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

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

June 30, 2020 and 2019

KATZ
SAPPER
& MILLER

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

CONTENTS

Independent Auditors' Report

Board of Directors
Indiana Board for Depositories

Report on the Financial Statements

We have audited the accompanying financial statements of Indiana Board for Depositories, a component unit of the State of Indiana, which comprise the statements of net position as of June 30, 2020 and 2019, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Katz, Sapper & Miller, LLP
Certified Public Accountants
800 East 96th Street, Suite 500
Indianapolis, IN 46240
Tel 317.580.2000
Web ksmcpa.com
An Affiliate of
KSM Business Services, Inc.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of Indiana Board for Depositories as of June 30, 2020 and 2019, and the changes in its net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 and the schedules of the Board's proportionate share of the net pension liability and Board contributions and the related notes on pages 24 through 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2020, on our consideration of Indiana Board for Depositories' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Indiana Board for Depositories' internal control over financial reporting and compliance.

Indianapolis, Indiana
December 9, 2020

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2020 and 2019

This section of the Indiana Board for Depositories' (the Board) annual financial report provides management's discussion and analysis of the financial performance during the fiscal years ended June 30, 2020 and 2019. Please read it in conjunction with the Board's financial statements and accompanying notes.

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

FINANCIAL HIGHLIGHTS

- Total operating revenues were $7,278,200 in 2020 and $10,133,500 in 2019. Total operating revenues were made up of investment income and securities lending income.

- Interest income generated was $5,448,600 in 2020 and $5,217,300 in 2019. Interest income increased due to increase in investments and from coupon payments from higher yielding securities purchased in 2019.

- Realized gains and unrealized (losses) on investments were $612,600 and $(291,400), respectively, in 2020. Realized and unrealized gains on investments were $570,800 and $1,828,300, respectively, in 2019. The Board experienced a small unrealized loss in 2020 due to higher yielding securities being called in 2020 and those funds being reinvested in shorter duration securities at lower yields.

- Securities lending income was $1,508,400 in 2020 and $2,517,100 in 2019. Securities lending fees were $1,478,500 in 2020 and $2,492,100 in 2019. Securities lending income and fees decreased due to decreased lending volume and decreased overnight lending rates during fiscal year 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 11 through 23 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information including the Schedule of the Board's Proportionate Share of the Net Pension Liability, the Schedule of Board Contributions and the related notes on pages 24 through 26.

FINANCIAL ANALYSIS

Statements of Net Position

Below are the condensed statements of net position relating to the Board at June 30, 2020, 2019, and 2018.

Indiana Board for Depositories
Condensed Statements of Net Position

	June 30, 2020	June 30, 2019	June 30, 2018
Current assets	$218,447,900	$141,863,400	$206,969,800
Noncurrent Assets	100,358,600	171,498,700	98,946,800
Total Assets	318,806,500	313,362,100	305,916,600
Deferred Outflows of Resources	10,100	5,100	21,700
Current liabilities	61,400	139,300	62,200
Noncurrent liabilities	25,100	17,800	80,700
Total Liabilities	86,500	157,100	142,900
Deferred Inflows of Resources	4,200	3,300	6,200
Net Position	$318,725,900	$313,206,800	$305,789,200

2020 to 2019 Comparative Statements of Net Position

As of June 30, 2020, total assets increased by approximately $5.4 million. Total assets increased due to recognizing approximately $5.4 million of interest income in operating revenues in fiscal year 2020. Total liabilities remained consistent and comparable. Net position increased by approximately $5.5 million or 1.8% during fiscal year 2020, which was driven by investment income.

2019 to 2018 Comparative Statements of Net Position

As of June 30, 2019, total assets increased by approximately $7.4 million. Total assets increased due to the significant increase in investment income. Total liabilities remained consistent and comparable. Net position increased by approximately $7.4 million or 2.4% during fiscal year 2019, which was driven by an increase in investment income.

FINANCIAL ANALYSIS (CONTINUED)

Statements of Revenues, Expenses and Changes in Net Position

Below are the condensed statements of revenues, expenses and changes in net position relating to the Board for the years ended June 30, 2020, 2019, and 2018.

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

	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018
Operating Revenues			
Interest income	$ 5,448,600	$ 5,217,300	$ 3,396,600
Realized gains (losses)	612,600	570,800	(205,500)
Unrealized gains (losses)	(291,400)	1,828,300	(274,600)
Securities lending income	1,508,400	2,517,100	945,300
Total Operating Revenues	7,278,200	10,133,500	3,861,800
Operating Expenses			
Securities lending fees	1,478,500	2,492,100	926,400
General and administrative	280,600	223,800	262,100
Total Operating Expenses	1,759,100	2,715,900	1,188,500
Increase in Net Position	5,519,100	7,417,600	2,673,300
Net Position:			
Beginning of Year	313,206,800	305,789,200	303,115,900
End of Year	$318,725,900	$313,206,800	$305,789,200

2020 to 2019 Comparative Statements of Revenue, Expenses and Changes in Net Position

Total revenues for the fiscal year ended June 30, 2020, were $7.3 million, which was a $2.8 million decrease from the prior year. Interest income and realized gains remained consistent and comparable from fiscal year 2019 to fiscal year 2020. The Board experienced a change from unrealized gains of $1.8 million in fiscal year 2019 to unrealized losses in fiscal year 2020 of $.3 million due to multiple investment holdings being called in 2020. Those funds were used to purchase shorter duration securities at lower interest rates.

Expenses for the fiscal year ended June 30, 2020, were $1.8 million, which was a $.9 million decrease from the prior year. General and administrative expenses remained consistent and comparable.

Securities lending income and fees decreased due to decreased lending volume during fiscal year 2020.

2019 to 2018 Comparative Statements of Revenue, Expenses and Changes in Net Position

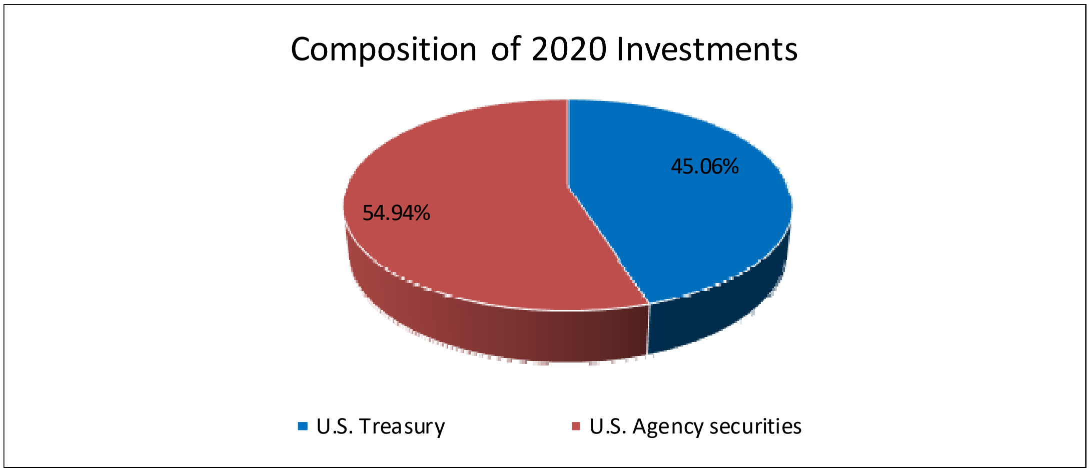
Total revenues for the fiscal year ended June 30, 2019, were $10.1 million, which was a $6.3 million increase from the prior year. Interest income increased due to rising interest rates throughout the year. The fair market value of investments also increased at year end in anticipation of the Federal Reserve decreasing interest rates, causing demand for higher yield investments.

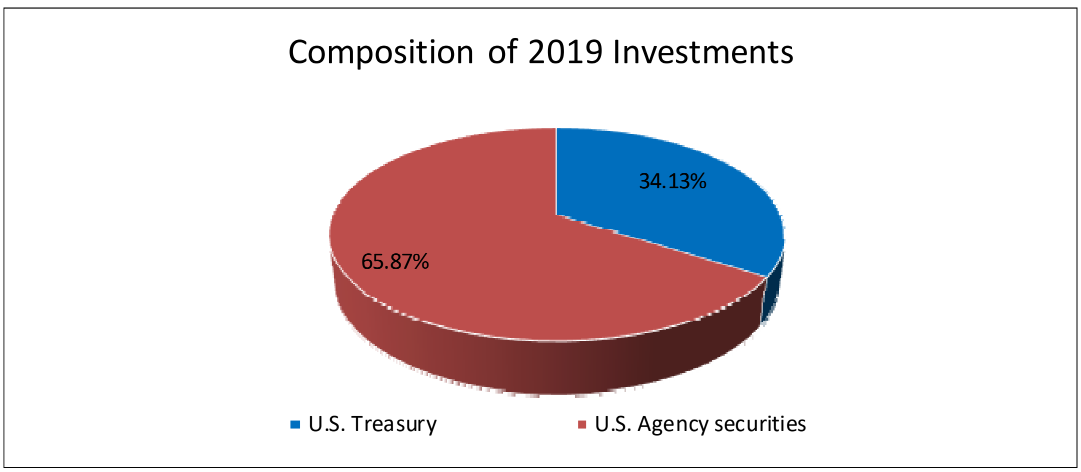
FINANCIAL ANALYSIS (CONTINUED)

2019 to 2018 Comparative Statements of Revenue, Expenses and Changes in Net Position (Continued)

Expenses for the fiscal year ended June 30, 2019, were $2.7 million, which was a $1.5 million increase from the prior year. General and administrative expenses remained consistent and comparable.

Securities lending income and fees increased due to increased lending volume during fiscal year 2019.





CAPTIAL ASSET ADMINISTRATION

The Board's investment in capital assets was $332,800, $331,300, and $31,300 (net of accumulated depreciation) at June 30, 2020, 2019, and 2018, respectively. The investment in capital assets includes computer equipment, computer software, and office equipment.

	Capital Assets		
	June 30, 2020	**June 30, 2019**	**June 30, 2018**
Capital assets	$612,300	$598,800	$276,200
Less: Accumulated Depreciation	279,500	267,500	244,900
Net	$332,800	$331,300	$ 31,300

Additional information on the Board's capital assets can be found in Note 4 to the financial statements on page 16 of this report.

CURRENTLY KNOWN FACTS

On January 30, 2020, the World Health Organization declared a global health emergency over the novel coronavirus known as COVID-19. The outbreak caused global volatility in fixed income markets and indirectly prompted interest rate cuts by the Federal Reserve; factors which impact the Board's investment return. The extent of the impact of COVID-19 on the Board's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, the performance and stability of the fixed income markets, and future rate setting decision by the Federal Reserve, all of which are uncertain and cannot be predicted. The ultimate impact of the outbreak to the Board's financial results and operations cannot be determined at this time; however, management is taking actions to mitigate the impact of the outbreak to the Board.

REQUESTS FOR INFORMATION

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

FINANCIAL STATEMENTS

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

STATEMENTS OF NET POSITION
June 30, 2020 and 2019

	2020	2019
CURRENT ASSETS		
Cash	$ 2,358,602	$ 1,227,972
Interest receivable	511,663	1,586,313
Prepaid expenses and other current assets	253,135	24,401
Investments	210,324,523	134,024,688
Loan receivable	5,000,000	5,000,000
Total Current Assets	218,447,923	141,863,374
NONCURRENT ASSETS		
Investments	90,025,760	156,167,327
Loan receivable	10,000,000	15,000,000
Capital assets, net	332,849	331,339
Total Noncurrent Assets	100,358,609	171,498,666
TOTAL ASSETS	318,806,532	313,362,040
DEFERRED OUTFLOWS OF RESOURCES	10,060	5,135
CURRENT LIABILITIES		
Accounts payable and accrued expenses	61,414	139,259
Total Current Liabilities	61,414	139,259
NONCURRENT LIABILITIES		
Pension liability	25,092	17,805
Total Noncurrent Liabilities	25,092	17,805
TOTAL LIABILITIES	86,506	157,064
DEFERRED INFLOWS OF RESOURCES	4,189	3,333
NET POSITION		
Net investment in capital assets	332,849	331,339
Unrestricted	318,393,048	312,875,439
TOTAL NET POSITION	$ 318,725,897	$ 313,206,778

See accompanying notes.

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

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended June 30, 2020 and 2019

	2020	2019
OPERATING REVENUES		
Interest income	$ 5,448,608	$ 5,217,319
Realized gains	612,643	570,829
Unrealized gains (losses)	(291,380)	1,828,253
Securities lending income	1,508,370	2,517,105
Total Operating Revenues	7,278,241	10,133,506
OPERATING EXPENSES		
Securities lending fees	1,478,542	2,492,143
Salaries, wages, and employee benefits	114,430	70,784
Maintenance contracts	45,218	43,745
Depreciation	11,949	22,642
Professional fees	70,160	50,935
Office supplies	9,235	11,402
Travel	10,428	11,384
Rent	12,377	5,736
Other	6,783	7,195
Total Operating Expenses	1,759,122	2,715,966
INCREASE IN NET POSITION	5,519,119	7,417,540
NET POSITION		
Beginning of Year	313,206,778	305,789,238
End of Year	$ 318,725,897	$ 313,206,778

See accompanying notes.

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

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from interest	$ 6,426,288	$ 4,641,218
Cash received from securities lending	1,605,340	2,517,105
Cash payments to suppliers and employees	(2,050,534)	(2,678,352)
Net Cash Provided by Operating Activities	5,981,094	4,479,971
CASH FLOWS FROM INVESTING ACTIVITIES		
Repayment from State of Indiana general fund	5,000,000	5,000,000
Purchase of investments	(627,195,625)	(439,499,803)
Proceeds from redemption of investments	617,358,620	429,795,963
Net Cash Used by Investing Activities	(4,837,005)	(4,703,840)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(13,459)	(322,688)
Net Cash Used by Capital and Related Financing Activities	(13,459)	(322,688)
NET INCREASE (DECREASE) IN CASH	1,130,630	(546,557)
CASH		
Beginning of Year	1,227,972	1,774,529
End of Year	$ 2,358,602	$ 1,227,972
RECONCILIATION OF INCREASE IN NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Increase in net position	$ 5,519,119	$ 7,417,540
Adjustments to reconcile increase in net position to net cash provided by operating activities:		
Depreciation	11,949	22,642
Realized gains on investments	(612,643)	(570,829)
Unrealized (gains) losses on investments	291,380	(1,828,253)
(Increase) decrease in certain assets and deferred outflows:		
Interest receivable	1,074,650	(576,101)
Prepaid expenses and other current assets	(228,734)	(12,887)
Deferred outflows of resources related to pension	(4,925)	16,524
Increase (decrease) in certain liabilities and deferred inflows:		
Accounts payable and accrued expenses	(77,845)	77,084
Pension liability	7,287	(62,864)
Deferred inflows of resources related to pension	856	(2,885)
Net Cash Provided by Operating Activities	$ 5,981,094	$ 4,479,971

See accompanying notes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Cash includes cash on hand and bank deposit accounts. The Board maintains a cash balance in bank deposit accounts which, at times, may exceed federally insured limits. The Public Deposit Insurance Fund (PDIF) provides coverage for public funds in excess of the federally insured limit. There have been no losses in such accounts.

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

Loan Receivable: During 2004, the Board was required to transfer $50,000,000 to the state general fund under Section 116(a) of Public Law 224-2003. Under Public Law 224-2003, the transfer constitutes an interest free loan from the Board. Under Public Law 93-2013 Sec. 4, the loan is to be repaid in annual increments of $5,000,000, to be paid each July beginning July 2013. As of June 30, 2020 and 2019, the amount that was receivable from the state general fund was $15,000,000 and $20,000,000, respectively.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows of Resources: The Board reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its statements of net position. Deferred outflows of resources related to the defined benefit pension plan, including contributions made to the plan between the measurement date of the net pension liability and the end of the Board's fiscal year, differences between expected and actual experience, differences between projected and actual earnings on pension investments, changes in assumptions, changes in the Board's allocated proportion from the previous year, and differences between the Board's contributions to the plan and its proportionate share of contributions. These amounts are being amortized into pension expense over the average expected remaining service lives, except for the difference between expected and actual investment earnings, which is being amortized over five years.

Deferred Inflows of Resources: The Board's statements of net position report a separate section for deferred inflows of resources, which reflects an increase in net assets that applies to future periods. Deferred inflows of resources related to the defined benefit pension plan, including differences between expected and actual experience, differences between projected and actual earnings on pension investments, changes in assumptions, changes in the Board's allocated proportion from the previous year, and differences between the Board's contributions to the plan and its proportionate share of contributions. These amounts are being amortized into pension expense over the average expected remaining service lives, except for the difference between expected and actual investment earnings, which is being amortized over five years.

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

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

Retirement Plan: The employees of the Board participate in the Indiana Public Retirement System (INPRS). The Board recognizes its proportionate share of the collective net pension liability, deferred outflows of resources and deferred inflows of resources related to the pension and pension expense. See Note 7.

Subsequent Events: The Board has evaluated the financial statements for subsequent events occurring through December 9, 2020, the date the financial statements were available to be issued.

NOTE 2 - DEPOSITS AND INVESTMENTS

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

1) In bonds, notes, certificates, and other valid obligations of the United States.

2) In bonds, notes, debentures, and other securities issued by a federal agency or a federal instrumentality and fully guaranteed by the United States.

3) In bonds, notes, certificates, and other valid obligations of a state or of an Indiana political subdivision that are issued under law.

4) In bonds or other obligations of the Indiana Finance Authority issued under IC 5-1.2.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

5) In investments permitted the state under IC 5-13-10.5.

6) In guarantees of economic development obligations or credit enhancement obligations, or both.

7) In guarantees of bonds or notes issued under IC 5-1.5-4-1.

8) In bonds, notes, or other valid obligations of the Indiana Finance Authority that have been issued in conjunction with the Board's acquisition, development, or improvement of property or other interests for an economic development project (as defined in IC 5-1.2-2).

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

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

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

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

The Board's deposits and investments at June 30, 2020 and 2019 are summarized as follows:

	2020	
	Cost	**Fair Value**
Cash	$ 2,358,602	$ 2,358,602
U.S. Treasury	135,047,428	135,325,088
U.S. Agency Securities	165,004,685	165,025,195
Total Deposits and Investments	$ 302,410,715	$ 302,708,885

	2019	
	Cost	**Fair Value**
Cash	$ 1,227,972	$ 1,227,972
U.S. Treasury	98,482,537	99,029,738
U.S. Agency Securities	191,248,241	191,162,277
Total Deposits and Investments	$ 290,958,750	$ 291,419,987

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions

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

Investments

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

Interest Rate Risk

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

As of June 30, 2020 and 2019, the Board had investments with maturities as follows:

2020

	Investment Maturities (in Fiscal Years)					
Investment Type	**Fair Value**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**
U.S. Treasury	$ 135,325,088	$ 135,325,088				
U.S. Agency Securities	165,025,195	74,999,435	$ 85,024,360	$ 5,001,400		
Totals	$ 300,350,283	$ 210,324,523	$ 85,024,360	$ 5,001,400	$ -	$ -

2019

	Investment Maturities (in Fiscal Years)					
Investment Type	**Fair Value**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**
U.S. Treasury	$ 99,029,738	$ 89,093,838	$ 9,935,900			
U.S. Agency Securities	191,162,277	44,930,850	91,216,925	$ 9,974,750	$ 15,000,867	$ 30,038,885
Totals	$ 290,192,015	$ 134,024,688	$101,152,825	$ 9,974,750	$ 15,000,867	$ 30,038,885

Custodial Credit Risk of Investments

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

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk Disclosure

The following table provides information on the credit ratings associated with the Board's investments as of June 30, 2020, excluding obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government, which are not considered to have credit risk and do not require disclosure of credit quality:

Credit Ratings	S & P	Fitch	Moody's	Fair Value
U.S. Agency Securities	AA+	AAA	Aaa	$165,025,195
Total Rated Investments				$ 165,025,195

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Additionally, according to Indiana Code 5-13-10-3, the State Treasurer may not deposit aggregate funds in deposit accounts in any one designated depository in an amount aggregating at any one time more than 50% of the combined capital, surplus, and undivided profits of that depository as determined by its last published statement of condition filed with the Treasurer of State. At June 30, 2020 and 2019, the Board was in compliance with Indiana Code 5-13-10-3.

The following table shows investments in issuers, not exempt from disclosure, that represent 5% or more of the total investments at June 30, 2020:

Federal Farm Credit Banks	43%
Federal Home Loan Mort Corp	7%
Federal Home Loan Bank	5%

NOTE 3 - FAIR VALUE MEASUREMENTS

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

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

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

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

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

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

Following is a description of the valuation methodologies used by the Board for assets and liabilities that are measured at fair value on a recurring basis. There have been no changes in the methodologies used at June 30, 2020 and 2019.

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

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

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

Following is a summary, by major nature and risks class within each level of the fair value hierarchy, of the Board's assets that are measured at fair value on a recurring basis as of June 30, 2020 and 2019:

2020	**Level 1**	**Level 2**	**Total**
U.S. Treasury	$135,325,088		$ 135,325,088
U.S. Agency securities		$ 165,025,195	165,025,195
Investments at Fair Value	$ 135,325,088	$ 165,025,195	$ 300,350,283
2019			
U.S. Treasury	$ 99,029,738		$ 99,029,738
U.S. Agency securities		$ 191,162,277	191,162,277
Investments at Fair Value	$ 99,029,738	$ 191,162,277	$ 290,192,015

At June 30, 2020 and 2019, the Board had no other assets and no liabilities that are measured at fair value on a recurring basis.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2020 and 2019 was as follows:

2020	Beginning Balance	Increases	Decreases	Ending Balance
Depreciable capital assets:				
Computer equipment	$ 276,761	$ 10,915	$ -	$ 287,676
Office equipment	6,104	2,544		8,648
Computer software	316,000			316,000
Total Depreciable Capital Assets	598,865	13,459	-	612,324
Less: Accumulated depreciation	267,526	11,949		279,475
Total Capital Assets, net	$ 331,339	$ 1,510	$ -	$ 332,849

2019	Beginning Balance	Increases	Decreases	Ending Balance
Depreciable capital assets:				
Computer equipment	$ 270,073	$ 6,688	$ -	$ 276,761
Office equipment	6,104			6,104
Computer software		316,000		316,000
Total Depreciable Capital Assets	276,177	322,688	-	598,865
Less: Accumulated depreciation	244,884	22,642		267,526
Total Capital Assets, net	$ 31,293	$ 300,046	$ -	$ 331,339

NOTE 5 - SECURITIES LENDING TRANSACTIONS

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

Collateral securities and cash are initially pledged at 102% of the market value of the securities lent. The collateral securities cannot be pledged or sold by the Board unless the borrower defaults, but cash collateral may be invested. Cash collateral is generally invested in securities of a longer term with the difference of maturities generally 0-15 days. At June 30, 2020 and 2019, there were no securities lent out.

NOTE 6 - OPERATING LEASE COMMITMENTS

The Board leases office space under a non-cancelable operating lease which expires in March 2021. The rent expense charged to operations was $12,377 and $5,736 for the years ended June 30, 2020 and 2019, respectively. Future minimum rental payments required under this lease at June 30, 2020 was $8,745 in fiscal year 2021.

NOTE 7 - BENEFIT PLAN

Plan Description

The Public Employees Hybrid plan (PERF Hybrid) consists of two components: the Public Employees' Defined Benefit Account (PERF DB), the monthly employer-funded defined benefit component, along with the Public Employees Hybrid Members Defined Contribution Account (PERF DC), a member-funded account. First time new employees hired by the State or a participating political subdivision who offers a choice have a one-time election to join either PERF Hybrid or PERF My Choice: Retirement Savings Plan for Public Employees (PERF MC DC). A new hire that is an existing member of PERF Hybrid and was not given the option for the PERF MC DC plan is given the option to elect PERF MC DC or remain in PERF Hybrid. The Board does not participate in PERF MC DC.

Public Employees' Defined Benefit Account

The Board contributed to the PERF DB. 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 Benefits: 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 Benefits: A member is entitled to an early retirement benefit at age 50 and a minimum of 15 years of creditable service. The benefit is reduced to 44% of full benefits at age 50, increasing 5% per year up to 89% at age 59.

Disability and Survivor Benefits: An active member qualifying for Social Security disability with five years of creditable service may receive an unreduced retirement benefit for the duration of their disability (minimum of $180 per month). If death occurs while in active service, a spouse or dependent beneficiary of a member with a minimum of 15 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 death occurs while receiving a benefit, a spouse or dependent receives the benefit associated with the member's selected form of payment: Five Year Certain & Life, Joint with 100% Survivor Benefits, Joint with Two-Thirds Survivor Benefits, or Joint with One-Half Survivor Benefits.

Contributions

Contributions are determined by the INPRS Board based on an actuarial valuation. Employers contribute 11.2% of covered payroll, with 0.43% funding a supplemental reserve account for postretirement benefits. Contributions from employers with PERF MC DC plan members, who either currently offer or have offered PERF Hybrid, fund PERF DB's unfunded liability at 8.2% of covered payroll for the State and 7.4% for political subdivisions. No member contributions are required.

NOTE 7 - BENEFIT PLAN (CONTINUED)

Benefit Formula and Postretirement Benefit Adjustments

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). Average annual compensation is outlined in IC 5-10.2-4-3 and includes compensation of not more than $2,000 received from the employer in severance.

Postretirement benefit increases are granted on an ad hoc basis pursuant to IC 5-10.2-12.4 and administered by the INPRS Board. For the year ended June 30, 2019, postretirement benefits of $29.6 million were issued to members as a 13th check.

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. PERF DC fund provides supplemental defined contribution benefits under PERF Hybrid.

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. Under certain limitations, voluntary post-tax member contributions up to 10% of their compensation can be made solely by the member.

Retirement and Termination Benefits

Members are entitled to the sum total of vested contributions plus earnings 30 days after separation from employment (retirement, termination, disability, or death). The amount may be paid in a lump sum, partial lump sum, direct rollover to another eligible retirement plan, or a monthly annuity (in accordance with INPRS requirements). PERF DC members are 100% vested in their account balance.

Disability and Survivor Benefits

Upon providing proof of the member's qualification for Social Security disability benefits, the member is entitled to the sum total of contributions plus earnings. The amount can be paid in full or partial withdrawal as a lump sum, direct rollover to another eligible retirement plan, or a monthly annuity (in accordance with INPRS requirements). Beneficiary is entitled to the sum total of contributions plus earnings. The amount can be paid in a lump sum, direct rollover to another eligible retirement plan, or a monthly annuity (in accordance with INPRS requirements).

Significant Actuarial Assumptions

The total pension liability is determined by INPRS actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. In 2019, none of the actuarial assumptions or methods changed.

NOTE 7 - BENEFIT PLAN (CONTINUED)

The accompanying schedule of contributions in the required supplementary information presents trend information about the amounts contributed to the plan by employers and a nonemployer contributing entity in comparison to the actuarially determined contribution (ADC). The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost for each year and the amortization of any unfunded actuarial accrued liability.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

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

Asset valuation date:	June 30, 2019
Liability valuation date and method:	June 30, 2018 - Member census data as of June 30, 2018 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2018 and June 30, 2019. Standard actuarial roll forward techniques were then used to project the liability computed as of June 30, 2018 to the June 30, 2019 measurement date.
Actuarial cost method:	Entry age normal - level percent of payroll
Experience study date:	Computed April 2015 and reflects the experience period from July 1, 2010 to June 30, 2014
Investment rate of return:	6.75%
COLA:	2020 – 2021 - 13th check Beginning January 1, 2022 -0.40% Beginning January 1, 2034 - 0.50% Beginning January 1, 2039 - 0.60%
Future salary increases, including inflation:	2.50% - 4.25%
Inflation:	2.25%
Mortality - Healthy:	RP-2014 Total Data Set Mortality Table, with Social Security Administration generational improvement scale from 2006
Mortality - Disabled:	RP-2014 Disabled Mortality Table, with Social Security Administration generational improvement scale from 2006

NOTE 7 - BENEFIT PLAN (CONTINUED)

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

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

		2020	2019
	Target Asset Allocation	Geometric Basis Long-Term Expected Real Rate of Return	Geometric Basis Long-Term Expected Real Rate of Return
Public Equity	22.0%	4.9%	4.4%
Private Equity	14.0%	7.0%	5.4%
Fixed Income – Ex Inflation-Linked	20.0%	2.5%	2.2%
Fixed Income – Inflation-Linked	7.0%	1.3%	0.8%
Commodities	8.0%	2.0%	2.3%
Real Estate	7.0%	6.7%	6.5%
Absolute Return	10.0%	2.9%	2.7%
Risk Parity	12.0%	5.3%	5.2%

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

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

1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
$41,402	$25,092	$12,749

NOTE 7 - BENEFIT PLAN (CONTINUED)

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

At June 30, 2020 and 2019, the Board reported a liability of $25,092 and $17,805 for its proportionate share of the net pension liability, respectively. The Board's proportionate share of the net pension liability was based on the Board's wages as a proportion of total wages for PERF Hybrid. The proportionate share used at the June 30, 2019 and 2018 measurement dates were 0.00078% and 0.00054%, respectively.

For the years ended June 30, 2020 and 2019, the Board recognized pension expense of $5,670 and $2,610, respectively, which includes expenses from the net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions of $2,216 and ($258), respectively. At June 30, 2020 and 2019, the Board reported deferred outflows of resources and deferred inflows of resources related to PERF Hybrid from the following sources:

	2020		2019	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 683		$ 239	$ 1
Net differences between project and actual earnings on pension plan investments		$1,219	496	
Changes of assumptions	6	2,802	44	2,846
Changes in proportion and differences between the Board's contributions and proportionate share of contributions	6,238	168	492	486
Total that will be recognized in pension expense based on table below	6,927	4,189	1,271	3,333
Pension contribution subsequent to measurement date	3,133		3,864	
Total	$10,060	$4,189	$5,135	$3,333

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

Year Ending June 30,	**Amount**
2020	$1,090
2021	325
2022	1,402
2023	(79)
	$2,738

NOTE 8 - UNCERTAINTY RELATED TO CORONAVIRUS

On January 30, 2020, the World Health Organization declared a global health emergency over the novel coronavirus known as COVID-19. The outbreak caused global volatility in fixed income markets and indirectly prompted interest rate cuts by the Federal Reserve; factors which impact the Board’s investment return. The extent of the impact of COVID-19 on the Board’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, the performance and stability of the fixed income markets, and future rate setting decision by the Federal Reserve, all of which are uncertain and cannot be predicted. The ultimate impact of the outbreak to the Board’s financial results and operations cannot be determined at this time; however, management is taking actions to mitigate the impact of the outbreak to the Board.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

PUBLIC EMPLOYEES' RETIREMENT FUND
Last 10 Fiscal Years*

	2019	2018	2017	2016	2015	2014	2013
Board's proportion of the net pension liability	0.00078%	0.00054%	0.00181%	0.00175%	0.00204%	0.00215%	0.00223%
Board's proportionate share of the net pension liability	$ 25,092	$ 17,805	$ 80,669	$ 79,391	$ 83,112	$ 56,511	$ 76,530
Board's covered-employee payroll	$ 39,546	$ 27,474	$ 89,277	$ 83,948	$ 102,000	$ 104,863	$ 107,366
Board's proportionate share of the net pension liability as a percentage of its covered-employee payroll	63.45%	64.81%	90.36%	94.57%	81.48%	53.89%	71.28%
Plan fiduciary net position as a percentage of the total pension liability**	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.
** 2013-2017 were adjusted to reflect the Defined Benefit activity only due to the Defined Benefit/Defined Contribution split effective January 1, 2008.

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

SCHEDULE OF BOARD CONTRIBUTIONS (UNAUDITED)

PUBLIC EMPLOYEES' RETIREMENT FUND
Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 3,133	$ 4,429	$ 3,077	$ 10,040	$ 9,402	$ 11,424	$ 11,745	$ 12,759
Contributions in relation to the contractually required contribution	3,133	4,429	3,077	10,040	9,402	11,424	11,745	12,759
Contribution deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Board's covered-employee payroll	$ 27,973	$ 39,546	$ 27,474	$ 89,277	$ 83,948	$ 102,000	$ 104,863	$ 107,366
Contributions as a percentage of covered-employee payroll	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.9%

*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.

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

Plan Amendments: In 2019, the Plan was modified pursuant to House Enrolled Act No. 1059 (HEA 1059). Previously, statute generally required Plan members to have 15 years of service to qualify for a survivor benefit prior to retirement. Statute now allows a qualifying spouse/dependent to receive a benefit if the deceased member had a minimum of 10 years of creditable service. There were no other changes to the Plan that impacted the pension benefits during the fiscal year.

Assumption Changes: In 2019, there were no changes to assumptions that impacted the Net Position Liability during the fiscal year.

SCHEDULE OF THE BOARD'S CONTRIBUTIONS (UNAUDITED) (a)

Methods and Assumptions Used in Calculating Actuarially Determined Contributions: The following actuarial methods and assumptions were used to determine the Actuarially Determined Contribution Rates(a):

Asset valuation date and method:	June 30, 2017 - 5-year smoothing of gains and losses on the market value of assets subject to a 20% corridor
Liability valuation date and method:	June 30, 2016 - Member census data as of June 30, 2016 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2016 and June 30, 2017. Standard actuarial roll forward techniques were then used to project the liability computed as of June 30, 2016 to the June 30, 2017 measurement date.
Actuarial cost method:	Entry age normal - level percent of payroll
Actuarial amortization method and period:	Level dollar - 20 years, closed
Remaining amortization period (weighted):	24 years
Investment rate of return:	6.75%
COLA:	1.0%
Future salary increases, including inflation:	2.5% - 4.25%
Inflation:	2.25%

(a) Differs from Note 7 schedule as this table is for funding purposes and Note 7 is for financial reporting purposes. The Actuarially Determined Contributions in a given year are determined based on the actuarial valuation dated two fiscal years prior.

Trends: In 2019, there were no significant trends in contributions to the Plan.

OTHER REPORT

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

Board of Directors
Indiana Board for Depositories

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of Indiana Board for Depositories (the Board), a component unit of the State of Indiana, which comprise the statement of net position as of June 30, 2020, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 9, 2020.

Internal Control over Financial Reporting

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

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

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

Katz, Sapper & Miller, LLP
Certified Public Accountants
800 East 96th Street, Suite 500
Indianapolis, IN 46240
Tel 317.580.2000
Web ksmcpa.com
An Affiliate of
KSM Business Services, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of 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
December 9, 2020