



THE STATE OF INDIANA'S FINANCIAL REPORT *... at your service*

Provided by the Office of Indiana State Comptroller Elise Nieshalla

It is good to be a Hoosier - **Indiana continues to lead our nation as a state in a strong financial position** with our low debt, low pension fund liability, healthy cash reserves, balanced budget and AAA credit rating.

We encourage Hoosier taxpayers to review Indiana's audited 2023 Annual Comprehensive Financial Report (ACFR), which is **tangible evidence of Indiana's solid fiscal position and provides account of Hoosiers' tax dollars at work**. The ACFR is produced by the Office of Indiana State Comptroller and is available online - we are at your service. Following are highlights from that report and additional pertinent financial information.

Indiana Revenue & Expenses

Indiana's growth in tax revenue can be attributed to growth in our economy, population, personal income and a decrease in unemployment. Indiana ended fiscal year (FY) 2023 with the following:

- General Fund revenue of \$21.9 billion compared to \$20.9 billion in FY 2022.
- Assets (cash, investments, capital assets, etc.) exceeded our liabilities (payables, pension liabilities, etc.) by \$25.6 billion.
- Total reserves are \$2.9 billion, which is 13% of the current budget.

Strong General Fund revenue in FY 2022 and FY 2023 coupled with modest expenditure growth resulted in historic surplus levels. Cash-funded versus debt-funded projects appropriated by the Indiana General Assembly, along with a statutory excess reserve transfer to the Teacher Pension Plan and a **second taxpayer refund**, brought total combined reserves down to \$2.9 billion from \$6.1 billion. This is an appropriate remaining amount to support Indiana keeping its high credit rating, managing well the in- and out-flow of funds and addressing potential unexpected challenges.

Well Earned & Well Said

Indiana is one of 14 states in the nation that has earned the highest credit rating of AAA by all three independent credit rating agencies (Fitch, Moody's and Standard &

Poor's Rating Services). Due to our state's high level of creditworthiness and capacity to repay investors, a AAA credit rating provides Indiana with more favorable interest rates. In the words of Fitch's October 2023 report:

Indiana remains very well positioned to deal with economic downturns, with exceptionally strong gap-closing capacity in the form of ample budgetary reserves, robust control over revenues and spending, and a demonstrated willingness to take timely budgetary actions.

"Good stewardship of taxpayer dollars includes maintaining a healthy cash reserve balance of 10-15% of budgeted appropriations. This is a vital part of fulfilling our fiduciary duty and places our state in a solid position to support our AAA credit rating and handle unexpected challenges."

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Low Debt

Indiana is one of the lowest debt-level states in the country at \$366 per capita (7th lowest in the U.S.). Our low debt is the result of growing our economy through a favorable tax and regulatory business climate and exercising discipline in spending.

Per Moody's report*, Indiana carries less debt per capita than our neighboring states with Michigan at \$865, Kentucky at \$1,466, Ohio at \$1,642 and Illinois at \$2,903. These numbers are based on net tax-supported debt, which is debt secured by statewide taxes and other governmental revenue.

*(Moody's Investors Service - States - US: Ability to Service Long-term Liabilities and Fixed Costs Improves, 2023)

IN CONTRAST, the U.S. debt burden at nearly \$35 trillion equates to over \$100,000 per capita – most concerning for Hoosiers as we are inseparably tied to this tremendous financial burden on our country.

In fact, the U.S. House introduced and the U.S. Senate recently passed a resolution stating that the national debt is a national security threat and “that deficits are unsustainable, irresponsible and dangerous.” (U.S. House Resolution 190 and U.S. Senate Resolution 600, 118th Congress 2023-2024)

Best in Business

Indiana has worked hard to become the **BEST** state in the **Midwest in which to do business** and 6th in the nation according to *Chief Executive Magazine's* annual “Best States for Business” (April 2023). Furthermore, we are in the top 10 for states with the best business tax climate according to the *Tax Foundation 2024 Index*.

Financial Reporting & Transparency

The State Comptroller's Office takes seriously its Constitutional duty to operate under **the highest standards of financial reporting and transparency as foundational to the perpetuation of a free society**. Our team works diligently to provide accurate accounting and reporting of state funds, in addition to disbursing tax revenues to local units of government, providing payment to Indiana's employees and vendors and administering the State's deferred compensation plan.

The current ACFR* along with previous years are online within the Comptroller's website for easy access and review.

In addition to the financial highlights listed within the ACFR, we also manage the **Indiana Transparency Portal (ITP)**, another resourceful tool taxpayers can access to better understand the State's financial information. The online portal offers visibility to the state's assets, contracts, employee salaries and additional fiscal information for school corporations, local units of government and state agencies.

**The ACFR has been awarded the certificate for Achievement in Financial Reporting by the Government Finance Officers Association of the United States for 30 consecutive years.*

The Future - What's at Stake?

From Indiana's solid fiscal position, **it is imperative for us to look outside our great state to see the country's eroding financial status**. We must involve ourselves in understanding

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the severity of the national debt burden and the negative impacts of current federal spending practices.

Did you know that the annual cost of interest alone on our nation's debt is forecasted this year to exceed our entire U.S. annual military budget? Furthermore, it took 205 years for our country to accumulate \$1 trillion in debt. Now we accumulate \$1 trillion in additional debt every handful of months.

Prompted to action, we are leading a growing coalition of state financial officers from across the nation called “**State Financial Officers for Saving America's Finances**.” We are sounding the alarm on the gravity of this problem, and developing a plan of action to provide support and accountability for our nation's leaders to deal with the debt crisis for the sake of our country's future. We are advocating for Congress and the President to implement a long-term financial framework for recovery and sustainability that includes:

- Balanced federal budgets
- Incremental and strategic decreases in spending
- Unleashed economic growth

It is much more kind to states, local units, and citizens to implement a plan of purposeful, incremental cuts with a runway to prepare, rather than continuing down our current spending trajectory. Without a major course correction, we will certainly face a day of reckoning when the federal government's ability to borrow would be severely limited by financial markets and bring a major disruption or abrupt halt to government assistance and put the reserve currency of the dollar at risk.

As states and as citizens of this country, we must work diligently to support the securing of our country's economic solvency. Our freedom depends on it -- and Indiana provides a meaningful model of financial responsibility.

Indiana State Comptroller Elise Nieshalla is fulfilling the duties of the Constitutional Office of Auditor of State.

Ways to Connect

Indiana State Comptroller Elise Nieshalla and her office are at your service! You can connect by following the Comptroller on social media, visiting the website, calling 317-232-3303 or emailing comments@comptroller.in.gov.

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