of a network or subsystem of a network (hereafter, eligible infrastructure assets) are not required to be depreciated. Condition assessments are performed annually and disclosed as required supplemental information. Expenditures that qualify as maintenance, in nature, are recorded by the lessee. Additions and improvements to eligible infrastructure assets are capitalized by IFA when those additions or improvements increase the capacity or efficiency of infrastructure assets rather than preserve the useful life of the assets.

INDIANA FINANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
For the year ended June 30, 2022

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Direct Financing Loan Receivable: Direct financing loan receivable are accounted for by IFA, as lessor, as the sum of minimum loan payments and indirect costs less unearned income. Direct costs and unearned income are amortized over the loan term using the interest rate method that mirrors the underlying long-term debt.

Grants and Accounts Receivable: Grants and accounts receivable balances consist of amounts billed or billable for services provided, net of an allowance for doubtful accounts. Grants and accounts receivable are recorded at net realizable value when earned. Grant revenue is recognized as earned as the eligible expenses are incurred or activities are completed. Grant expenditures are subject to audit and acceptance by the granting agency and, because of such audit, adjustments could be required.

An allowance for uncollectible accounts is determined by management based upon historical losses, specific circumstances, and general economic conditions. Periodically, management reviews grants and accounts receivable and considers the need for an allowance based on current circumstances. Management has estimated that no allowance is necessary at June 30, 2022.

Loans Receivable and Allowance for Loans: Loans are carried at the principal amount outstanding. Interest income is accrued on the principal balances of loans. IFA's sources of funding for loans are from state appropriations and grants. Because there are a small number of significant loans outstanding, management estimates the allowance for loan loss by identifying specific troubled loans. The determination of the adequacy of the allowance for loan losses is based on estimates that are particularly susceptible to significant changes in the economic environment and market conditions. Management believes that as of June 30, 2022, the allowance for loan losses is adequate based on information currently available. A worsening or protracted economic decline in the areas that funds are loaned would increase the likelihood of additional losses because of credit and market risks and could create the need for additional loss allowance.

Unearned Revenue: Unearned revenue consists of funds received under the Coronavirus State Fiscal Recovery Funds in advance of eligibility requirements being met. Funds are recognized as revenue once all eligibility requirements are met in the ITFA General Fund and Water Infrastructure Assistance Fund.

Contract Payable: IFA has entered into a Public-Private Partnership (P3) in regard to the building of the East End Crossing (Louisville - Southern Indiana Ohio River Bridges Project). As part of the P3, the IFA will pay availability payments to the developer. The net present value of the payments are recorded as contract payable.

**INDIANA FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2022**

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Deferred Outflows of Resources: IFA reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government wide and proprietary funds statements of net position. The deferred outflows of resources reported at June 30, 2022, are deferred outflows of resources related to pension, deferred swap termination, and loss on debt refunding. Deferred outflows of resources related to the defined benefit pension plan are amortized over the expended future working lifetime of all plan members. The deferred swap termination and the loss on debt refunding are being amortized over the life of the refunding bonds as part of interest expense.

Deferred Inflows of Resources: IFA's government wide and proprietary funds statements of net position report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period(s). Deferred inflows of resources reported at June 30, 2022, are deferred inflow of resources related to pension, advanced payment for concession agreement, and deferred service concession arrangement receipts. The average expected remaining service lives is used to amortize all deferred inflows of resources related to the pension, except for the difference between expected and actual investment earnings, which is amortized over five years. The deferred inflows of resources for advanced payment for service concession agreement and deferred service concession arrangement receipts are being amortized over the life of the lease.

Amount Due to Primary Government: This following schedule represents governmental fund and internal service fund amounts that were due to the State at June 30, 2022:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
<b>Liabilities - Amount due to primary government</b>		
Current:		
Division of Historic Preservation and Archaeology	\$ 89,604	\$ -
Evansville State Hospital	8,079,407	
Government Center North	5,853,449	-
Government Center South	6,222,024	-
Government Parking Garages	6,265,866	-
Indiana State Museum	6,039,239	-
Logansport State Hospital	8,947,306	
Miami Correctional Facility	20,439,841	-
New Castle Correctional Facility	3,261,977	
Pendleton Juvenile Correctional Facility	14,297,569	-
Rockville Correctional Facility	10,642,868	-
Southeast Regional Treatment Center	4,989,806	
Toxicology Lab Project - ISP	9,314,974	-

**INDIANA FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2022**

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Toxicology Lab Project - ISDH	\$ 8,920	-
Neuro Diagnostic Institute	18,746,405	
Wabash Valley Correctional Facility	<u>11,709,080</u>	<u>-</u>
	<u>\$ 134,908,335</u>	<u>\$ -</u>

Long-term Debt: Bonds and notes payable are recorded at the principal amount outstanding, net of any applicable premium or discount.

Bond Discount and Issuance Costs: Bond discount costs are amortized using the effective interest method over the varying terms of the bonds issued. Issuance costs are recorded as expense when incurred.

Compensated Absences: Substantially all employees receive compensation for vacations, holidays, illness, and certain other qualifying absences. The number of days compensated for the various categories of absence is based generally on length of service. Vacation leave, which has been earned but not paid, has been accrued in the accompanying financial statements. Compensation for holiday and other qualifying absences is not accrued in the accompanying financial statements because rights to such compensation amounts either do not accumulate or vest.

Subsequent Events: IFA has evaluated the financial statements for subsequent events occurring through October 31, 2022, the date the financial statements were available to be issued. See Note 17.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

**IFA's Investment Policy:**

**I. Purpose:**

This document sets forth the investment policy of State Issuers, as defined below. This policy serves to ensure that the objectives listed below will be met and applies to: (1) the investment of bond proceeds for which State Issuers have investment responsibility and (2) all other funds related to debt issuance and management with respect to a body corporate and politic.

**INDIANA FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2022**

---

**NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

**II. Applicability:**

This policy applies to IFA and other bodies corporate and politic (collectively, "State Issuers") including, but not limited to, the Indiana Bond Bank, Indiana Housing and Community Development Authority, Indiana State Fair Commission, Ports of Indiana, Indiana Secondary Market for Education Loans (ISM), d/b/a INvestEd, and all state higher educational institutions; provided, however, that this policy shall not apply to those assets of ISM that are not encumbered by trust or otherwise, and instead the Statement of Investment Objectives and Guidelines for ISM as approved by its Board of Directors at a regularly scheduled meeting on April 17, 2014, shall apply to investment of those assets. For purposes of clarity, with respect to Conduit Debt, which is debt issued by a State Issuer and loaned to a Conduit Borrower, the Conduit Borrower, not the State Issuer shall have the investment responsibility for the proceeds of the Conduit Debt. Such proceeds may be invested in the permitted investments provided for in the resolution or indenture pursuant to which such Conduit Debt is issued and shall not be subject to the other provisions of this investment policy.

Any State Issuer may adapt its own investment policy in lieu of this policy, as long as such alternative policy is no less restrictive than this policy or is approved by the Public Finance Director.

**III. Objectives:**

The primary objectives, in priority order, of a State Issuer's investment program should be:

**A. Safety**

Safety of principal should be the foremost objective of the investment program. Investments should be made in a manner that seeks to ensure the preservation of capital in the overall portfolio. Credit risk will be minimized both by diversification (limiting the potential for loss from any one issuer or any one type of security) and by limiting investments to the types of securities described in Section VI hereof. Market risk will be minimized both by structuring the portfolio so that investments generally mature in time to meet anticipated cash requirements (limiting the need to sell securities prior to maturity) and by investing primarily in shorter-term securities.

**B. Liquidity**

The investment portfolio should be structured so that investments generally mature in time to meet anticipated cash requirements. Further, since all cash requirements cannot be anticipated, the portfolio should consist primarily of cash equivalents and securities with active secondary or resale markets.

**INDIANA FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2022**

---

**NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

**C. Yield**

The investment portfolio should be structured with the objective of attaining a market rate of return, taking into account the constraints of safety and liquidity described above. Return on investment is less important than safety and liquidity. Return on investment should typically approximate or exceed the calculated yield on 3-month constant-maturity U.S. Treasury obligations.

**D. Full Investment**

To the extent practicable, all funds should be fully deployed as earning assets.

**E. Minimal Turnover**

Securities should typically not be sold, or investment agreements terminated, prior to maturity, with the following exceptions: (1) A declining-credit security can be sold early to minimize the potential loss of principal. (2) A security can be sold and replaced with another if such action improves the quality or yield of the portfolio. (3) A security can be sold early to meet liquidity needs.

**IV. Delegation of Authority:**

Each State Issuer should appoint an Investment Officer that should establish controls and procedures to implement an investment program, which should include regular reporting to the Public Finance Director and to the governing board of the State Issuer.

**V. Standard of Care:**

**A. Prudence**

Investments should be made in accordance with the prudent person standard. This standard provides that an investor should act with the care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims.

Investment officers acting in accordance with this investment policy statement and any written procedures and exercising due diligence, should be relieved of personal liability for an individual security's credit risk or market price changes, provided that deviations from expected results are reported in a timely fashion and that appropriate action is taken to control adverse developments.

INDIANA FINANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
For the year ended June 30, 2022

---

**NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

**B. Ethics and Conflicts of Interest**

Investment Officers should refrain from personal business activity that could conflict with the proper execution and management of a State Issuer's investment program, or that could impair their ability to make impartial decisions. Investment Officers should also maintain knowledge of all applicable laws, rules, and regulations; and not knowingly violate, or participate or assist in the violation of, such laws, rules, and regulations.

**VI. Permitted Investments:**

- A. A State Issuer is only permitted to invest indentured funds in those securities authorized by the applicable trust indenture and statutes, which authorizations are hereby made a part of this policy. In addition to restrictions under indentures, it is the policy of a State Issuer to limit allowable investments to the following types of securities:
1. U.S. Treasury securities (*e.g.* bills, notes, bonds, SLGS, STRIPS, and TIPS), which are backed by the full faith and credit of the U.S. government
  2. Federal agency obligations (including both federally related institution securities and federally sponsored agency securities), including, but not limited to, Ginnie Mae, Fannie Mae, Freddie Mac, Farmer Mac, Federal Farm Credit Bank, and Federal Home Loan Bank debt
    - any full-faith-and-credit securities are permitted
    - non-full-faith-and-credit debt securities are permitted if rated in one of the two highest rating categories at the time of purchase by one of the following rating agencies: Fitch, Moody's, and Standard & Poor's (the "Rating Agencies")
  3. Mortgage pass-through securities issued by Ginnie Mae, Fannie Mae, or Freddie Mac
    - any full-faith-and-credit securities are permitted
    - non-full-faith-and-credit pass-through securities are permitted if guaranteed by the issuing agency, and if the issuing agency is rated in one of the two highest rating categories at the time of purchase by one of the Rating Agencies

**INDIANA FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2022**

---

**NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

4. Obligations of state and local governments in the United States and their political subdivisions, if rated in one of the three highest rating categories by one of the Rating Agencies at the time of purchase or such obligation is a pre-refunded obligation that has been legally defeased with any investments permitted in this policy. Exposure to the asset class should be limited to 20% of the portfolio market value, with a limit to 5% per issuer.
  5. Repurchase agreements, if at least 102% collateralized by any of the above
  6. Money market mutual funds regulated by the Securities and Exchange Commission
    - only no-load funds are permitted (*i.e.* no commission, gate or fee should be charged on purchases or sales of shares)
    - permitted funds will be those that limit assets of the fund to U.S. Treasury securities, federal agency securities, and repurchase agreements collateralized by the same; or that are rated in the highest rating category by one of the Rating Agencies
    - these funds seek to maintain a stable net asset value of \$1.00 per share
    - by definition these funds will meet the requirements for portfolio maturity, portfolio quality, and portfolio diversification in Rule 2a-7 under the Investment Company Act of 1940
  7. Commercial paper, if rated in the highest rating category by one of the Rating Agencies, with a maturity not to exceed 370 days. Exposure to the asset class should be limited to 20% of the portfolio market value, with a limit to 5% per issuer.
  8. Investment agreements, if the provider is rated the equivalent of Aa3 or higher by one of the Rating Agencies
  9. Time deposits (includes Certificates of Deposits, Money Market Accounts, Savings, etc) with maturities not exceeding five years, in state- or nationally-chartered banks whose deposits are insured by the Federal Deposit Insurance Corporation (“FDIC”), with balances not to exceed the FDIC coverage limit, or in any financial institution designated by the Indiana State Board of Finance as an approved depository for public funds, subject to the Indiana Board for Depositories’ Rules of Collateralization
- B. Additional securities may be added to the above approved list with the prior approval of the Public Finance Director and the governing board of the applicable State Issuer.

**INDIANA FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2022**

---

**NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

- C. Investments are not permitted in certain derivatives, nor in certain mutual funds, which invest primarily in such securities. Investments specifically prohibited are those characterized as being illiquid, highly volatile and difficult to value. Prohibited securities include, but are not limited to, mortgage derivatives such as Z-bonds, PAC-2s, and Re-REMICS.
  
- D. Pursuant to IC 4-4-11-15(50), replaced by IC 5-1.2-4-1(a)(40) effective July 1, 2018, certain swap agreements (as defined in IC 8-9.5-94) are permissible as part of the bond issuance process, pursuant to the guidelines of IC 8-9.5-9-5 and IC 8-9.5-9-7 (Appendix E). These agreements include rate swap agreements, basis swaps, forward rate agreements, interest rate options, rate cap agreements, rate floor agreements, rate collar agreements, and any similar agreements (including any option to enter into any such agreement).
  
- E. At times, funds may be invested for the betterment of the state economy or that of local entities within the state. These development-oriented investments may not fit the permitted investments listed above. In the future, any such investments will be subject to the prior approval of the Public Finance Director and the governing board of the State Issuer. The Indiana Seed Fund I, LLC, an existing equity investment under the former Indiana Health and Educational Facility Financing Authority, is an example that will not be subject to the requirements herein and was previously approved by that board.

**VII. Investment Parameters:**

**A. Maximum Maturity**

To the extent possible, investments will be matched with anticipated cash flow requirements. Unless matched to a specific cash flow, a State Issuer should not typically invest in securities maturing more than five years from the date of purchase. However, reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding five years, if the maturities of such investments precede the expected use of funds.

**B. Average Maturity**

The average weighted maturity of the portfolio should not typically exceed two years.

**INDIANA FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2022**

---

**NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

**C. Diversification**

Investments should be diversified by type of security and issuer. Except for cash equivalents and U.S. Treasury and Agency securities, the total portfolio should consist of no more than 20% of any single type of security.

**D. Investment Directives**

In lieu of specific investment directives, an Investment Officer may issue general directives to the appropriate trustee for the investment of certain funds. These directives should be consistent with this Policy and the appropriate trust indenture.

**VIII. Authorized Broker/Dealers:**

- A. All financial institutions currently serving as trustee for any State Issuer or component unit of a State Issuer are authorized to provide investment services, including investment advice, to a State Issuer. In addition, the Investment Officers should maintain a list of broker/dealers authorized to provide a State Issuer with investment services and advice. Such list should be reported to a State Issuer on an annual basis. Broker/dealers may be primary dealers or regionally recognized dealers. However, any broker/dealer which desires to serve in any capacity other than as an advisor should provide a State Issuer with the following in order to be initially approved and update the same annually, every July 1, for as long as the Authorized Broker/Dealer conducts business with the IFA:
- Current audited financial statements
  - Copies of their firm's Financial Industry Regulatory Authority ("FINRA") BrokerCheck Report, including the related reporting information for all individuals who will work on the IFA Account
  - Authorized Brokers/Dealers are required to update the IFA if any new Disclosure Events are posted to their FINRA BrokerCheck Report regarding the firm or any individuals working for the firm between yearly disclosures
  - Certification of having read this Investment Policy
- B. Each Investment Officer is authorized to enter into safekeeping agreements, wire transfer agreements or other agreements necessary or useful in administering this policy. A background check is required for each Investment Officer prior to this authorization.
- C. The Investment Officers should conduct an annual review of the financial condition and registration of all broker/dealers on the authorized list.

**INDIANA FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2022**

---

**NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

- D. In the event that an external investment advisor is used to assist with the management of assets, the investment advisors approved broker dealer list shall be kept on file and will be reviewed annually for changes.

**IX. Safekeeping and Custody:**

**A. Communication**

All investment transactions, including, but not limited to, those completed by telephone, should be supported in writing and approved by an Investment Officer. Written communication may be made by facsimile on State Issuer's letterhead.

**B. Book Entry**

A State Issuer should strive to invest in book-entry securities, thus avoiding physical delivery of securities. No securities should be physically stored or kept in the offices of a State Issuer.

**C. Custodial Safekeeping**

Securities purchased from any bank or dealer, including collateral when appropriate, should generally be placed with the appropriate trustee or with an independent third party for safekeeping.

Any security that is able to be wired over the FedWire will be kept safe in a customer or trust account in a Federal Reserve Bank through the appropriate custodial bank.

Any security not able to be wired over the FedWire that is held by the Depository Trust Corporation (DTC), should be held in the name of a State Issuer or trustee through the appropriate custodial bank.

Securities may be held by a broker/dealer to the extent the broker/dealer serves as an agent for a State Issuer or the appropriate trustee. No securities will be held by a broker/dealer without evidence of adequate Securities Investor Protection Corporation (SIPC) insurance (or protection judged to be equivalent by a State Issuer or the appropriate trustee).

**D. Delivery vs. Payment**

All securities will be held in accounts in the name of the State Issuer or the appropriate trustee. Securities will be deposited prior to the release of funds. Securities held by a third party custodian will be evidenced by safekeeping receipts.

**INDIANA FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended June 30, 2022

**NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

**X. Performance and Reporting:**

**A. Annual Report**

The Investment Officers should prepare an investment report at least annually, which should provide a clear picture of the status of the portfolio and transactions made over the preceding year. Such report should be designed to allow the governing body of a State Issuer and the Public Finance Director to ascertain whether the investment activities during the reporting period have conformed to this policy.

**B. Performance**

The portfolio should achieve a market rate of return during a market environment of stable interest rates. Portfolio performance should be compared at least annually to the yield on 3-month U.S. Treasury obligations. Such performance comparison should be included in the annual report.

**XI. Interest Rate Risk:**

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

At June 30, 2022, IFA had the following investments and maturities:

<b>Governmental Activities:</b>	<b>Investment Maturities (in years)</b>			
	Fair Value	Less than One Year	One to Five Years	Six to Ten Years
<b>Investment Type</b>				
Money Market Investment	\$ 363,354,560	\$ 363,354,560	\$ -	\$ -
U.S. Treasury	36,078,730	36,078,730	-	-
Bank Deposits	385,000	385,000	-	-
<b>Total</b>	<b>\$ 399,818,290</b>	<b>\$ 399,818,290</b>	<b>\$ -</b>	<b>\$ -</b>

<b>Business-Type Activities:</b>	<b>Investment Maturities (in years)</b>			
	Fair Value	Less than One Year	One to Five Years	Six to Ten Years
<b>Investment Type</b>				
Money Market Investment	\$ 436,496,586	\$ 436,496,586	\$ -	\$ -
U.S. Treasury	27,968,080	10,176,883	11,277,546	6,513,651
Government Obligations	9,928,819	8,446,164	1,482,655	-
<b>Total</b>	<b>\$ 474,393,485</b>	<b>\$ 455,119,633</b>	<b>\$ 12,760,201</b>	<b>\$ 6,513,651</b>

**INDIANA FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended June 30, 2022

**NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

**XII. Custodial Credit Risk:**

Custodial credit risk is the risk that IFA 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 IFA, and are held by either the counterparty of the counterparty's trust department or agent but not in IFA's name.

Due to compliance with provisions within IFA's Investment Policy, there was no custodial credit risk.

**XIII. Credit Risk:**

IFA's fixed income portfolio investment policy sets credit quality rating guidelines and benchmark indices for each of its sub asset classes and or as outlined in each portfolio manager contract. The quality rating of investments in fixed income securities as described by nationally recognized statistical rating organizations at June 30, 2022 are as follows:

**Governmental Activities:**

<u>Investment Type</u>	<u>S &amp; P</u>	<u>Moody's</u>	<u>Fitch</u>	<u>Fair Value</u>
Money Market Investment	AAAm	Aaa-mf	N/A	\$ 352,537,485
	AAAm	Aaa-mf	AAAmmf	10,817,075
U.S. Treasury	N/A	Aa1	AA+	36,078,730
Bank Deposits	AA-	Aa1	AA+	385,000
				<u>\$ 399,818,290</u>

**Business-Type Activities:**

<u>Investment Type</u>	<u>S &amp; P</u>	<u>Moody's</u>	<u>Fitch</u>	<u>Fair Value</u>
Money Market Investment	AAAm	Aaa-mf	N/A	\$ 217,675,006
	AAAm	Aaa-mf	AAAmmf	218,821,580
U.S. Treasury	AA+	Aaa	AAA	27,968,080
Government Obligations	AA+	Aaa	AAA	9,928,819
				<u>\$ 474,393,485</u>

**INDIANA FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2022**

---

**NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

**XIV. Concentration of Credit Risk:**

Concentration of credit risk is the risk of loss that may arise in the event of default by a single issuer. Under IFA's Investment Policy Statement, investments should be diversified by type of security and institution. Except for cash equivalents, indenture purpose investments, and U.S. Government Securities, the total portfolio should consist of no more than 20% of any single type of security. At June 30, 2022, there were no concentrations of credit risk.

The following table shows investments in issuers that represent 5% or more of the total investments at June 30, 2022:

BlackRock Fed Fund Instl 81	48%
Dreyfus Govt Cash Management Instl 289	15%
First Amer Prime Oblig Fd	13%
BlackRock Fed Trust Fund 100	7%
U.S. Treasury	7%

**XV. Foreign Currency Risk:**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Investments are not included as allowable investments per IFA's policy. At June 30, 2022, there was no foreign currency risk exposure.

**XVI. Securities Lending:**

The State Treasurer is authorized by statute (IC 5-13-10.5) to accept as collateral safekeeping receipts for securities from: (1) a duly designated depository or (2) a financial institution located either in or out of Indiana, having physical custody of securities, with a combined capital and surplus of at least \$10 million, according to the last statement of condition filed by the financial institution with its governmental supervisory body. The State Treasurer may not deposit aggregate funds in deposit accounts in any one designated depository in an amount aggregating at any one time more than 50% of the combined capital, surplus and undivided profits of that depository as determined by the last published statement (IC 5-13-10-3).

Indiana Code 5-13-10.5-13 states that securities may be lent only if the agreement under which the securities are lent is collateralized by (1) cash or (2) interest bearing obligations that are issued by, fully insured by, or guaranteed by the U.S., an agency of the U.S. government, a federal instrumentality, or a federal government sponsored enterprise; in excess of the total market value of the loaned securities.

**INDIANA FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2022**

---

**NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

Collateral securities and cash are initially pledged at 102% of the market value of the securities lent. The collateral securities cannot be pledged or sold by the State Treasurer unless the borrower defaults, but cash collateral may be invested. Cash collateral is generally invested in securities of a longer term with the mismatch of maturities generally 0-15 days. The contracts with custodians require them to indemnify the funds if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the funds for income distributions by the securities' issuers while the securities are on loan.

At June 30, 2022, the investments had no credit risk exposure on securities lending.

**XVII. Deposit Risks:**

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized or collateralized with securities held by the pledging financial institution. Deposits held in the four demand deposit accounts are carried at cost and are insured up to \$250,000 per financial institution. Deposits in the interest-bearing demand accounts held in excess of \$250,000 are not collateralized.

At June 30, 2022, the carrying amount of demand deposits was \$2,694,874, and bank balances were \$3,107,397. IFA's maximum risk was \$2,607,397 at June 30, 2022.

**NOTE 4 - FAIR VALUE MEASUREMENTS**

IFA 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 (Level 1) and the lowest priority to unobservable inputs (Level 3). The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

INDIANA FINANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
For the year ended June 30, 2022

---

**NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)**

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 IFA 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, IFA 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 IFA 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, 2022.

*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.

*Bank Deposits:* Determined by discounting the related cash flows on current yields of similar investments with comparable durations considering the credit-worthiness of the issuer.

*Government Obligations and U.S. Treasury:* Valued using pricing models maximizing the use of observable inputs for similar securities.

**INDIANA FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2022**

**NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)**

Following is a summary, within each level of the fair value hierarchy, of IFA assets and liabilities that are measured at fair value on a recurring basis as of June 30, 2022:

Assets	Level 1	Level 2	Level 3	Measured at NAV	Total
Investments:					
Money Markets Fund Shares	\$ 799,851,146	\$ -	\$ -	\$ -	\$ 799,851,146
Bank Deposits	-	385,000	-	-	385,000
Government Obligations and U.S. Treasury	-	73,975,629	-	-	73,975,629
	<u>-</u>	<u>73,975,629</u>	<u>-</u>	<u>-</u>	<u>73,975,629</u>
Total Assets at Fair Value	<u>\$ 799,851,146</u>	<u>\$ 74,360,629</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 874,211,775</u>

**NOTE 5 - LOANS RECEIVABLE**

IFA has seven programs that provide loans to qualified participants including:

**Governmental Activities:**

- 1) **Environmental Remediation Revolving Loan Fund (Brownfields)** - Loans facilitate economic development and environmental remediation for inactive or abandoned industrial or commercial property upon which redevelopment is difficult due to environmental issues. The program is federal and state funded. Net loans receivable were \$4,041,361 at June 30, 2022.
- 2) **Stadium and Convention Center Financing** - Loans provided to the Indiana Stadium and Convention Center Building Authority (ISCBA) for the construction of Lucas Oil Stadium and the expansion of the Indianapolis Convention Center. The program is federal and state funded. Loans receivable were \$1,006,748,987 at June 30, 2022.

**Business-Type Activities:**

- 3) **State Revolving Fund** - Low interest loans to Indiana communities for projects that improve wastewater and drinking water infrastructure. The program is federal funded. Net loans receivable were \$3,336,941,825 at June 30, 2022.
- 4) **Supplemental Fund** - Low interest loans provided to Indiana communities to improve drinking water and wastewater infrastructure. The program is state funded. Net loans receivable were \$6,407,934 at June 30, 2022.
- 5) **Flood Control Revolving Fund** - Low interest loans provided to Indiana communities to improve flood control infrastructure. The program is state funded. Net loans receivable were \$963,093 at June 30, 2022.

INDIANA FINANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
For the year ended June 30, 2022

---

NOTE 5 - LOANS RECEIVABLE (Continued)

- 6) **Local Transportation Infrastructure Revolving Fund** - Low interest loans provided to Indiana communities to improve transportation infrastructure. The program is state funded. Net loans receivable were \$1,557,369 at June 30, 2022.
- 7) **Water Infrastructure Assistance Fund** - Low interest loans provided to Indiana communities to improve water infrastructure. The program is state funded. Net loans receivable were \$16,166,272 at June 30, 2022.

Additional disclosures are provided below for each loan program:

**1) Environmental Remediation Revolving Loan Fund (Brownfields)**

Loans receivable were comprised of the following at June 30, 2022:

Loans receivable noncurrent	\$ 3,718,877
Loans receivable current	363,484
Less: allowance for uncollectible loans	<u>(41,000)</u>
	<u>\$ 4,041,361</u>

There were twelve loans and advances outstanding with Indiana municipalities at June 30, 2022. Approximately \$332,000 was available for disbursement on four outstanding loan commitments. Interest earned on these loans receivable during the year ended June 30, 2022 was approximately \$1,700, and accrued interest was approximately \$20 at June 30, 2022.

The program includes a partially forgivable loan program with certain eligibility requirements. Eligible participants have a provision for forgiveness of up to 20% of the original loan balance if certain performance criteria are met. IFA has recorded an allowance that represents the current amount available for forgiveness on loans that qualified under the program.

**2) Stadium and Convention Center Financing**

Loans receivable equal the balance of the Stadium and Convention Center bonds issued by IFA. Loans receivable were comprised of the following at June 30, 2022:

Stadium noncurrent	\$ 668,080,998
Stadium current	11,985,000
Convention Center noncurrent	324,617,989
Convention Center current	<u>2,065,000</u>
	<u>\$ 1,006,748,987</u>

Interest earned on these loans receivable was approximately \$45,153,000 during the year ended June 30, 2022, and accrued interest was approximately \$17,402,000 at June 30, 2022.

---

**INDIANA FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2022**

---

**NOTE 5 - LOANS RECEIVABLE (Continued)**

Due to the nature of the financing of these loans, management has estimated that no allowance for uncollectible loans was necessary at June 30, 2022.

**3) State Revolving Fund**

The loans receivable balance at June 30, 2022 includes actual advances for construction and related costs on eligible projects net of principal payments from participants as follows:

Wastewater Fund noncurrent	\$2,683,893,870
Wastewater Fund current	129,754,565
Drinking Water Fund noncurrent	586,734,075
Drinking Water Fund current	<u>30,544,551</u>
	3,430,927,061
Less: allowance for forgivable portion - Wastewater	(73,166,685)
Less: allowance for forgivable portion - Drinking Water	<u>(20,818,551)</u>
	<u>\$3,336,941,825</u>

These amounts represent projects that have been submitted and approved by IFA, and the loans have been closed. Interest earned on these loans receivable was approximately \$77,618,000 during the year ended June 30, 2022, and accrued interest was approximately \$35,011,000 at June 30, 2022.

**4) Supplemental Fund**

Loans receivable were comprised of the following at June 30, 2022:

Loans receivable noncurrent	\$ 8,062,670
Loans receivable current	1,301,226
Less: allowance for uncollectible loans	(94,000)
Less: allowance for forgivable portion of Supplemental loans	<u>(2,861,962)</u>
	<u>\$ 6,407,934</u>

There were forty-one loans and advances outstanding with Indiana municipalities for drinking water and wastewater projects at June 30, 2022. Interest earned on these loans receivable during the year ended June 30, 2022 was approximately \$138,000, and accrued interest was approximately \$63,000 at June 30, 2022.

INDIANA FINANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
For the year ended June 30, 2022

---

NOTE 5 - LOANS RECEIVABLE (Continued)

**5) Flood Control Revolving Fund**

Loans receivable were comprised of the following at June 30, 2022:

Loans receivable noncurrent	\$ 783,239
Loans receivable current	189,854
Less: allowance for uncollectible loans	<u>(10,000)</u>
	<u>\$ 963,093</u>

There were eleven loans and advances outstanding with Indiana municipalities for flood control projects at June 30, 2022. Interest earned on these loans receivable was approximately \$25,000 during the year ended June 30, 2022, and accrued interest was approximately \$6,000 at June 30, 2022.

**6) Local Transportation Infrastructure Revolving Fund**

Loans receivable were comprised of the following at June 30, 2022:

Loans receivable noncurrent	\$ 1,573,369
Less: allowance for uncollectible loans	<u>(16,000)</u>
	<u>\$ 1,557,369</u>

There is one loan and advance outstanding with a Indiana municipality for local infrastructure projects at June 30, 2022. Interest earned on this loan receivable was approximately \$39,000 during the year ended June 30, 2022, and accrued interest was approximately \$16,000 at June 30, 2022.

**7) Water Infrastructure Assistance Fund**

Loans receivable were comprised of the following at June 30, 2022:

Loans receivable noncurrent	\$ 15,771,225
Less: receivable current	773,613
Less: allowance for forgivable portion	(212,566)
Less: allowance for uncollectible loans	<u>(166,000)</u>
	<u>\$ 16,166,272</u>

There were nineteen loans and advances outstanding with Indiana municipalities for water infrastructure projects at June 30, 2022. Interest earned on these loans receivable was approximately \$225,000 during the year ended June 30, 2022, and accrued interest was approximately \$120,000 at June 30, 2022.

---

**INDIANA FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2022**

**NOTE 6 - CAPITAL ASSETS**

**Governmental Activities:**

Capital assets used in governmental activities included the following for the State Office Building Commission, Public Private Partnerships, Operating Accounts and Environmental Remediation Revolving Loan Fund:

	Balance at July 1, 2021	Increases	Decreases	Balance at June 30, 2022
Capital assets, not being depreciated:				
Land	\$ 3,531,002	\$ -	\$ -	\$ 3,531,002
Infrastructure	1,030,134,976	149,287,237	-	1,179,422,213
Construction in progress	73,173,474	30,544,896	103,692,922	25,448
Total capital assets, not being depreciated	<u>1,106,839,452</u>	<u>179,832,133</u>	<u>103,692,922</u>	<u>1,182,978,663</u>
Capital assets being depreciated:				
Buildings and improvements	119,677,679	-	108,445,541	11,232,138
Furniture, machinery and equipment	5,106,290	-	4,665,330	440,960
Total capital assets, being depreciated	<u>124,783,969</u>	<u>-</u>	<u>113,110,871</u>	<u>11,673,098</u>
Less accumulated for:				
Buildings and improvements	4,605,944	203,316	4,547,427	261,833
Furniture, machinery and equipment	1,125,880	172	685,906	440,146
Total accumulated depreciation	<u>5,731,824</u>	<u>203,488</u>	<u>5,233,333</u>	<u>701,979</u>
Total capital assets being depreciated, net	<u>119,052,145</u>	<u>(203,488)</u>	<u>107,877,538</u>	<u>10,971,119</u>
Capital assets, net	<u>\$ 1,225,891,597</u>	<u>\$ 179,628,645</u>	<u>\$ 211,570,460</u>	<u>\$ 1,193,949,782</u>

**INDIANA FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2022**

**NOTE 6 - CAPITAL ASSETS (Continued)**

**Business-Type Activities:**

Capital assets used in business-type activities included the following for the Indiana Toll Road Lease Fund, and State Revolving Fund:

	Balance at July 1, 2021	Increases	Decreases	Balance at June 30, 2022
Capital assets, not being depreciated:				
Land	\$ 25,761,122	\$ -	\$ -	\$ 25,761,122
Infrastructure	484,036,648	-	-	484,036,648
Construction in progress	105,000	-	-	105,000
Total capital assets, not being depreciated	<u>509,902,770</u>	<u>-</u>	<u>-</u>	<u>509,902,770</u>
Capital assets being depreciated:				
Buildings and improvements	79,296,881	-	-	79,296,881
Furniture, machinery and equipment	32,020,764	-	-	32,020,764
Total capital assets, being depreciated	<u>111,317,645</u>	<u>-</u>	<u>-</u>	<u>111,317,645</u>
Less accumulated for:				
Buildings and improvements	41,220,004	-	-	41,220,004
Furniture, machinery and equipment	48,040	461	-	48,501
Total accumulated depreciation	<u>41,268,044</u>	<u>461</u>	<u>-</u>	<u>41,268,505</u>
Total capital assets being depreciated, net	<u>70,049,601</u>	<u>(461)</u>	<u>-</u>	<u>70,049,140</u>
Capital assets, net	<u>\$ 579,952,371</u>	<u>\$ (461)</u>	<u>\$ -</u>	<u>\$ 579,951,910</u>

At June 30, 2022, IFA had the following construction and related cost commitments:

**Governmental Activities:**

**Public Private Partnerships** - IFA has entered into a Public-Private Agreement with a developer for the building of the East End Crossing (Louisville - Southern Indiana Ohio River Bridges Project). IFA pays availability payments to the developer of the East End Crossing project. IFA has entered into a Use Agreement with INDOT, which provides that INDOT will make payments to IFA in an amount equal to the availability payments. The net present value of the availability payments are approximately \$759 million.

**Business-Type Activities:**

**Indiana Toll Road Lease Fund** - Commitments related to the Indiana Toll Road were approximately \$668,000 for environmental remediation projects.

**INDIANA FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2022**

**NOTE 7 - DIRECT FINANCING LOAN RECEIVABLE**

At June 30, 2022, IFA's future minimum loan amounts receivable under direct financing loan receivable were as follows:

**Governmental Activities:**

	Principal	Interest	Future Minimum Lease Receipts
June 30, 2023	\$ 76,424,099	\$ 29,046,136	\$ 105,470,235
June 30, 2024	79,692,125	27,343,886	107,036,011
June 30, 2025	81,200,617	23,554,782	104,755,399
June 30, 2026	85,140,000	19,582,776	104,722,776
June 30, 2027	87,360,000	17,356,677	104,716,677
2028 - 2032	223,000,000	33,155,774	256,155,774
2033 - 2037	78,530,000	6,946,913	85,476,913
	<u>\$ 711,346,841</u>	<u>\$ 156,986,944</u>	<u>\$ 868,333,785</u>

IFA's changes in direct financing loan receivable were as follows based on type of activity:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022	Amounts Due Within One Year	Amount Due Thereafter
State Office Building Commission	\$ 7,041,020	\$ 127,164,623	\$ 3,173,802	\$ 131,031,841	\$ 10,424,099	\$ 120,607,742
Highway Revenue Bonds	748,022,864	-	238,727,864	509,295,000	62,085,000	447,210,000
Indiana Motorsports Commission	74,820,000		3,800,000	71,020,000	3,915,000	67,105,000
	<u>\$ 829,883,884</u>	<u>\$ 127,164,623</u>	<u>\$ 245,701,666</u>	<u>\$ 711,346,841</u>	<u>\$ 76,424,099</u>	<u>\$ 634,922,742</u>

Direct financing loan receivable interest rates are structured based on the related bonds principal and interest schedules that are reflected in Note 8 of the financial statements for each bond issue or note payable.

**INDIANA FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2022**

---

**NOTE 7 - DIRECT FINANCING LOAN RECEIVABLE (Continued)**

**State Office Building Commission**

IFA entered into three separate Energy Cost Savings Loans on behalf of the Department of Correction (DOC). The concept of the Energy Cost Savings Loan is that the savings from energy expenses can be used to pay for the debt service incurred to install the equipment necessary to create these savings. IFA has signed a Use and Occupancy Agreement with DOC that will charge DOC the full amount of the debt service (plus any additional cost like insurance) for the loan that has been signed by IFA and the lessor of the equipment (a financial company in all cases). DOC expects to pay for the loan by using their General Fund Appropriations. Neither DOC nor IFA is obligated to use any other revenues to pay such loan rentals. Upon the completion of the loan, DOC will own the property.

**Highway Revenue Bonds**

IFA issues its highway revenue bonds to finance and refinance highway and bridge projects, as follows:

- INDOT leases right-of-way and other property, on which a highway or bridge project is to be situated, to IFA under a ground lease agreement and supplement for the particular project.
- INDOT constructs the project for IFA under a construction agreement and supplement for the particular project.
- Once constructed, IFA leases the project to INDOT under a master lease agreement and supplement for the particular project.

Loan payments made by INDOT under the master lease and supplements are used to pay debt service on the highway revenue bonds when due.

Under the construction and other agreement and supplements for the highway and bridge projects, IFA reimburses INDOT for construction and design costs incurred by INDOT. Costs not yet reimbursed are recorded in the construction fund as accrued expenses. Upon completion of the lease, INDOT will own the property.

**Indiana Motorsports Commission**

IMC Lease Revenue Bonds were issued to finance property improvements at Indianapolis Motor Speedway (IMS). IFA and IMC entered into a Lease Agreement where IFA would lease back existing property under the lease as well as property improvements. IMC is obligated to pay to IFA loan receivable rentals sufficient to pay the principal and interest on the revenue bonds. Rights upon termination of property improvements go to IMS.

**INDIANA FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2022**

---

**NOTE 8 - BONDS AND NOTES PAYABLE**

**Collateral**

The SRF Programs are structured to provide cross-collateralization in accordance with Federal Environmental Law, the bond indenture and SRF indentures, generally by providing a mechanism for pledged funds from either of the SRF Programs to be made available to the other. To effect such cross-collateralization, the SRF indentures allow the SRF trustee to disburse certain assets in the trust estate from either SRF Program and at the written direction of the program representative to collateralize, fund, or secure the other SRF Program, including transfers between the Drinking Water Fund and the Wastewater Fund, subject to provisions of State Environmental Law and Federal Environmental Law. However, under Federal Environmental Law, the bond indenture, and SRF indentures, cross-collateralization may not be used to provide for payment of debt service on bonds.

**Events of Default and Remedies - General Obligation Bonds**

The bond agreements allow for remedies in case there is an event of default. An event of default can be (i) default in the due and punctual payment of any principal or interest on any bond (ii) any warranty, representation or other statement contained in the bond indenture or bonds that is false or misleading and not remedied in appropriate time (iii) default in the performance or observance of any other of the covenants, agreements, or conditions on the part of IFA contained in the bond indenture or in the bonds (iv) a petition is filed against IFA or IFA files a petition under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation of any jurisdiction and (v) IFA is generally not paying their debts as such debts become due.

The remedies include the following (i) the bond trustee may pursue any available remedy at law or in equity or by statute to enforce the payment of the principal of and interest on the bonds (ii) the bond trustee may by action or suit in equity require IFA to account as if it were the trustee of an express trust for the holders of the bonds and may take such action with respect to the indentures as the bond trustee deems necessary or appropriate and in the best interest of the bondholders (iii) upon the filing of a suit or other commencement of judicial proceedings to enforce any rights of the bond trustee and of the bondholders under the bond indenture, the bond trustee will be entitled to the appointment of a receiver or receivers of the trust estate and (iv) use the assets of the series trust estate for any series of bonds solely for payment of the principal and interest due on such series of bonds.

**INDIANA FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2022**

---

**NOTE 8 - BONDS AND NOTES PAYABLE (Continued)**

**Events of Default and Remedies - SOBC Energy Savings Notes Payable**

The loan agreements allow for remedies in case there is an event of default. An event of default can be (i) failure by IFA to pay any rental payment or other payment required to be paid under the loan within 10 days after the date when due and maintain insurance as required (ii) failure by IFA to observe and perform any covenant, condition or agreement contained in the agreement or any loan on its part to be observed or performed (iii) any warranty, representation or other statement contained in the loan that is false or misleading and not remedied in appropriate time (iv) an event of default shall occur and be continuing under the use and occupancy agreement and (v) upon termination of the use and occupancy agreement.

The remedies include the following (i) the lessor may declare all rental payments payable by IFA pursuant to each loan and other amounts payable under the agreement (ii) with or without terminating the loan term under any loan, the lessor may, subject to the use and occupancy agreement, enter the premises where the equipment is located and retake possession of such equipment or require IFA at IFA's expense to promptly return any or all of such equipment to the possession of the lessor (iii) lessor may terminate any or each acquisition fund agreement and apply any proceeds in the acquisition fund to rental payments and (iv) lessor may take whatever action at law or in equity may appear necessary or desirable to enforce its rights under each loan or acquisition fund agreement.

**Events of Default and Remedies - State Revolving Loan Fund Note Payable**

The loan agreement under the Water Infrastructure Finance and Innovation Act (WIFIA) allows for remedies in case there is an event of default. An event of default can be (i) payment default (ii) covenant default (iii) development default (iv) misrepresentation default (v) failure to maintain existence (vi) occurrence of a bankruptcy related event (vii) project abandonment (viii) any loan document ceases to be in full force and effect and (ix) cessation of operations.

The remedies include the following (i) all obligations of the WIFIA lender with respect to the disbursement of any undisbursed amounts of the WIFIA loan shall immediately be terminated, and unpaid principal amount of the WIFIA loan, together with all interest accrued thereon and all fees, costs, expenses, indemnities and other amounts payable under the agreement shall automatically become due and payable (ii) be entitled and empowered to institute any actions or proceedings at law or in equity for the collection of any sums due and unpaid and (iii) WIFIA lender may suspend or debar IFA from further participation in any Government program administered by the WIFIA lender and to notify other departments and agencies of such default.

**INDIANA FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2022**

**NOTE 8 - BONDS AND NOTES PAYABLE (Continued)**

At June 30, 2022, the debt service requirements for bonds and notes payable under governmental and business-type activities were as follows:

**Governmental Activities:**

	General Obligation Revenue Bonds Payable					Direct Placement	Governmental
	Highway Revenue Bonds	Indiana Motorsports Commission	Public Private Partnerships	Stadium & Convention Center Financing	State Office Building Commission	Notes Payable State Office Building Commission	
<b>Principal:</b>							
June 30, 2023	\$ 62,085,000	\$ 3,915,000	\$ 10,685,000	\$ 14,050,000	\$ 6,895,000	\$ 1,609,476	\$ 99,239,476
June 30, 2024	66,375,000	4,040,000	10,740,000	15,040,000	7,030,000	2,247,125	105,472,125
June 30, 2025	69,835,000	4,175,000	10,805,000	16,210,000	7,180,000	10,617	108,215,617
June 30, 2026	73,470,000	4,320,000	10,895,000	17,470,000	7,350,000	-	113,505,000
June 30, 2027	75,345,000	4,480,000	11,005,000	18,760,000	7,535,000	-	117,125,000
2028-2032	162,185,000	25,340,000	55,580,000	267,440,000	40,985,000	-	551,530,000
2033-2037	-	24,750,000	-	402,795,000	48,270,000	-	475,815,000
2038-2042	-	-	-	184,175,000	-	-	184,175,000
	509,295,000	71,020,000	109,710,000	935,940,000	125,245,000	3,867,218	1,755,077,218
Remaining accretion / premium (discount)	-	-	-	114,499,470	-	-	114,499,470
	\$ 509,295,000	\$ 71,020,000	\$ 109,710,000	\$ 1,050,439,470	\$ 125,245,000	\$ 3,867,218	\$ 1,869,576,688
<b>Interest:</b>							
June 30, 2023	\$ 24,150,138	\$ 2,971,443	\$ 1,337,973	\$ 43,684,068	\$ 3,771,710	\$ 72,468	\$ 75,987,800
June 30, 2024	20,847,763	2,841,237	1,283,586	44,391,224	3,628,284	26,602	73,018,696
June 30, 2025	17,386,088	2,701,145	1,213,561	43,669,224	3,467,456	94	68,437,568
June 30, 2026	13,743,863	2,548,860	1,124,744	42,858,724	3,290,054	-	63,566,245
June 30, 2027	11,876,500	2,381,144	1,014,051	42,034,349	3,099,033	-	60,405,077
2028-2032	12,262,750	8,850,899	2,763,066	183,688,180	12,042,125	-	219,607,020
2033-2037	-	2,449,167	-	100,837,392	4,497,746	-	107,784,305
2038-2042	-	-	-	12,927,426	-	-	12,927,426
	\$ 100,267,102	\$ 24,743,895	\$ 8,736,981	\$ 514,090,587	\$ 33,796,408	\$ 99,164	\$ 681,734,137
Total Debt Service	\$ 609,562,102	\$ 95,763,895	\$ 118,446,981	\$ 1,564,530,057	\$ 159,041,408	\$ 3,966,382	\$ 2,551,310,825

**INDIANA FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2022**

**NOTE 8 - BONDS AND NOTES PAYABLE (Continued)**

**Business-Type Activities:**

	General Obligation		Business-Type Total
	Revenue Bonds Payable	Direct Placement Notes Payable	
	Enterprise	Enterprise	
	State Revolving Loan Fund	State Revolving Loan Fund	
<b>Principal:</b>			
June 30, 2023	\$ 112,860,000	\$ 7,852,900	\$ 120,712,900
June 30, 2024	113,825,000	8,060,700	121,885,700
June 30, 2025	109,395,000	7,585,500	116,980,500
June 30, 2026	125,220,000	7,679,300	132,899,300
June 30, 2027	121,180,000	7,805,000	128,985,000
2028-2032	486,545,000	46,744,200	533,289,200
2033-2037	344,240,000	56,819,500	401,059,500
2038-2042	137,990,000	76,384,500	214,374,500
2043-2047	-	50,902,000	50,902,000
2048-2052	-	31,929,300	31,929,300
2053-2056	-	5,282,900	5,282,900
	<u>1,551,255,000</u>	<u>307,045,800</u>	<u>1,858,300,800</u>
Premium	<u>229,483,112</u>	<u>-</u>	<u>229,483,112</u>
	<u>\$ 1,780,738,112</u>	<u>\$ 307,045,800</u>	<u>\$ 2,087,783,912</u>
<b>Interest:</b>			
June 30, 2023	\$ 76,422,850	\$ 5,465,415	\$ 81,888,265
June 30, 2024	71,061,250	5,325,634	76,386,884
June 30, 2025	65,375,125	5,182,153	70,557,278
June 30, 2026	59,921,725	5,047,131	64,968,856
June 30, 2027	53,702,900	4,910,440	58,613,340
2028-2032	183,962,375	22,238,215	206,200,590
2033-2037	78,383,050	17,779,046	96,162,096
2038-2042	13,201,650	11,756,378	24,958,028
2043-2047	-	6,055,419	6,055,419
2048-2052	-	1,857,161	1,857,161
2053-2056	-	125,460	125,460
	<u>\$ 602,030,925</u>	<u>\$ 85,742,452</u>	<u>\$ 687,773,377</u>
Total Debt Service	<u>\$ 2,382,769,037</u>	<u>\$ 392,788,252</u>	<u>\$ 2,775,557,289</u>

Changes in long-term liabilities were as follows, based on type of activity:

	Balance July 1, 2021	Increases	Decreases	Balance at June 30, 2022	Amounts Due Within One Year	Amounts Due Thereafter
<b>Governmental Activities:</b>						
General obligation revenue bonds	\$ 2,072,228,915	\$ 422,542,565	\$ 629,062,010	\$ 1,865,709,470	\$ 97,630,000	\$ 1,768,079,470
Direct placement notes payable	7,041,020	-	3,173,802	3,867,218	1,609,476	2,257,742
Contract payable	628,443,682	130,111,895	-	758,555,577	23,068,883	735,486,694
Net pension liability	1,662,123	-	907,616	754,507	-	754,507
Derivative investment liability	109,556,849	-	109,556,849	-	-	-
	<u>\$ 2,818,932,589</u>	<u>\$ 552,654,460</u>	<u>\$ 742,700,277</u>	<u>\$ 2,628,886,772</u>	<u>\$ 122,308,359</u>	<u>\$ 2,506,578,413</u>
<b>Business-Type Activities:</b>						
General obligation revenue bonds payable	\$ 1,556,529,423	\$ 425,238,064	\$ 201,029,375	\$ 1,780,738,112	\$ 112,860,000	\$ 1,667,878,112
Direct placement notes payable	264,868,900	50,000,000	7,823,100	307,045,800	7,852,900	299,192,900
Lease liability	2,138,537	-	166,066	1,972,471	162,206	1,810,265
Due to federal government	197,409	-	162,219	35,190	-	35,190
Pollution Remediation	612,324	55,665	-	667,989	667,989	-
	<u>\$ 1,824,346,593</u>	<u>\$ 475,293,729</u>	<u>\$ 209,180,760</u>	<u>\$ 2,090,459,562</u>	<u>\$ 121,543,095</u>	<u>\$ 1,968,916,467</u>

**INDIANA FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2022**

**NOTE 8 - BONDS AND NOTES PAYABLE (Continued)**

The following is a summary of long-term debt outstanding at June 30, 2022, for each fund within the activity categories:

	Future Interest Rate Range	Maturity Range*	Annual Principal Payment Range	Amount Outstanding
<b>Governmental Activities:</b>				
Highway Revenue	3.000% to 5.750%	2023 to 2029	\$62,085,000 to \$83,070,000	\$ 509,295,000
Indianapolis Motor Speedway	3.237% to 4.807%	2023 to 2036	\$3,915,000 to \$6,630,000	71,020,000
State Office Building Commission	1.772% to 3.266%	2023 to 2031	\$7,190,616 to \$10,355,000	129,112,218
Stadium Project	4% to 5.25%	2023 to 2037	\$11,985,000 to \$71,670,000	717,249,798
Convention Center Project	2.500% to 6.596%	2023 to 2039	\$2,065,000 to \$93,370,000	333,189,672
Public Private Partnerships	.51% to 1.83%	2023 to 2032	\$10,075,000 to \$11,640,000	109,710,000
				<u>\$ 1,869,576,688</u>
<b>Business-type Activities:</b>				
State Revolving Loan Fund	1.780% to 5.000%	2023 to 2054	\$1,765,400 to \$132,899,300	<u>2,087,783,912</u>
				<u>\$ 2,087,783,912</u>

Information of the status of variable rate long-term debt terms is presented below:

At June 30, 2022, there is no remaining variable rate debt. For the Stadium Project, the Series 2022A Bond issued during the year refunded any remaining variable rate debt for the 2005A, 2007A, and 2008A. During 2022, the remaining interest rate swap agreements were terminated using proceeds of the 2022A bonds. The swap termination cost was \$81,295,000. Information on the changes to the formerly hedged, tax-exempt variable rate debt and partially hedged, tax-exempt variable rate debt, self-liquidity and interest rate swap agreements is presented below:

**Variable Rate Debt:**

- (1) *Hedged, tax-exempt variable rate debt:* An interest rate swap with a notional amount of \$611,525,000 commenced for the Stadium Lease Appropriation Bonds, Series 2005A and 2007A, on August 15, 2008 with IFA receiving the Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA) and paying the swap counterparties a fixed rate of 4.231%. On May 21, 2015, a swap with a notional amount of \$269,071,000 was terminated. Due to the termination, \$269,035,000 of the Variable Rate Demand Obligations (VRDO's) were called and mostly refunded with the Series 2015A traditional fixed rate bonds in a par amount of \$296,530,000. With the reductions of VRDO's, IFA terminated Standby Purchase Agreements in the amount of \$269,035,000. Further, on March 2, 2022, the IFA issued Lease Appropriation Refunding Bonds (Stadium Project) Series 222A for an amount of \$346,850,000. These proceeds refunded the 2005A-1, 2005A-4, 2005A-5, 2007A-2 and the 2007A-3 variable rate debt and associated swap contracts. Due to the refunding and termination, all associated

**INDIANA FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2022**

---

**NOTE 8 - BONDS AND NOTES PAYABLE (Continued)**

Standby Bond Purchase Agreements (“SBPS’s”) and Direct Purchases (“DP’s”) were terminated. As a result of the refunding/termination, there is no longer any variable rate debt outstanding and the entire Stadium portfolio is traditional fixed rate bonds. The average interest rate on the 2005A and 2007A bonds during the period in which these series were outstanding for the fiscal year was .32%.

- (2) *Partially hedged, tax-exempt variable rate debt:* An interest rate swap with a original notional amount of \$46,875,000 commenced for the Stadium Lease Appropriation Bonds, Series 2008A, on August 15, 2008 with IFA receiving SIFMA and paying the swap counterparties a fixed rate of 3.796%. Further, on March 2, 2022, the IFA issued Lease Appropriation Refunding Bonds (Stadium Project) Series 2022A for an amount of \$346,850,000. These proceeds refunded the 2008A variable rate debt and associated swap contract. Due to the refunding and termination, the associated self-liquidity provided by the IFA was terminated. As a result of the refunding/termination, there is no longer any variable rate debt outstanding and the entire Stadium portfolio is traditional fixed rate bonds. The average interest rate on the 2008A bonds for the period they were outstanding during fiscal year was .09%.

**Self-Liquidity Program**

IFA maintained a self-liquidity program that paid the purchase price of 2008A Lease Appropriation Bonds (Stadium Project) that could have been tendered and not remarketed. As of June 30, 2022, the sub-series has an outstanding balance of \$0. On March 2, 2022, the IFA issued the IFA Lease Appropriation Refunding Bonds (Stadium Project), Series 2022A (“2022A Stadium Bonds”). These bonds refunding all variable rate bonds and terminated associated interest rate swaps on the Stadium Project, including the 2008A Lease Appropriation Bonds (Stadium Project) (“2008A Stadium Bonds”). With the refunding of the 2008A Stadium Bonds by the fixed rate 2022A Stadium Bonds, the need for the Self Liquidity Program became not applicable, hence the IFA terminated the Self Liquidity Program as of March 2, 2022.

**Interest Rate Swap Agreements**

*Objective of the Interest Rate Swap Agreements:* In order to protect against the potential of rising interest rates, IFA entered into separate pay-fixed, receive-variable interest rate swap agreements with Goldman Sachs Bank USA (“Goldman Swap”), the Bank of New York Mellon (“Bank of New York Mellon Swap”) and two separate pay-fixed, receive variable interest rate swap agreements with JP Morgan Chase Bank (“JPMorgan Swap”). The swaps were entered into as cash flow hedges for the Stadium and Convention Center Projects. The Goldman Swap was fully terminated with the issuance of the IFA Lease Appropriation Refunding Bonds (Stadium Project), Series 2015A and the IFA Lease Appropriation Refunding Bonds (Convention Center Expansion Project), Series 2015A which consisted of a refunding of a portion of the variable rated bonds and the termination payments due to the counterparties.

**INDIANA FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2022**

**NOTE 8 - BONDS AND NOTES PAYABLE (Continued)**

On March 2, 2022, the IFA issued the 2022A Stadium Bonds and refunded all remaining variable rate debt for the Stadium Project and the associated two JPMorgan Swaps and the Bank of New York Swap. Due to the 2022A Stadium Bond transaction, the IFA is not a party to any Interest Rate Swap Agreements.

*Terms, fair values, and credit risk:* Considering the 2022A Stadium Bond transaction, where all remaining Interest Rate Swap Agreements were terminated, there are no fair values as of June 30, 2022. The table below describes the position as of June 30, 2021 and the subsequent termination of the swaps on March 2, 2022.

Associated Bond Issue	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Value at June 30, 2021 <sup>1</sup>	Increase/ (Decrease) <sup>1</sup>	Fair Values at June 30, 2022 <sup>1</sup>	Swap Termination Date
2005/2007 Stadium Project*	\$ 328,118,000	8/15/2008	4.231%	SIFMA <sup>2</sup>	\$ (102,208,605)	\$ 102,208,605	\$ -	March 2022
2008 Stadium Project*	\$ 26,815,000	8/15/2008	3.796%	SIFMA <sup>2</sup>	(7,348,244)	7,348,244	-	March 2022
	<u>\$ 354,933,000</u>				<u>\$ (109,556,849)</u>	<u>\$ 109,556,849</u>	<u>\$ -</u>	

<sup>1</sup> Negative signifies a value in favor of the counterparty.

<sup>2</sup> The Securities Industry and Financial Markets Association Municipal Swap Index.

*Credit risk:* Considering the 2022A Stadium Bond transaction, where all remaining Interest Rate Swap Agreements were terminated, there is no longer any credit risk associated with interest rate swaps.

*Termination risk:* Considering the 2022A Stadium Bond transaction, where all remaining Interest Rate Swap Agreement were terminated, there is no longer any termination risk associated with interest rate swaps.

**INDIANA FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2022**

---

**NOTE 9 - CONTRACT PAYABLE ACTIVITY**

In 2012, the Indiana Finance Authority entered into a Public-Private Partnership (P3) with WVB East End Partners, LLC with respect to the East End Crossing of the Louisville-Southern Indiana Ohio River Bridges Project (EEC Project). As part of the P3, the IFA will pay developer Availability Payments (APs). APs are payable during the 35 year operating period of the agreement subject to EEC Project being open and available for traffic and subject to performance standards included in the agreement. The APs are to help the developer with managing, operating, maintaining, repairing, and performing rehabilitation work with respect to the East End Crossing through the operation period. As of June 30, 2022, IFA has recorded a prepaid lease of approximately \$98 million.

The Maximum Availability Payment (MAP) is the annual amount before any deductions due to performance standards are taken into consideration. That maximum is determined by adjusting the base MAP of \$33,530,853 (in 2012 dollars) pursuant to a formula that, starting at the Substantial Completion Date and for each Fiscal Year thereafter, adjusts 20% of the MAP based on the change in the Consumer Price Index (All Items, BES Series ID: CUUR000SA0) and the remaining 80% of the MAP based on an annual rate of 2.5% per Fiscal Year. The MAP for fiscal year 2023 has been calculated at \$42,716,970 and will be adjusted thereafter annually accordingly as described above. The total net present value of the MAP's is approximately \$759 million, with a current portion of approximate \$23 million.

**INDIANA FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2022**

---

**NOTE 9 - CONTRACT PAYABLE ACTIVITY (Continued)**

At June 30, 2022, the debt service requirements for contracts payable under governmental activities were as follows:

**Governmental Activities:**

	<b>Public Private Partnerships</b>	
	<b>Principal*</b>	<b>Interest</b>
June 30, 2023	\$ 23,068,883	\$ 15,871,108
June 30, 2024	23,221,714	15,871,108
June 30, 2025	23,359,406	15,871,108
June 30, 2026	23,482,569	15,871,108
June 30, 2027	23,591,789	15,871,108
2028 - 2032	119,147,781	79,355,541
2033 - 2037	122,703,419	75,260,388
2038 - 2042	130,435,822	60,099,666
2043 - 2047	137,638,414	38,553,580
2048 - 2052	131,905,780	11,861,367
	\$ 758,555,577	\$ 344,486,082

\*As discussed above, the availability payments are adjusted annually based on the change in the Consumer Price Index

**NOTE 10 - BOND REFUNDINGS AND ESCROW BALANCES ON BONDS**

IFA analyzes its various bond issues to determine if any opportunities exist for debt service savings through the refinancing of long-term debt. IFA had refunding and defeasance activity as reported below. In addition, current period and previous refundings and defeasances had remaining bonds outstanding paid from escrow accounts that are not included in IFA financial records based on accounting guidance.

**Bond Refundings and Defeasances:** The following represents bond refunding and defeasance during the year ended June 30, 2022:

**Governmental Activities:**

- **Stadium and Convention Center Financing Program:**  
 In March 2022, the Authority issued \$346,850,000 Lease Appropriation Bond Series 2022A. The bonds were sold at a premium and refunded Variable Rate Bonds from Series 2005A, 2007A, and 2008A and terminated the associated interest rate swaps.
  
- **Highway Revenue Bonds Fund:**  
 In February 2022, the Authority defeased \$154,335,000 Highway Refunding Bonds, Series 2017A to their respective call dates. The Authority deposited \$179,028,951 with the trustee to fund the escrow to defease the bonds while achieving net present value savings of \$44,832,674.

INDIANA FINANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
For the year ended June 30, 2022

---

NOTE 10 - BOND REFUNDINGS AND ESCROW BALANCES ON BONDS (Continued)

**Business-Type Activities:**

- **State Revolving Fund Programs:**

In July 2021, the Authority issued \$81,595,000 Series 2021A Bonds. It included a current refunded portion from the Series 2012B to its respective call date. The Authority deposited \$6,335,128 with the trustee to fund the escrow to defease a par amount of \$6,235,000 plus additional funds needed until the call date.

In November 2021, the Authority issued \$261,325,000 Series 2021B Refunding Bonds. The bonds were sold at a premium and refunded a portion from the Series 2012A bonds to its respective call dates. The Authority deposited \$44,946,700 with the trustee to fund the escrow to defease a par amount of \$43,895,000.

**Escrow Balances on Refunded and Defeased Bonds:** IFA has the following bond issues that have been refunded but have remaining principal balances to be paid by escrow agents' accounts. The refunded bonds are not reported as debt of IFA since payment of principal and interest are from escrowed funds and investment earnings. Activity for governmental activities and business type activities include the following:

**Governmental Activities:**

- **State Office Building Commission** - In May 2021, the Authority legally cash defeased Facilities Revenue Bonds from Series 2011A, 2011C, 2012A, 2012B, and 2012C. At June 30, 2022, the amount of defeased debt still outstanding, but no longer considered long-term debt, was \$39,520,000.
- **Recreational Development Commission** - In May 2021, the Authority legally cash defeased Facilities Revenue Bonds from Series 2012I. At June 30, 2022, the amount of defeased debt still outstanding, but no longer considered long-term debt, was \$3,015,000.
- **State Fair Commission** - In May 2021, the Authority legally cash defeased Facilities Revenue Bonds from Series 2012M and 2020A. At June 30, 2022, the amount of defeased debt still outstanding, but no longer considered long-term debt, was \$45,475,000.
- **Highway Revenue Bonds Fund** - In February 2021, the Authority legally cash defeased Highway Revenue Bonds from Series 2017A. At June 30, 2022, the amount of defeased debt still outstanding, but no longer considered long-term debt, was \$147,810,000.

INDIANA FINANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
For the year ended June 30, 2022

---

**NOTE 10 - BOND REFUNDINGS AND ESCROW BALANCES ON BONDS (Continued)**

**Business-Type Activities:**

- **State Revolving Fund** - In May 2021, the Authority legally cash defeased Facilities Revenue Bonds from Series 2012C, 2015A, 2016A, 2016D, 2016E, 2017C, 2018A, and 2019E. At June 30, 2022, the amount of defeased debt still outstanding, but no longer considered long-term debt, was \$248,890,000.

**Conduit Debt Obligations:** IFA is authorized by law to issue conduit and certain other types of revenue bonds to finance projects that serve Indiana public purposes outlined by statute. Except as described below, IFA's revenue bonds are payable solely from revenues of IFA specifically pledged thereto. The bonds are not in any respect a general obligation of IFA or the State, nor are they payable in any manner from revenues raised by taxation. IFA has no power to levy taxes. Pursuant to this authority, IFA has issued numerous revenue bonds.

IFA has issued debt obligations on behalf of certain manufacturers, utilities, 501(c)3 organizations, and health and higher education facilities for the purpose of construction, improvement of facilities or the refinancing of outstanding debt. These bonds, notes, and other obligations and the interest thereof do not constitute debt or liability of IFA, the State, or any political subdivision thereof, but are special obligations between investors and the debtors payable solely from the payments received by the trustee under the loan agreements and meet the definition of conduit debt. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At June 30, 2022, IFA has outstanding conduit debt of \$13 billion.

**NOTE 11 - INTANGIBLE LEASE ASSET AND LEASE LIABILITY**

**Health and Educational Facility Financing** - IFA currently leases office space pursuant to a non-cancelable operating lease expiring in April 2031. As of July 1, 2021, the intangible asset had a balance of \$2,212,931 and accumulated amortization of \$60,271, which nets to a balance of \$2,152,660. During 2022, there was amortization expense of \$185,152, which increased accumulated amortization to \$245,423 as of June 30, 2022. The intangible lease asset had a net balance of \$1,967,508 as of June 30, 2022.

The lease liability was determined using an imputed discount rate of 4.00%. The lease liability had a balance of \$2,138,537 as of July 1, 2021, and a balance of \$1,972,471 as of June 30, 2022.

**INDIANA FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2022**

---

**NOTE 11 - INTANGIBLE LEASE ASSET AND LEASE LIABILITY (Continued)**

The future minimum rental payments required by the long-term noncancellable office space lease are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 162,206	\$ 69,654	\$ 231,860
2024	188,448	68,998	257,446
2025	200,823	61,235	262,058
2026	213,703	52,967	266,670
2027	227,107	44,175	271,282
2028-2032	980,185	77,764	1,057,949
	<b>\$ 1,972,472</b>	<b>\$ 374,793</b>	<b>\$ 2,347,265</b>

**NOTE 12 - SERVICE CONCESSION ARRANGEMENT**

**Indiana Toll Road Lease Fund** - On June 29, 2006, the Indiana Toll Road was leased for approximately \$3.765 billion and a term of 75 years to the ITRCC. The entire amount was paid up front and there are no additional lease payments due for the remainder of the term of the lease. IFA recorded the transaction as an operating lease and recorded the payment as a deferred inflow. Lease rental revenue net of related costs, totaling \$3.705 billion, will be recognized on a straight-line basis over the life of the 75-year lease. On October 5, 2018, IFA amended its agreement with the ITRCC to allow ITRCC to increase the toll rates for heavy vehicles by 35%. As part of the amendment, IFA received \$400 million in fiscal year 2019, \$300 million in fiscal year 2020 and \$300 million in fiscal year 2021. The proceeds will be used to fund planned road projects in the seven Toll Road counties. The funds received in fiscal years 2019, 2020, and 2021 were transferred to INDOT's Major Moves Fund. The \$1 billion related to the amendment was added to deferred inflow in fiscal year 2019 and will be recognized on a straight-line basis over the remaining life of the 75-year lease.

**INDIANA FINANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
For the year ended June 30, 2022**

---

**NOTE 12 - SERVICE CONCESSION ARRANGEMENT (Continued)**

The unamortized portion of this revenue (in thousands) will be recognized as follows for the fiscal years ending June 30:

2023	\$ 65,368
2024	65,368
2025	65,368
2026	65,368
2027	65,368
2028 - 2032	326,838
2033 - 2037	326,838
2038 - 2042	326,838
2043 - 2047	326,838
2048 - 2052	326,838
2053 - 2057	326,838
2058 - 2062	326,838
2063 - 2067	326,838
2068 - 2072	326,838
2073 - 2077	326,838
2078 - 2081	<u>259,418</u>
Total	<u>\$ 3,854,638</u>

**NOTE 13 - INTERFUND LOANS RECEIVABLE AND PAYABLE**

Funds are transferred from one fund to support expenditures of other funds in accordance with authority established for the individual fund. To the extent that certain transactions between funds are not paid or received in the current period, net interfund receivable and payable balances are recorded at June 30, 2022, as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Governmental Funds:		
General Fund	\$ 723,188	\$ -
Transportation Finance General	-	68,627
Public Private Partnerships	-	29,837
State Office Building Commission	-	98,464
Special Revenue Funds:		
Conduit Debt General Program Fund	-	32,822
Environmental Remediation Revolving Loan Fund	-	173,666
Enterprise Funds:		
State Revolving Fund	-	541,481
Supplemental Fund	259,733	-
Indiana Health and Education Facility Finance Authority	<u>-</u>	<u>38,024</u>
	<u>\$ 982,921</u>	<u>\$ 982,921</u>

---

**INDIANA FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2022**

---

**NOTE 14 - POLLUTION REMEDIATION**

As part of the lease agreement with the ITRCC, IFA agreed to retain liability for sites along the Toll Road previously identified as being contaminated. IFA has contracted to clean up these sites and has recognized the approximate \$668,000 remaining on the contract as a liability. In addition, IFA agreed to accept liability for any undiscovered sites that may be found in the future that originated or were caused by actions taken during the time prior to the Toll Road lease.

**NOTE 15 - BENEFIT PLANS**

**Plan Description**

IFA 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.

INDIANA FINANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
For the year ended June 30, 2022

---

**NOTE 15 - BENEFIT PLANS (Continued)**

*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 based on an actuarial valuation. Employers contribute 11.2% of covered payroll. No member contributions are required. IFA's contributions to PERF DB were \$357,001 for the year ended June 30, 2022.

**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. IFA made no contributions to PERF DC for the year ended June 30, 2022. Under certain limitations, voluntary post-tax member contributions up to 10% of compensation can be made solely by the member.

INDIANA FINANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
For the year ended June 30, 2022

---

**NOTE 15 - BENEFIT PLANS (Continued)**

**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. As of January 1, 2021, members at least 62 years of age with five qualifying years of service may take an in-service distribution of their DC account. 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.

INPRS completed an asset-liability study in February 2021. Assumption changes were recommended to the INPRS Board and adopted in May 2021 for the June 30, 2021 actuarial valuations. Assumptions related to rate of return, future salaries, and inflation were decreased from the prior measurement date. No changes in methods were recommended or adopted.

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

Asset valuation date:	June 30, 2021
Liability valuation date and method:	June 30, 2020 - Member census data as of June 30, 2020 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2020 and June 30, 2021. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2020 to the June 30, 2021 measurement date.
Actuarial cost method:	Entry age normal - level percent of payroll
Experience study date:	Computed February 2020 and reflects the experience period from July 1, 2014 to June 30, 2019

---

**INDIANA FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2022**

---

**NOTE 15 - BENEFIT PLANS (Continued)**

Investment rate of return:	6.25%	
COLA:	Beginning January 1, 2024 - 0.40%	
	Beginning January 1, 2034 - 0.50%	
	Beginning January 1, 2039 - 0.60%	
Future salary increases, including inflation:	2.65% - 8.65%	
Inflation:	2.00%	
Mortality - Healthy Employees and Retirees:	Base Table	PubG-2010
	M/F Set Forward	+3/+1
Mortality - Disabled:	Base Table	PubG-2010
	Load	140%
Mortality - Beneficiaries:	Base Table	PubCS-2010
	M/F Set Forward	+0/+2
Mortality - Improvement - All Tables:	Generational Improvement Scale - MP-2019	

The long-term return expectation has been determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. In order to determine the expected long-term nominal rate of return, the asset class geometric real returns are projected for a 30-year time horizon. These returns are combined with a projected covariance matrix and the target asset allocations to create a range of expected long-term real rates of return for the portfolio. A range of possible expected long-term rates of return is created by adding the forecasted inflation to the expected long-term real rates of return and adding an expected contribution to the return due to manager selection. This range ultimately supports the long-term expected rate of return assumption of 6.25% selected by the INPRS Board as the discount rate. The assumption is a long-term assumption and is not expected to change with small fluctuations in the underlying inputs but may change with a fundamental shift in the underlying market factors or significant asset allocation change. The long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**INDIANA FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2022**

---

**NOTE 15 - BENEFIT PLANS (Continued)**

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

	Target Allocation	Geometric Basis Long-term Expected Real Rate of Return
Public equity	20.0%	3.6%
Private markets	15.0%	7.3%
Fixed income - Ex inflation-linked	20.0%	1.5%
Fixed income - Inflation-linked	15.0%	(0.3)%
Commodities	10.0%	.8%
Real estate	10.0%	4.2%
Absolute return	5.0%	2.5%
Risk parity	20.0%	4.4%
Leverage Offset	(15.0)%	(1.4)%

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

1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
<u>\$1,973,367</u>	<u>\$754,507</u>	<u>(\$262,183)</u>

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

At June 30, 2022, IFA reported a liability of \$754,507 for its proportionate share of the net pension liability. IFA's proportionate share of the net pension liability was based on the IFA's wages as a proportion of total wages for PERF Hybrid. The proportionate share used at the June 30, 2021, measurement date was 0.05734%.

**INDIANA FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2022**

---

**NOTE 15 - BENEFIT PLANS (Continued)**

For the year ended June 30, 2022, IFA recognized pension expense of \$12,715, which includes expenses from the net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions of (\$65,142). At June 30, 2022, IFA reported deferred outflows of resources and deferred inflows of resources related to PERF DB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 25,806	\$ 15,065
Net differences between projected and actual earnings on pension plan investments	-	979,658
Changes of assumptions	379,522	169,477
Changes in proportion and differences between IFA's contributions and proportionate share of contributions	<u>169,473</u>	<u>3,303</u>
Total that will be recognized in pension expense based on table below	574,801	1,167,503
Pension contribution subsequent to measurement date	<u>357,001</u>	<u>-</u>
Total	<u>\$931,802</u>	<u>\$1,167,503</u>

Deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<b>Year Ending June 30,</b>	<b>Amount</b>
2022	\$(126,068)
2023	(99,421)
2024	(87,180)
2025	<u>(280,033)</u>
	<u>\$ (592,702)</u>

**INDIANA FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2022**

---

**NOTE 16 - CONTINGENCIES**

In the course of normal operations, IFA is subject to various claims and assessments and is involved in litigation that it intends to vigorously defend. The range of loss, if any, from these potential claims cannot be reasonably estimated. However, the management of IFA believes the ultimate resolution of these matters will not have a material adverse impact on IFA's operations or net position.

**NOTE 17 - SUBSEQUENT EVENTS**

The following subsequent events have been provided for users of the financial statements. The subsequent events did not result in changes to the financial statements for the fiscal year ended June 30, 2022.

**Governmental Activities**

On September 8, 2022, IFA issued 2022B SRF Program Bonds for the aggregate amount of \$250 million, maturing from February 1, 2028 to February 1, 2047, at interest rate of 5%. Of this, \$237,955,000 was allocated to the WSRF Program and \$12,045,000 was allocated to the DWSRF Program.

**PART 3 - REQUIRED SUPPLEMENTARY INFORMATION**

**INDIANA FINANCE AUTHORITY**  
**SCHEDULE OF ACTUAL OPERATING REVENUES AND EXPENSES**  
**COMPARED TO BUDGET - CASH BASIS (UNAUDITED)**  
**For the year ended June 30, 2022**

**Budget Basis of Accounting:** IFA's budget process is based on a modified cash basis and accounts for certain transactions on a basis other than GAAP. The most significant differences between the budget basis and the GAAP basis are the manner in which revenues and expenses are recorded. Under the modified cash budget basis, the portion of loan financing revenue apportioned to principal payments is recorded as revenue and the debt service expense portion related to principal is recorded as expense. For government wide reporting, the portion attributable to principal on capital lease assets and bonds payable are reflected as changes in assets and liabilities in the balance sheet funds and Statement of Net Position.

The following table shows budget and actual financial results reported under the budgetary basis of accounting.

	<u>Budget</u> <u>Total</u>	<u>Actual</u> <u>Total</u>	<u>Difference</u>
<b>Revenue</b>			
Loan financing revenue (Note 1)	\$ 195,173,992	\$ 189,792,154	\$ (5,381,838)
Appropriations (Note 2)	82,500,000	22,500,000	(60,000,000)
Investment income (Note 3)	1,046,229	2,022,128	975,899
Program service, advisory and fees (Note 4)	2,485,567	4,863,693	2,378,126
Borrower interest payments (Note 5)	68,727,242	78,046,754	9,319,512
Toll revenues (Note 6)	52,511,107	80,767,209	28,256,102
Grants (Note 7)	<u>60,777,384</u>	<u>78,041,508</u>	<u>17,264,124</u>
Total revenues	<u>463,221,521</u>	<u>456,033,446</u>	<u>(7,188,075)</u>
<b>Debt service</b>			
Interest (Note 8)	203,443,472	186,237,252	17,206,220
Principal (Note 9)	<u>119,750,000</u>	<u>120,745,000</u>	<u>(995,000)</u>
Total debt service	<u>323,193,472</u>	<u>306,982,252</u>	<u>16,211,220</u>
<b>Program expenses</b>			
Grants, loans and other program (Note 10)	<u>124,461,108</u>	<u>67,541,430</u>	<u>56,919,678</u>
Total program expenses	<u>124,461,108</u>	<u>67,541,430</u>	<u>56,919,678</u>
<b>Administrative expenses</b>			
Personal services	5,006,359	4,032,175	974,184
Other IFA operations	<u>7,186,267</u>	<u>8,061,317</u>	<u>(875,050)</u>
Total administrative expenses	<u>12,192,626</u>	<u>12,093,492</u>	<u>99,134</u>
<b>Net revenues over expenses</b>	<u>\$ 3,374,315</u>	<u>\$ 69,416,272</u>	<u>\$ 66,041,957</u>

(Continued)

**INDIANA FINANCE AUTHORITY**  
**SCHEDULE OF ACTUAL OPERATING REVENUES AND EXPENSES**  
**COMPARED TO BUDGET - CASH BASIS (UNAUDITED)**  
**For the year ended June 30, 2022**

---

**Explanation for budget to actual difference**

**Note 1:** Less loan receipts due to defeasance

**Note 2:** New program grant funded

**Note 3:** Higher investment earnings

**Note 4:** Toll Road revenue account contribution

**Note 5:** New environmental loans and prepayments

**Note 6:** More tolls than anticipated

**Note 7:** New program grant funded

**Note 8:** Defeased bonds

**Note 9:** New bond payment

**Note 10:** Timing of the new program grants

**INDIANA FINANCE AUTHORITY**  
**INDIANA TOLL ROAD INFRASTRUCTURE CONDITION RATING (UNAUDITED)**  
**For the year ended June 30, 2022**

---

**CONDITION RATING OF THE INDIANA TOLL ROAD PROJECT'S HIGHWAYS AND BRIDGES**

**Roads**

	<u>Percentage of Lane Miles in Fair, Good or Excellent Condition</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Interstate Roads	90.0%	90.6%	88.2%

	<u>Percentage of Lane Miles in Substandard Condition</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Interstate Roads	10%	9.4%	11.8%

The condition of road pavement is measured using a pavement quality index (PQI), which is based on a weighted average of six distress factors found in pavement surfaces. The PQI uses a measurement scale that is based on a condition index ranging from zero for a failed pavement to 100 for a pavement in perfect condition. The condition index is used to classify roads in fair, good or excellent condition (70-100), and substandard condition (less than 70). It is the State's policy to maintain at least 80% of its road system at a fair, good or excellent condition level. No more than 10% should be in substandard condition. Condition assessments are determined every year. Due to the timing of data collection, the above information is based on the three most recent calendar years with a year lag time.

**Bridges**

	<u>Average Sufficiency Rating of Bridges</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Interstate Bridges	87.4%	87.2%	87.6%

The average sufficiency rating of the State's bridges is determined using the formula and guidelines provided by Federal Highway Administration. The bridge average sufficiency rating, which is a weighted average of an assessment of the ability of individual components to function structurally, uses a numerical sufficiency rating ranging from 0.0% (impaired or load restricted) to 100% (new). It is the State's goal to maintain an average bridge sufficiency rating of 85%. All bridges are inspected every two years. Due to the timing of data collection, the above information is based on the three most recent calendar years with a year lag time.

**INDIANA FINANCE AUTHORITY**  
**SCHEDULE OF IFA'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED)**  
**PUBLIC EMPLOYEES' RETIREMENT FUND**  
**Last 10 Fiscal Years\***

INDIANA FINANCE AUTHORITY									
SCHEDULE OF IFA'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED)									
PUBLIC EMPLOYEES' RETIREMENT FUND									
Last 10 Fiscal Years*									
	2021	2020	2019	2018	2017	2016	2015	2014	2013
IFA's proportion of the net pension liability	0.05734%	0.05503%	0.04896%	0.04884%	0.04920%	0.04723%	0.04396%	0.03785%	0.03263%
IFA's proportionate share of the net pension liability	\$ 754,507	\$ 1,662,123	\$ 1,618,159	\$ 1,659,117	\$ 2,195,079	\$ 2,143,507	\$ 1,790,448	\$ 994,673	\$ 1,117,603
IFA's covered payroll	\$ 3,161,609	\$ 2,971,066	\$ 2,551,067	\$ 2,492,230	\$ 2,440,922	\$ 2,263,471	\$ 2,105,374	\$ 1,847,973	\$ 1,566,405
IFA's proportionate share of the net pension liability as a percentage of IFA's covered payroll	23.86%	55.94%	63.43%	66.57%	89.93%	94.70%	85.04%	53.83%	71.35%
Plan fiduciary net position as a percentage of the total pension liability	92.50%	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. The years represent actuarial dates versus financial statement dates.

**INDIANA FINANCE AUTHORITY  
SCHEDULE OF IFA CONTRIBUTIONS (UNAUDITED)  
PUBLIC EMPLOYEES' RETIREMENT FUND  
Last 10 Fiscal Years**

---

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 357,001	\$ 354,100	\$ 332,759	\$ 285,719	\$ 279,129	\$ 273,383	\$ 253,508	\$ 235,802	\$ 206,974	\$ 167,411
Contributions in relation to the contractually required contribution	<u>357,001</u>	<u>354,100</u>	<u>332,759</u>	<u>285,719</u>	<u>279,129</u>	<u>273,383</u>	<u>253,508</u>	<u>235,802</u>	<u>206,974</u>	<u>167,411</u>
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
IFA's covered payroll	\$ 3,187,509	\$ 3,161,609	\$ 2,971,066	\$ 2,551,067	\$ 2,492,230	\$ 2,440,922	\$ 2,263,471	\$ 2,105,374	\$ 1,847,973	\$ 1,566,405
Contributions as a percentage of covered-employee payroll	11.20%	11.20%	11.20%	11.20%	11.20%	11.20%	11.20%	11.20%	11.20%	10.69%

INDIANA FINANCE AUTHORITY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
June 30, 2022

---

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

*Plan Amendments:* In 2021, HEA 1001-2021 granted a 1% COLA for PERF DB effective January 1, 2022.

*Assumption Changes:* In 2021, several assumptions were updated. These assumption changes include a decrease in the investment rate of return, inflation assumption, wage inflation assumption.

**SCHEDULE OF IFA'S CONTRIBUTIONS (UNAUDITED)**

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

*Trends:* In 2021, HEA 1001-2021 granted a 1% COLA for PERF DB, TRF Pre-'96 DB, TRF '96 DB, EG&C and LE DB beginning January 1, 2022, and no additional postretirement benefit increases for those funds through June 30, 2023. Additionally in 2021, an asset-liability study was completed resulting in updates to several economic assumptions. These assumption changes included changes in the inflation rate, discount rate, salary increase rates.

**PART 4 - OTHER SUPPLEMENTARY INFORMATION**

**INDIANA FINANCE AUTHORITY  
SEGMENT REPORTING  
STATEMENT OF NET POSITION  
June 30, 2022**

	Business-Type Activities			Governmental Activities				
	State Revolving Fund	Toll Road Lease	Water Infrastructure Assistance Fund	State Office Building Commission	IITFA General	Public Private Partnerships	Highway Revenue Bonds	Stadium and Convention Center Financing
<b>Assets</b>								
Current assets	\$ 503,373,948	\$ 39,406,812	\$ 98,865,626	\$ 211,396,444	\$ 124,386,207	\$ 23,120,049	\$ 117,184,553	\$ 31,451,800
Capital and infrastructure assets	105,330	579,653,719	-	10,996,569	-	1,179,422,212	-	-
Noncurrent assets	3,195,916,561	-	15,392,659	120,607,742	-	95,978,429	447,210,000	992,698,987
Total Assets	<u>3,699,395,839</u>	<u>619,060,531</u>	<u>114,258,285</u>	<u>343,000,755</u>	<u>124,386,207</u>	<u>1,298,520,690</u>	<u>564,394,553</u>	<u>1,024,150,787</u>
<b>Deferred Outflows of Resources</b>								
Deferred swap termination	-	-	-	-	-	-	-	45,272,342
Loss on debt refunding	3,796,239	-	-	-	-	5,497	5,934,058	(1,581,858)
Total deferred outflows of resources	<u>3,796,239</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,497</u>	<u>5,934,058</u>	<u>43,690,484</u>
<b>Liabilities</b>								
Current liabilities	35,232,857	3,249,234	-	136,884,739	102,200,728	27,760,165	2,148,241	17,401,801
Long term debt, including current portions	2,087,783,912	-	-	129,112,218	-	845,196,694	509,295,000	1,050,439,470
Other noncurrent liabilities	35,190	-	74,934,636	-	-	-	-	-
Total Liabilities	<u>2,123,051,959</u>	<u>3,249,234</u>	<u>74,934,636</u>	<u>265,996,957</u>	<u>102,200,728</u>	<u>872,956,859</u>	<u>511,443,241</u>	<u>1,067,841,271</u>
<b>Deferred Inflows of Resources</b>								
Advanced payment for service concession agreement	-	3,854,637,978	-	-	-	-	-	-
Unearned service concession arrangement receipts	-	260,613,872	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>4,115,251,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Position</b>								
Net investment in capital assets	105,330	319,039,847	-	10,996,569	-	409,331,614	-	-
Unrestricted	-	(3,818,480,400)	-	59,185,973	22,185,479	-	13,492,105	-
Restricted	1,580,034,789	-	39,323,649	6,821,256	-	16,237,714	45,393,265	-
Total Net Position	<u>\$ 1,580,140,119</u>	<u>\$ (3,499,440,553)</u>	<u>\$ 39,323,649</u>	<u>\$ 77,003,798</u>	<u>\$ 22,185,479</u>	<u>\$ 425,569,328</u>	<u>\$ 58,885,370</u>	<u>\$ -</u>

**INDIANA FINANCE AUTHORITY  
SEGMENT REPORTING  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
For the year ended June 30, 2022**

	Business-Type Activities			Governmental Activities				
	State Revolving Fund	Toll Road Lease	Water Infrastructure Assistance Fund	State Office Building Commission	ITFA General	Public Private Partnerships	Highway Revenue Bonds	Stadium and Convention Center Financing
<b>Operating Revenues</b>								
Loan financing revenue	\$ -	\$ 74,237,048	\$ -	\$ 6,344,628	\$ -	\$ 30,594,896	\$ 30,423,149	\$ 45,152,922
Interest on loans	77,618,353	-	224,501	-	-	-	-	-
Other	1,045,431	6,005,783	20,000,000	6,790	12,867,899	80,767,209	1,738,112	4,170,389
<b>Total Operating Revenues</b>	<b>78,663,784</b>	<b>80,242,831</b>	<b>20,224,501</b>	<b>6,351,418</b>	<b>12,867,899</b>	<b>111,362,105</b>	<b>32,161,261</b>	<b>49,323,311</b>
<b>Operating Expenses</b>								
IFA operations	4,772,555	572,435	5,751,883	1,362,215	13,430,357	132,527,693	202,554	292,263
Interest expense	48,783,186	-	-	3,956,864	-	17,275,850	34,030,913	46,787,093
Depreciation and bond issuance costs	2,373,922	-	-	203,488	-	-	-	2,243,955
<b>Total Operating Expenses</b>	<b>55,929,663</b>	<b>572,435</b>	<b>5,751,883</b>	<b>5,522,567</b>	<b>13,430,357</b>	<b>149,803,543</b>	<b>34,233,467</b>	<b>49,323,311</b>
<b>Operating Income (Loss)</b>	<b>22,734,121</b>	<b>79,670,396</b>	<b>14,472,618</b>	<b>828,851</b>	<b>(562,458)</b>	<b>(38,441,438)</b>	<b>(2,072,206)</b>	<b>-</b>
<b>Nonoperating Revenues (Expenses)</b>								
Investment earnings, net	1,317,429	69,540	150,442	94,856	129,815	(6,063)	77,420	-
Distribution to primary government	-	(8,722,877)	-	-	-	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>1,317,429</b>	<b>(8,653,337)</b>	<b>150,442</b>	<b>94,856</b>	<b>129,815</b>	<b>(6,063)</b>	<b>77,420</b>	<b>-</b>
<b>Income (loss) Before Capital Contributions and Transfers</b>	<b>24,051,550</b>	<b>71,017,059</b>	<b>14,623,060</b>	<b>923,707</b>	<b>(432,643)</b>	<b>(38,447,501)</b>	<b>(1,994,786)</b>	<b>-</b>
Capital contributions	53,882,739	-	5,065,364	-	-	-	-	-
Loan forgiveness	(25,672,406)	-	(325,566)	-	-	-	-	-
Transfer in (out)	(427,339)	(107,045)	-	9,933	1,613,792	-	(1,506,748)	-
<b>Change in Net Position</b>	<b>51,834,544</b>	<b>70,910,014</b>	<b>19,362,858</b>	<b>933,640</b>	<b>1,181,149</b>	<b>(38,447,501)</b>	<b>(3,501,534)</b>	<b>-</b>
<b>Net Position - Beginning of year</b>	<b>1,528,305,575</b>	<b>(3,570,350,567)</b>	<b>19,960,791</b>	<b>76,070,158</b>	<b>21,004,330</b>	<b>464,016,829</b>	<b>62,386,904</b>	<b>-</b>
<b>Net Position - End of year</b>	<b>\$ 1,580,140,119</b>	<b>\$ (3,499,440,553)</b>	<b>\$ 39,323,649</b>	<b>\$ 77,003,798</b>	<b>\$ 22,185,479</b>	<b>\$ 425,569,328</b>	<b>\$ 58,885,370</b>	<b>\$ -</b>

**INDIANA FINANCE AUTHORITY  
SEGMENT REPORTING  
STATEMENT OF CASH FLOWS  
For the year ended June 30, 2022**

	Business-Type Activities			Governmental Activities				
	State Revolving Fund	Toll Road Lease	Water Infrastructure Assistance Fund	State Office Building Commission	ITFA General	Public Private Partnerships	Highway Revenue Bonds	Stadium and Convention Center Financing
<b>Net Cash Provided (Used) By:</b>								
Operating activities	\$ (3,971,591)	\$ 1,184,968	\$ 93,559,176	\$ 26,988,307	\$ 103,201,543	\$ (47,701,151)	\$ 23,253,396	\$ 46,793,359
Investing activities	(147,744,332)	39,154	(11,119,959)	(9,259,069)	124,101	(12,432)	37,490	(73,002,565)
Non-capital financing activities	223,806,597	-	-	-	-	-	-	-
Capital and related financing activities	28,015,818	-	-	(13,964,252)	-	19,254,464	(33,017,516)	26,209,206
<b>Net Increase (Decrease) in Cash and Short-term Investments</b>	100,106,492	1,224,122	82,439,217	3,764,986	103,325,644	(28,459,119)	(9,726,630)	-
<b>Cash and Short-term Investments</b>								
Beginning of Year	206,932,169	35,570,478	14,768,217	196,919,679	21,054,490	39,379,898	57,433,627	-
End of Year	<u>\$ 307,038,661</u>	<u>\$ 36,794,600</u>	<u>\$ 97,207,434</u>	<u>\$ 200,684,665</u>	<u>\$ 124,380,134</u>	<u>\$ 10,920,779</u>	<u>\$ 47,706,997</u>	<u>\$ -</u>

## **PART 5 - OTHER REPORT**

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

Members of the Indiana Finance Authority

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 the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Indiana Finance Authority (IFA), a component unit of the State of Indiana, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise IFA's basic financial statements, and have issued our report thereon dated October 31, 2022.

### **Report on Internal Control Over Financial Reporting**

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

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

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

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether IFA'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 31, 2022

# INDIANA FINANCE AUTHORITY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND INDEPENDENT AUDITOR'S REPORTS

June 30, 2022



# INDIANA FINANCE AUTHORITY

## CONTENTS

	<b>Page</b>
Independent Auditor's Report on Compliance for Each Major Federal Program Required by the Uniform Guidance and on Internal Control Over Compliance	1-4
Schedule of Expenditures of Federal Awards	5
Notes to Schedule of Expenditures of Federal Awards	6
Schedule of Findings and Questioned Costs	7-8

*Independent Auditor's Report on Compliance for Each Major Program  
and on Internal Control Over Compliance Required by the Uniform Guidance*

Members of the Indiana Finance Authority

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Indiana Finance Authority's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Indiana Finance Authority's major federal programs for the year ended June 30, 2022. Indiana Finance Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Indiana Finance Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Indiana Finance Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Indiana Finance Authority's compliance with the compliance requirements referred to above.

## ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and the provisions of contracts or grant agreements applicable to Indiana Finance Authority's federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Indiana Finance Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Indiana Finance Authority's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Indiana Finance Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Indiana Finance Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Indiana Finance Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Indiana Finance Authority, a component unit of the State of Indiana, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Indiana Finance Authority's basic financial statements. We issued our report thereon dated October 31, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Katz, Sapper & Miller, LLP*

Indianapolis, Indiana  
October 31, 2022

**INDIANA FINANCE AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2022**

	Federal Assistance Listing Number	Pass-through Entity Identifying/ Grant Number	Program or Award Amount	Federal Expenditures	Amount Provided to Subrecipients
<b>U.S DEPARTMENT OF TREASURY</b>					
Passed through Indiana State Budget Agency: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds					
	21.027	Memorandum of Understanding dated 10/29/21	\$ 160,000,000	\$ 5,065,364	\$ 5,065,364
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY:</b>					
Clean Water State Revolving Fund Cluster: Capitalization Grants for Clean Water State Revolving Funds					
	66.458	CS18000121-0 DA	38,292,000	38,292,000	38,292,000
Drinking Water State Revolving Fund Cluster: Capitalization Grants for Drinking Water State Revolving Funds					
	66.468	FS98548619-0 DA	154,000	154,000	154,000
	66.468	FS98548620-0 DF	1,683,000	432,641	
	66.468	FS98548621-0 DA	14,460,900	14,460,900	14,460,900
	66.468	FS98548621-0 DD	672,600	665,113	
	66.468	FS98548621-0 DF	1,681,500	359,624	
	66.468	FS98548622-0 DD		94,116	
				<u>16,166,394</u>	<u>14,614,900</u>
State and Tribal Response Program Grants					
	66.817	RP00E14614-0	787,518	218,288	
	66.817	RP00E14615-0	800,000	407,579	
				<u>625,867</u>	
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements					
	66.818	BF00E48101-F	6,984,204	409,805	409,805
Multipurpose Grants to States and Tribes					
	66.204	AA00E02780-1	119,840	20,791	20,791
Voluntary School and Child Care Lead Testing and Reduction Grant Program (SDWA 1464(d))					
	66.444	M100E02762-0	423,000	423,000	
Water Infrastructure Finance and Innovation (WIFIA)					
	66.958	WIFIA-2019-N17114IN	436,000,000	314,868,900	314,868,900
				<u>\$ 375,872,121</u>	<u>\$ 373,271,760</u>

See accompanying notes to schedule of expenditures of federal awards.

## INDIANA FINANCE AUTHORITY

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2022

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

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Indiana Finance Authority (IFA). The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Expenditures** reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, or when not applicable the specific federal award agreement, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Expenditures to Subrecipients:** The amounts of expenditures to subrecipients represents the actual expenditures incurred by subrecipients and reimbursable by IFA in 2022.

#### NOTE 2 - INDIRECT COST RATE

IFA has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

#### NOTE 3 - LOAN PROGRAM

The accompanying schedule of expenditures of federal awards includes one federal loan disbursed under the Water Infrastructure Finance and Innovation Act (WIFIA). The WIFIA loan agreement provides for continuing compliance requirements through debt maturity or repayment, and therefore, IFA reports the prior year loan balances, plus any additional draws, on the schedule of expenditures of federal awards.

WIFIA funds were used to finance two projects: the DigIndy Tunnel System (DigIndy) project and the Integrated Overflow Control Plan (IOCP) project being completed by CWA Authority, Inc. and Evansville Water and Sewer Utility, respectively. The DigIndy project was substantially completed in June 2019, and the IOCP project was in progress at June 30, 2022. WIFIA expenditures were \$50,000,000 during fiscal year 2022. The WIFIA loan balance outstanding was \$307,045,800 as of June 30, 2022.

## INDIANA FINANCE AUTHORITY

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2022

#### Summary of Auditor's Results

##### *Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_  no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_  none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes \_\_\_\_\_  no

##### *Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_  no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_  none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? \_\_\_\_\_ yes \_\_\_\_\_  no

##### Identification of major programs:

Assistance Listing Number	Agency	Title
21.027	U.S Department of Treasury	Coronavirus State and Local Fiscal Recovery Funds
66.958	U.S. Environmental Protection Agency	Water Infrastructure Finance and Innovation (WIFIA)
66.458	U.S. Environmental Protection Agency	Clean Water State Revolving Fund Cluster
66.468	U.S. Environmental Protection Agency	Drinking Water State Revolving Fund Cluster

**INDIANA FINANCE AUTHORITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2022**

**Summary of Auditors' Results (Continued)**

Dollar threshold used to distinguish between  
type A and type B programs:

\$1,830,097

Auditee qualified as low-risk auditee?

  ✓   yes             no

**Financial Statement Findings**

None

**Federal Award Findings and Questioned Costs**

None