



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

INDEPENDENT AUDITOR'S REPORT

TO: THE HONORABLE ERIC J. HOLCOMB, THE MEMBERS OF THE GENERAL ASSEMBLY,
AND THE CITIZENS OF THE STATE OF INDIANA

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Indiana (State), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the State'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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State, 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.

We did not audit the financial statements of the Indiana Economic Development Corporation, Indiana Finance Authority, State Lottery Commission, Indiana Bond Bank, Indiana Housing and Community Development Authority, Indiana Board for Depositories, Indiana Secondary Market for Educational Loans Inc., Indiana Stadium and Convention Building Authority, White River State Park Development Commission, Ports of Indiana, Indiana State Fair Commission, Indiana Comprehensive Health Insurance Association, Indiana Political Subdivision Risk Management Commission, Indiana State Museum and Historic Sites Corporation, Indiana Motorsports Commission, Purdue University, and Indiana University, which represent 85.9 percent, 81.7 percent, and 84.5 percent, respectively, of the total assets, net position, and revenues of the aggregate discretely presented component units as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended. We also did not audit the Indiana Public Retirement System, State Police Pension Fund, State of Indiana 457 Deferred Compensation Retirement Plan, State of Indiana 401(a) Deferred Compensation Matching Retirement Plan, and External Investment Pool Custodial Fund, which represent 86.2 percent, 89.0 percent, and 9.9 percent, respectively, of the assets, net position, and revenues and additions of the aggregate remaining fund information as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units and the fiduciary activities, is based solely on the

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report of the other auditors. The financial statements of the Indiana State Fair Commission, and Indiana Political Subdivision Risk Management Commission, reported as discretely presented component units, and the State Police Pension Fund, Indiana Public Retirement System, State of Indiana 457 Deferred Compensation Retirement Plan, and State of Indiana 401(a) Deferred Compensation Matching Retirement Plan reported within the aggregate remaining fund information, were audited in accordance with auditing standards generally accepted in the United State of America, but were not audited in accordance with *Government Auditing Standards*.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 the State, 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 opinions.

Emphasis of Matter

As discussed in Note IV, I, to the financial statements, the State adopted new accounting guidance, GASB Statement No. 87 *Leases* and GASB Statement No. 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Our opinion is not modified with respect to this matter.

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 the State's ability to continue as a going concern for 12 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 opinions. 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 GAAS 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.

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In performing an audit in accordance with GAAS, 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 the State'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 the State'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, Schedules of Employer Contributions for Employee Retirement Systems and Plans and Other Postemployment Benefits, Schedules of Changes in the Net Pension Liability and Related Ratios for Employee Retirement Systems and Plans, Schedules of the State's Proportionate Share of the Net Pension Liability for Employee Retirement Systems and Plans, Schedules of Changes in the Net OPEB Liability and Related Ratios for Other Postemployment Benefits, Schedule of Changes in the Total OPEB Liability and Related Ratios for Other Postemployment Benefits, Schedule of Investment Returns for Other Postemployment Benefits, Budgetary Information, Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Major Funds (Budgetary Basis), Budget/GAAP Reconciliation - Major Funds, and the Infrastructure - Modified Reporting for Condition Rating of the State's Highways and Bridges and Comparison of Needed-to-Actual Maintenance/Preservation, as listed in the Table of Contents, 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 and other auditors 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.

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(Continued)**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The accompanying combining and individual statements for the Non-Major Governmental and Proprietary Funds, Internal Service Funds, Fiduciary Funds, and the Non-Major Discretely Presented Component Units 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 combining and individual statements for the Non-Major Governmental and Proprietary Funds, Internal Service Funds, Fiduciary Funds, and the Non-Major Discretely Presented Component Units are fairly stated, in all material respects, in relation to the basic financial statements as a whole.


Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical Sections, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2022, on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

December 30, 2022