



A COMPONENT UNIT OF THE STATE OF INDIANA

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

December 31, 2023

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Contents
December 31, 2023

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Independent Auditor's Report

Board of Directors
Indiana Housing and Community Development Authority
Indianapolis, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Indiana Housing and Community Development Authority (Authority), a component unit of the State of Indiana, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority'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 financial position of the Authority as of December 31, 2023, and the changes in financial position and its cash flows 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 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 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 the Authority'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 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 GAAS 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 GAAS 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 the Authority'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 Authority'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 and the schedules of the Authority's proportionate share of the net pension liability and the Authority's contributions 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 have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 the Authority's basic financial statements. The accompanying supplementary information, including the combining schedule of net position, combining schedule of revenues, expenses, and changes in net positions and combining schedule of cash flows, as listed in the table of contents is 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 GAAS. In our opinion, the supplementary information is 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 April 18, 2024, on our consideration of Authority'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 Authority'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 Authority's internal control over financial reporting and compliance.

FORVIS, LLP

**Indianapolis, Indiana
April 18, 2024**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

**Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Management's Discussion and Analysis (Unaudited)
December 31, 2023**

Management's discussion and analysis of the Indiana Housing and Community Development Authority's (Authority) financial performance provides an overview of the financial activities for the year ended December 31, 2023. This information is being presented to provide additional information regarding the activities of the Authority. The management's discussion and analysis should be read in conjunction with the independent auditor's report, financial statements, and accompanying notes. Notes to the financial statements provide additional information that is essential to a full understanding of the information contained within the financial statements.

Introduction - The Indiana Housing and Community Development Authority

The Authority was created in 1978 as a public body corporate and politic of the State of Indiana (the State). The Authority is almost entirely self-supporting and does not rely upon the general taxing authority of the State. The Authority has been given certain powers, including the power to enter into contracts and agreements, acquire, hold, and convey property, and issue notes and bonds, for the purpose of financing residential housing for persons and families of low and moderate income. The Authority's funding comes from a variety of sources, including sales of its own securities to private investors, grants from the Federal government, program fees, investment interest earnings and interest earned on loan portfolios.

The Authority's financial statements include the operations of funds the Authority has established to achieve its purpose. The financial transactions of the Authority are recorded in the funds that consist of a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows and outflows of resources, net position, revenues, and expenses as appropriate. The Authority follows enterprise fund reporting. The Authority is considered a component unit of the State and is discretely presented in the State's financial statements.

This discussion and analysis is designed to assist the reader in focusing on significant financial issues and activities and to identify any noteworthy changes in financial position of the Authority. Readers are encouraged to consider the information presented in conjunction with the financial statements, which follow this section.

Overview of the Financial Statements

The basic financial statements include the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows. These statements provide current and long-term information about the Authority and its activities.

The Statement of Net Position answers the question, "How was our financial health at the end of the year?" This statement provides information about the financial position of the Authority at a specific date. The organization of the statement separates assets and liabilities into current and noncurrent balances. The statement shows the totals of assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position using the accrual basis of accounting, which is like the accounting method used by most private-sector companies. Over time, changes in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position accounts for all the current year's revenues and expenses. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through mortgages and loans, externally funded programs, and other revenue sources. This statement also helps answer the question "Is the Authority, as a whole, better, or worse as a result of the year's activities?"

Indiana Housing and Community Development Authority
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The primary purpose of the Statement of Cash Flows is to provide information about the Authority's cash receipts and cash payments during the accounting period. This statement reports cash transactions, including receipts, payments, and net changes resulting from operations, noncapital financing, capital financing and investing activities. It provides answers to such questions as "Where did the cash come from?"; "What was the cash used for?"; and "What was the change in cash balance during the reporting period?"

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the entity-wide financial statements.

The financial statements present the activities of the Authority's General Fund, Program Fund, Single Family Fund, and the Mortgage-Backed Security Pass-thru Fund. See Note 1 for a complete description of each of these funds.

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Management's Discussion and Analysis (Unaudited)
December 31, 2023

Financial Highlights

The following is a comparative analysis between years for the Statements of Net Position:

	2023	2022	Change	% Change
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and cash equivalents				
Unrestricted	\$ 100,902,278	\$ 110,170,721	\$ (9,268,443)	-8%
Restricted	425,011,816	358,140,311	66,871,505	19%
Accrued interest receivable				
Investments	1,794,337	645,806	1,148,531	178%
Investments held against bonds	4,821,942	2,828,879	1,993,063	70%
Accounts and loan receivable, net	20,318,717	14,981,118	5,337,599	36%
Other assets	179,698	-	179,698	0%
Total current assets	<u>553,028,788</u>	<u>486,766,835</u>	<u>66,261,953</u>	<u>14%</u>
Noncurrent Assets				
Investments				
Unrestricted	189,053,470	127,632,324	61,421,146	48%
Restricted	-	47,338,088	(47,338,088)	-100%
Investments held against bonds	1,178,650,657	801,592,742	377,057,915	47%
Accounts and loans receivable, net	182,461,716	144,339,037	38,122,679	26%
Derivative instrument - interest rate swap agreements	2,975,199	2,570,002	405,197	16%
Capital assets, at cost, less accumulated depreciation	1,423,153	1,123,863	299,290	27%
Lease and subscription assets, less accumulated amortization	6,768,209	7,313,564	(545,355)	-7%
Total noncurrent assets	<u>1,561,332,404</u>	<u>1,131,909,620</u>	<u>429,422,784</u>	<u>38%</u>
Total assets	<u>2,114,361,192</u>	<u>1,618,676,455</u>	<u>495,684,737</u>	<u>31%</u>
Deferred Outflows of Resources				
Pension-related	3,539,610	2,544,543	995,067	39%
Deferred refunding costs	814,340	907,994	(93,654)	-10%
Total deferred outflows of resources	<u>4,353,950</u>	<u>3,452,537</u>	<u>901,413</u>	<u>26%</u>
Total assets and deferred outflows of resources	<u>\$ 2,118,715,142</u>	<u>\$ 1,622,128,992</u>	<u>\$ 496,586,150</u>	<u>31%</u>
Liabilities, Deferred Inflows of Resources and Net Position				
Current Liabilities				
Bonds payable	\$ 22,660,000	\$ 15,270,000	\$ 7,390,000	48%
Accrued interest payable	24,895,693	12,635,297	12,260,396	97%
Unearned revenue	197,213,694	229,047,349	(31,833,655)	-14%
Government advances	635,105	461,410	173,695	38%
Lease and subscription liability	882,195	719,750	162,445	23%
Accounts payable and other liabilities	17,942,436	18,548,254	(605,818)	-3%
Total current liabilities	<u>264,229,123</u>	<u>276,682,060</u>	<u>(12,452,937)</u>	<u>-5%</u>
Noncurrent Liabilities				
Bonds payable	1,303,876,050	835,222,428	468,653,622	56%
Original issue premium	34,603,018	33,781,813	821,205	2%
Bonds payable, net	<u>1,338,479,068</u>	<u>869,004,241</u>	<u>469,474,827</u>	<u>54%</u>
Notes payable	1,394,772	1,470,597	(75,825)	-5%
Pension liability	6,059,160	4,425,456	1,633,704	37%
Government advances	30,969,151	31,448,149	(478,998)	-2%
Lease and subscription liability	6,747,853	7,279,427	(531,574)	-7%
Other non-current liabilities	121,319	-	121,319	0%
Total noncurrent liabilities	<u>1,383,771,323</u>	<u>913,627,870</u>	<u>470,143,453</u>	<u>51%</u>
Total liabilities	<u>1,648,000,446</u>	<u>1,190,309,930</u>	<u>457,690,516</u>	<u>38%</u>
Deferred Inflows of Resources				
Pension-related	2,125	210,882	(208,757)	-99%
Accumulated increase in fair value of derivative	2,975,199	2,570,002	405,197	16%
Total deferred inflows of resources	<u>2,977,324</u>	<u>2,780,884</u>	<u>196,440</u>	<u>-83%</u>
Net Position				
Net investment in capital assets	561,314	438,250	123,064	28%
Restricted	157,764,715	201,319,512	(43,554,797)	-22%
Unrestricted	309,411,343	227,280,416	82,130,927	36%
Total net position	<u>467,737,372</u>	<u>429,038,178</u>	<u>38,699,194</u>	<u>9%</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 2,118,715,142</u>	<u>\$ 1,622,128,992</u>	<u>\$ 496,586,150</u>	<u>31%</u>

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Total assets and deferred outflows of resources increased by \$496.6 million, or 31%, when compared to 2022. Total current assets increased \$66.3 million while the noncurrent assets increased by \$429.4 million. Total deferred outflow of resources increased by \$0.9 million.

The overall increase in total assets was driven by an increase in Investments held against bonds of \$377.1 million. This incorporates an increase in Single Family Fund of \$380.3 million and a decrease in MBS Pass-thru Fund of \$3.2 million. These investments represent new mortgages purchased from the proceeds of new bonds issued less repayments and redemptions. An additional increase in total assets is attributed to accounts and loans receivable in the amount of \$43.5 million. This increase is due in large part to down payment assistance loans made to first time home buyers through the Single Family Fund.

Total liabilities increased by \$457.7 million, or 38%, when compared to 2022. Total deferred inflows of resources increased by \$0.2 million and total net position increased by \$38.7 million.

The increase in bonds payable of \$476.9 million is being driven by the \$516.0 million in new bonds issued in 2023 for the Single Family Fund, as mentioned above and detailed below, less paydowns. This is partially offset by a decrease of \$31.8 million in Unearned revenue. In 2022, the Homeowner Assistance Fund (HAF) comprised a significant portion of the total Unearned revenue balance. During 2023, HAF recognized most of those dollars in the form of benefits paid to help Hoosiers stay in their homes.

Total net position at December 31, 2023 and 2022 was as follows (in millions of dollars):

	<u>2023</u>	<u>2022</u>
Assets and deferred outflows of resources	\$ 2,118.7	\$ 1,622.1
Liabilities and deferred inflows of resources	<u>1,651.0</u>	<u>1,193.1</u>
Net position	<u>\$ 467.7</u>	<u>\$ 429.0</u>

Indiana Housing and Community Development Authority
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Operating Analysis

The following is a comparative analysis between years of the Statements of Revenues, Expenses and Changes in Net Position:

	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>% Change</u>
Revenues				
Interest income				
Investments	\$ 17,612,401	\$ 6,675,377	\$ 10,937,024	164%
Investments held against bonds	48,211,717	27,680,757	20,530,960	74%
Loans	1,468,428	1,464,184	4,244	0%
Fee income	7,602,631	5,460,377	2,142,254	39%
Program income	709,588,286	731,760,151	(22,171,865)	-3%
Sale of Next Home investments	1,240,812	2,978,283	(1,737,471)	-58%
Net increase (decrease) in fair value of investments	11,989,882	(78,013,279)	90,003,161	-115%
Other income	2,112,507	2,083,963	28,544	1%
Total revenues	<u>799,826,664</u>	<u>700,089,813</u>	<u>99,736,851</u>	<u>14%</u>
Expenses				
Investment expense (down payment assistance)	412,192	634,579	(222,387)	-35%
Loss on sale of investments	960,349	1,768,018	(807,669)	-46%
Interest expense	42,345,533	22,347,255	19,998,278	89%
Issuance costs	4,898,416	3,503,855	1,394,561	40%
Program expenses	658,580,346	677,638,469	(19,058,123)	-3%
Arbitrage expense	121,319	-	121,319	100%
General and administrative expenses	53,809,315	49,244,744	4,564,571	9%
Total expenses	<u>761,127,470</u>	<u>755,136,920</u>	<u>5,990,550</u>	<u>1%</u>
Change in Net Position	38,699,194	(55,047,107)	93,746,301	-170%
Net Position, Beginning of Year	<u>429,038,178</u>	<u>484,085,285</u>	<u>(55,047,107)</u>	<u>-11%</u>
Net Position, End of Year	<u>\$ 467,737,372</u>	<u>\$ 429,038,178</u>	<u>\$ 38,699,194</u>	<u>9%</u>

For 2023, the change in net position increased by \$93.7 million, or 170%, when compared to 2022. Total revenue increased by \$99.7 million, or 14%. Total expenses increased by \$6.0 million, or 1%.

The increase in total revenues is largely being driven by the increase in fair value of investments of \$90.0 million when compared to 2022. It should be noted that while GASB 31 requires mark to market adjustments on both mortgage-backed securities and investments, the Authority is a long-term holder of those assets and does not generally trade those securities. Interest income has increased by \$31.5 million from 2022. This is primarily due to continued increases in Single Family Fund activity coupled with higher interest rates on investments and deposit balances. These increases are partially offset by a decrease of \$22.2 million in program income. The Low-Income Energy Assistance Program (LIHEAP) and Indiana Emergency Rental Assistance (IERA) programs have declined in program revenue when compared to 2022. These declines are partially offset by growth in the HAF program mentioned above.

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The increase in total expenses is being driven primarily by interest expense. The increase of \$20.0 million is primarily due to the continued issuance of new bonds for the Single Family Fund as discussed in further details below. There is also an increase in General and Administrative expenses of \$4.6 million. These increases are partially offset by a decrease in Program expenses of \$19.1 million over 2022. As mentioned above, there is a net decrease in activity for LIHEAP and IERA. The associated program expenses from these programs have also decreased.

Total operating income/change in net position for 2023 and 2022 was as follows (in millions of dollars):

	<u>2023</u>	<u>2022</u>
Operating revenues, gains and losses	\$ 799.8	\$ 700.1
Operating expenses	<u>761.1</u>	<u>755.1</u>
Operating income/change in net position	<u>\$ 38.7</u>	<u>\$ (55.0)</u>

Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* (GASB No. 31) requires the Authority’s investments to be reported at fair value. The change in the fair value of investments is an unrealized gain or loss and has no direct effect on actual cash flows of the Authority. The related adjustment should be tempered with the understanding that the underlying assets primarily are not readily marketable due to their relationship with the bond indentures. The change in net position is shown both with and without the GASB No. 31 adjustment below. In the current year, there was a net increase of \$12.0 million in the net fair value of investments held at year end. Without the GASB No. 31 adjustment, the change in net position for 2023 was \$26.7 million, resulting in a net increase in the change in net position of \$3.7 million between years.

	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>% Change</u>
Change in net position	\$ 38,699,194	\$ (55,047,107)	\$ 93,746,301	-170%
Net increase (decrease) in fair value of investments	<u>11,989,882</u>	<u>(78,013,279)</u>	<u>90,003,161</u>	<u>-115%</u>
Change in net position excluding GASB No. 31 adjustment	<u>\$ 26,709,312</u>	<u>\$ 22,966,172</u>	<u>\$ 3,743,140</u>	<u>16%</u>

Financial Condition

IHCDA’s Board of Directors, working with IHCDA’s Budget Committee, annually approves the Authority’s general fund budget which encompasses review, oversight, and approval of the Authority’s net position, liquidity, mortgage portfolio performance, and unrestricted asset levels. Net position on December 31, 2023, consisted of \$157.8 million restricted by funding sources, \$309.4 million unrestricted and available to meet the obligations of the Authority’s operations, and \$0.6 million net investment in capital assets. The Authority believes these balances to be sufficient to meet the objectives of the Board of Directors

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Capital, Lease and Subscription Assets

As of December 31, 2023 and 2022, the Authority had \$8.2 million and \$8.4 million, respectively, invested in capital, lease and subscription assets, primarily the building, computer software and hardware, and computer software subscriptions. Depreciation and amortization expense was \$1.4 in 2023 and \$1.2 million in 2022, respectively.

Debt Administration

Total current and noncurrent bonds payable, not including any original issue premium or discount, as of December 31, 2023, was \$1.3 billion, which increased \$476.0 million compared to \$850.5 million as of December 31, 2022. This increase was due to the \$516.0 million in mortgage revenue bond issuances in 2023, offset against the \$40.0 million of maturities and redemptions of bonds previously issued by the Authority. The Authority has maintained its long-term bond rating of Aaa from Moody’s Investors Services. On August 1, 2023, Fitch Ratings downgraded the United States of America’s Long-Term Foreign-Currency Issuer Default Rating (IDR) to AA+ from AAA. The Rating Watch Negative was removed and a Stable Outlook assigned. Fitch sighted “erosion of governance”, “rising general government deficits”, “medium term fiscal challenges unaddressed”, and other concerns in support of the USA downgrade. Further, Fitch went on to define the categories of debt that would be affected by the downgrade to include municipal housing bonds that are primarily secured by mortgage-backed securities issued by Ginnie Mae, Fannie Mae, and Freddie Mac. Since all IHCD’s mortgage revenue bonds are secured by Ginnie, Fannie, or Freddie guaranties, both the Single Family and MBS Pass Through resolutions were subsequently downgraded to AA+ with a Stable Outlook. The MBS Pass-thru Indenture is only rated by Fitch. More detailed information about the Authority’s debt is presented in Note 6 to the financial statements.

The following new bonds were issued during 2023 (dollars in thousands):

Bond Series	Tax-Exempt Amount	Taxable Amount	Total	Moody's Rating	Fitch Rating
2023 Series A	\$ 72,645	\$ 25,000	\$ 97,645	Aaa	AAA
2023 Series B	49,825	98,930	148,755	Aaa	AAA
2023 Series C	45,000	90,000	135,000	Aaa	AAA
2023 Series D	70,000	64,610	134,610	Aaa	AA+
Total	<u>\$ 237,470</u>	<u>\$ 278,540</u>	<u>\$ 516,010</u>		

Economic Factors and Other Financial Information

The primary business activity of the Authority is funding the purchase of single-family home mortgages and administering various federal programs. The Authority’s mortgage financing activities are sensitive to the level of interest rates, the spread between the rate available on Authority loans, rates available in the conventional mortgage markets, the availability of affordable housing and the availability of private activity bond volume cap. The availability of long-term tax-exempt and taxable financing on favorable terms is a key element in providing the funding necessary for the Authority to continue its mortgage financing activities.

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The Authority's single-family programs and investment income are the main sources of revenues. Market interest rates influence both the Single-Family program and investment income revenues. If interest rates continue at current levels, the Authority expects single family and investment income to be stable. If interest rates rise, the Authority expects single family and investment income to increase as new loans are originated, and new investments are purchased at the higher rates. If interest rates fall, the Authority expects single family and investment income to decrease as new loans are originated and new investments are purchased at the lower rates. The Authority also expects a drop in market rates to cause an increase in prepayments on higher rate mortgages. The Authority uses these prepayments to call the corresponding series bonds, which lowers the rate of return on those bond series.

Contacting the Authority's Financial Management

This financial report is designed to provide the citizens of Indiana, our constituents, and investors with a general overview of the Authority's finances and resources. If you have questions about this report or need additional financial information, contact the Chief Financial Officer at Indiana Housing and Community Development Authority, 30 South Meridian Street, Suite 900, Indianapolis, IN 46204 or visit our website at www.in.gov/ihcda/.

BASIC FINANCIAL STATEMENTS

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Statement of Net Position
December 31, 2023

2023

Assets and Deferred Outflows of Resources

Current Assets

Cash and cash equivalents	
Unrestricted	\$ 100,902,278
Restricted	425,011,816
Accrued interest receivable	
Investments	1,794,337
Investments held against bonds	4,821,942
Accounts and loans receivable, net	20,318,717
Other assets	179,698
Total current assets	<u>553,028,788</u>

Noncurrent Assets

Investments	
Unrestricted	189,053,470
Investments held against bonds	1,178,650,657
Accounts and loans receivable, net	182,461,716
Derivative instruments - interest rate swap agreements	2,975,199
Capital assets, at cost, less accumulated depreciation	1,423,153
Lease and subscription assets, less accumulated amortization	6,768,209
Total noncurrent assets	<u>1,561,332,404</u>
Total assets	<u>2,114,361,192</u>

Deferred Outflows of Resources

Pension-related	3,539,610
Deferred refunding costs	814,340
Total deferred outflows of resources	<u>4,353,950</u>

Total assets and deferred outflows of resources \$ 2,118,715,142

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Statement of Net Position (Continued)
December 31, 2023

	<u>2023</u>
Liabilities, Deferred Inflows of Resources	
and Net Position	
Current Liabilities	
Bonds payable	\$ 22,660,000
Accrued interest payable	24,895,693
Unearned revenue	197,213,694
Government advances	635,105
Lease and subscription liability	882,195
Accounts payable and other liabilities	17,942,436
Total current liabilities	<u>264,229,123</u>
Noncurrent Liabilities	
Bonds payable	1,303,876,050
Original issue premium	34,603,018
Bonds payable, net	<u>1,338,479,068</u>
Notes payable	1,394,772
Pension liability	6,059,160
Government advances	30,969,151
Lease and subscription liability	6,747,853
Other non-current liabilities	121,319
Total noncurrent liabilities	<u>1,383,771,323</u>
Total liabilities	<u>1,648,000,446</u>
Deferred Inflows of Resources	
Pension-related	2,125
Accumulated increase in fair value of derivatives	2,975,199
Total deferred outflows of resources	<u>2,977,324</u>
Net Position	
Net investment in capital assets	<u>561,314</u>
Restricted	
General fund	1,000,000
Program fund	138,134,867
Single Family fund	18,591,578
MBS Pass-thru fund	38,270
Total restricted net position	<u>157,764,715</u>
Unrestricted	<u>309,411,343</u>
Total net position	<u>467,737,372</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 2,118,715,142</u>

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2023

	2023
Revenues	
Interest income	
Investments	\$ 17,612,401
Investments held against bonds	48,211,717
Loans	1,468,428
Fee income	7,602,631
Program income	709,588,286
Sale of Next Home investments	1,240,812
Net increase in fair value of investments	11,989,882
Other income	2,112,507
Total revenues	<u>799,826,664</u>
Expenses	
Investment expense (down payment assistance)	412,192
Loss on sale of investments	960,349
Interest expense	42,345,533
Issuance costs	4,898,416
Program expenses	658,580,346
Arbitrage expense	121,319
General and administrative expenses	53,809,315
Total expenses	<u>761,127,470</u>
Change in Net Position	38,699,194
Net Position, Beginning of Year	<u>429,038,178</u>
Net Position, End of Year	<u>\$ 467,737,372</u>

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Statement of Cash Flows
Year Ended December 31, 2023

	2023
Cash Flows From Operating Activities	
Receipts for services	\$ 10,725,511
Receipts for program revenue	670,064,857
Principal received on loans receivable	(15,750,224)
Interest received on investments	16,463,870
Interest received on investments held against bonds	43,061,549
Interest received on loans	1,468,428
Payments for program expenses	(697,404,757)
Interest paid on bonds and bank loans	(29,991,483)
Debt issuance costs incurred	(4,898,416)
Payments for suppliers and employees	(14,128,801)
Net cash provided by (used in) operating activities	<u>(20,389,466)</u>
Cash Flows From Noncapital Financing Activities	
Proceeds from bond issues	519,988,309
Repayments and redemption of bonds and bank loans	(40,042,203)
Net cash provided by (used in) noncapital financing activities	<u>479,946,106</u>
Cash Flows From Capital and Related Financing Activities	
Purchases of capital assets	(653,937)
Payments on lease	(913,360)
Net cash provided by (used in) capital and related financing activities	<u>(1,567,297)</u>
Cash Flows From Investing Activities	
Proceeds from sale and maturities of investments	62,429,972
Principal received on investments held against bonds	67,297,307
Purchases of investments held against bonds	(433,936,242)
Purchase of investments	(75,881,730)
Purchase of DPA loans	(20,295,587)
Net cash provided by (used in) investing activities	<u>(400,386,280)</u>
Net Increase in Cash and Cash Equivalents	57,603,063
Cash and Cash Equivalents, January 1	<u>468,311,031</u>
Cash and Cash Equivalents, December 31	<u>\$ 525,914,094</u>
Cash and Cash Equivalents	
Cash	\$ 272,934,288
Money market investments	<u>252,979,806</u>
Total cash and cash equivalents	<u>\$ 525,914,094</u>

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Statement of Cash Flows (Continued)
Year Ended December 31, 2023

	<u>2023</u>
Noncash Transactions From Capital and Related Financing Activities	
Issuance of capital lease obligation	\$ 83,837
Reconciliation of Change in Net Position to Net Cash	
 Provided by Operating Activities:	
Change in net position	\$ 38,699,194
Adjustment to reconcile change in net position to net cash	
provided by operating activities:	
Net increase in fair value of investments	(11,989,882)
Loss on sale of investments	939,601
Depreciation and amortization	1,444,233
Amortization of bond premium/discount	(3,157,104)
Changes in operating assets and liabilities:	
Accounts and loan receivable	(23,164,688)
Accrued interest receivable	(3,141,595)
Other assets	(179,698)
Deferred pension costs	(995,067)
Deferred refunding costs	93,654
Unearned revenue	(31,833,655)
Accounts payable and other liabilities	(484,499)
Accrued interest payable	12,260,396
Net pension liability	1,633,704
Deferred pension revenue	(208,757)
Government advances	(305,303)
Total adjustments	<u>(59,088,660)</u>
Net cash provided by (used in) operating activities	<u>\$ (20,389,466)</u>

Note 1. Authorizing Legislation and Funds

The Indiana Housing and Community Development Authority (the Authority) was created in 1978 by an act of the Indiana Legislature (the Act). The Authority has been given numerous powers under the Act, including the power to enter into contracts and agreements, acquire, hold and convey property and issue notes and bonds, for the purpose of financing residential housing for persons and families of low and moderate incomes.

The powers of the Authority are vested by the Act in seven members who constitute the Board of Directors, four of whom are appointed by the Governor of Indiana and three of whom serve by virtue of holding other Indiana state offices. The three ex-officio members are the Lieutenant Governor, the State Treasurer, and the Public Finance Director of the State of Indiana. The Authority is considered a component unit of the State of Indiana and is discretely presented in the State's financial statements.

The Act empowers the Authority to (1) make or participate in the making of construction loans and mortgage loans to sponsors of federally assisted multi-family residential housing; (2) purchase or participate in the purchase from mortgage lenders, mortgage loans made to persons of low and moderate income for residential housing; and (3) make loans to mortgage lenders for the purpose of furnishing funds to be used for making mortgage loans to persons and families of low and moderate incomes. The Act authorizes the Authority to issue its bonds and notes to carry out its purposes, and neither the Act nor the Bond Trust Indentures establish any limitation as to the aggregate amount of obligations which the Authority may have outstanding.

The Authority's financial statements include the operations of funds that the Authority has established to achieve its purposes under powers granted to it by the Act. The financial transactions of the Authority are recorded in the funds which consist of a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses, as appropriate. The Authority's resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which financial activity is controlled. The Authority's funds are described below.

General Fund

The General Fund was established by the Authority to account for all fee income and charges that are not required to be recorded in other funds and for operating expenses of the Authority.

Program Fund

The Program Fund accounts for grant and loan activity related to various federal and state programs administered by the Authority.

Single Family and Mortgage-Backed Securities Pass-Thru Funds

The Single Family and Mortgage-Backed Securities (MBS) Pass-thru funds are bond indentures which use bond proceeds to fund the Single Family Mortgage Programs (the Mortgage Programs).

The Mortgage Programs provide for the purchase of mortgage loans made to eligible borrowers for owner occupied housing, which are then securitized into GNMA, FNMA or FHLMC certificates (collectively MBS). Borrowers meeting certain income guidelines may qualify under the Authority's down payment assistance programs.

Commencing in June 1980, the Authority entered into mortgage purchase agreements with certain commercial banks, savings and loan associations and mortgage banking companies admitted to do business in the State of Indiana whereby the lenders agreed to originate mortgage loans on newly constructed and existing dwellings meeting criteria established by the Authority and to sell them to the Authority.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The Authority's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The Authority accounts for all of its activity as a proprietary fund, which includes business-type activities that are financed in whole or in part by fees charged to external parties.

Measurement Focus and Basis of Accounting

The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when incurred.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires estimates and assumptions that affect the reported amount of assets and liabilities and 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.

The Authority invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statement of net position.

IHCDA provides down payment assistance (DPA) for most of its Single Family Fund homeownership programs. DPA is provided in the form of a noninterest-bearing, non-amortizing second mortgage recorded against the home at the time of closing and forgivable after nine years. IHCDA estimates an allowance for loan losses on DPA loans based on current economic conditions and historical collection information.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and on deposit and investments with a maturity of three months or less.

Investment Securities

The Authority reports its investments securities, including MBS, at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Interest income is recorded on the accrual basis. Realized gains and losses on the sale of investments are determined using the specific-identification method. Changes in the fair value of investments are reported in the statement of revenues, expenses and changes in net position.

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Financial Statements
December 31, 2023

Following is a summary of the effects of valuing investment securities at fair value on total assets and deferred outflows of resources, net position and operating income as of and for the year ended December 31, 2023:

	Total Assets and Deferred Outflows of Resources	
	Fair Value	Cost
General Fund	\$ 208,265,172	\$ 210,649,069
Program Fund	382,609,426	382,609,426
Single Family Fund	1,500,638,383	1,536,932,002
MBS Pass-thru Fund	27,202,161	27,366,998
	<u>2,118,715,142</u>	<u>2,157,557,495</u>
Total assets and deferred outflows of resources	<u>\$ 2,118,715,142</u>	<u>\$ 2,157,557,495</u>

	Net Position	
	Fair Value	Cost
General Fund	\$ 190,900,945	\$ 193,284,842
Program Fund	138,282,757	138,282,757
Single Family Fund	138,515,400	174,809,019
MBS Pass-thru Fund	38,270	203,107
	<u>467,737,372</u>	<u>506,579,725</u>
Total net position	<u>\$ 467,737,372</u>	<u>\$ 506,579,725</u>

	Operating Income	
	Fair Value	Cost
General Fund	\$ 13,798,302	\$ 12,227,400
Program Fund	13,605,290	13,605,290
Single Family Fund	11,153,162	758,959
MBS Pass-thru Fund	142,440	117,663
	<u>38,699,194</u>	<u>26,709,312</u>
Total operating income	<u>\$ 38,699,194</u>	<u>\$ 26,709,312</u>

Accounts and Loans Receivable

Accounts and loans receivable consist primarily of forgivable and non-forgivable loans made to sub-recipients as part of federal and state programs, forgivable loans provided to individuals for down payment assistance, and reimbursements due from other governments for amounts billed or billable for expenses incurred or services provided. The Authority considers all forgivable loans to be uncollectible and reserves the entire balances in the allowance for uncollectible loans. Any additional allowance for uncollectible accounts or loans is determined by periodic management review based upon historical losses, specific circumstances, and general economic conditions.

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Financial Statements
December 31, 2023

Interfund Accounts and Transfers

Funds are transferred from one fund to support expenses of other funds, including operating activities, bond issuances, and bond redemptions 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 on the statement of net position at the end of the year.

Capital Assets

Capital assets are stated at cost, less accumulated depreciation. The Authority capitalizes fixed asset purchases over \$5,000. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, which range from three to ten years.

Lease Assets

At the commencement of the lease term, the Authority, as lessee, recognizes a lease liability and an intangible right-to-use lease asset. The lease asset is amortized in a systematic and rational manner (straight-line method) over the shorter of the lease term or the useful life of the underlying asset.

Subscription Assets

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

During 2023, the Authority implemented GASB Statement No. 96, *SBITAs*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. As of January 1, 2023, adoption of this standard resulted in recognition of subscription assets and liabilities of \$460,394.

Deferred Outflows of Resources

The Authority reports the consumption of net position that is applicable to a future reporting period as deferred outflows of resources in a separate section of its Statement of Net Position. The deferred outflows of resources in the current year are related to pension and debt refunding costs. The deferred outflows of resources related to pension are for contributions made to the defined-benefit plan between the measurement date of the net pension liabilities from the plan and the end of the year. The debt refunding costs are being amortized over the life of the refunding bonds as a part of interest expense.

Deferred Inflows of Resources

The Authority's Statement of Net Position reports a separate section for deferred inflows of resources, which is an acquisition of net position that is applicable to a future reporting period. Deferred inflows of resources are reported for actual pension plan investment earnings in excess of the expected amounts included in determining pension expense and the accumulated increase in the fair value of hedging derivative instruments. The deferred inflows of resources related to pension is attributable to pension expense over a total of ten years, including the current year. In addition, deferred inflows of resources include the fair value of interest rate swap agreements (see Note 7).

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Financial Statements
December 31, 2023

Compensated Absences

In accordance with the vesting method provided under GASB Statement No. 16, *Accounting for Compensated Absences*, accumulated vacation and personal time is accrued when earned by the employee and the accrual is based on assumptions concerning the probability that certain employees will become eligible to receive these benefits in the future.

Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than those related to workers' compensation and natural disasters. Settled claims have not exceeded this commercial coverage in any of the three preceding years. The state of Indiana self-insures workers' compensation benefits for all state employees, including Authority employees.

Unearned Revenue

Unearned revenue is reported in the financial statements. The availability period does not apply; however, amounts may not be considered earned due to eligibility requirements or other reasons. As eligibility requirements are met, the corresponding revenue is recognized.

Cost-Sharing Defined-Benefit Pension Plan

The employees of the Authority participate in the Indiana Public Retirement System (INPRS). The Authority 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. Deferred outflows and inflows of resources represent changes in the Authority's allocated proportion from the previous year; differences between the Authority's contributions to the Plan and its proportionate share, actual Plan investment earnings and expected amounts, and expected and actual experience on the Plan included in determining pension expense; and the impact of changes in assumptions on the net pension liability, all of which are being amortized into pension expense over the average expected remaining services life, except for the differences between expected and actual investment earnings, which is amortized over five years. Deferred outflows of resources also includes contributions made to the Plan between the Plan's measurement date for the net pension liability and the end of the Authority's fiscal year.

Interest Rate Swap Agreements

The Authority uses interest rate swap agreements to protect against the potential of rising interest rates. The agreements are reported at fair value on the Statement of Net Position; however, changes in fair value are deferred until the termination or expiration of the instruments. The accumulated increase in the fair value of the interest rate swap agreements is reported as a deferred inflows of resources.

Deferred Refunding Costs

In 2012, the Authority issued 2012 series bonds under the MBS Pass-thru Fund, the proceeds from which were used to redeem bonds with an outstanding swap agreement. As part of the swap termination upon the bond redemption, the Authority was required to pay swap termination fees of \$9,114,000 to the counterparty. The Authority capitalized amounts paid in connection with the swap termination fees and is amortizing the balance ratably in proportion to 2012 series redeemed during the year. Accumulated amortization of refunding costs was \$8,299,660 at December 31, 2023, and amortization expense, which is reported as part of interest expense, was \$93,654 for the year then ended.

**Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Financial Statements
December 31, 2023**

Original Issue Premiums and Discounts

Original issue premiums and discounts on bonds are amortized using a method that approximates the effective interest method over the life of the bonds to which they relate.

Net Position

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

- Net investment in capital assets - resources resulting from capital acquisition, net of accumulated depreciation.
- Restricted - net position subject to externally imposed stipulations as to use.
- Unrestricted - net position which are available for use of the Authority.

Use of Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as they are needed.

Overdraws of Section 8 Housing Assistance

HUD Notice PIH 2006-03 and subsequent interpretive guidance issued by HUD requires Section 8 voucher funds to be reported as restricted net position in the Financial Data Schedule filings. Therefore, the Authority includes Section 8 overdraws in net position as restricted.

Operating Revenues

The Authority records all revenues derived from mortgages, investment income and federal programs as operating revenues since these revenues are generated from the Authority's daily operations needed to carry out its statutory purpose.

Program Income

Program income is recognized as earned as the eligible expenses are incurred or activities are completed. Funding received in advance of being earned are recognized as unearned revenue. Program expenses are subject to audit and acceptance by the granting agency and, because of such audits, adjustments could be required.

Fee Income

Fees for Mortgage Credit Certificate and Mortgage Revenue Bond Programs are recorded as fee income in the General Fund as certificates are issued. Rental Housing Tax Credit fees are recognized as applications are submitted. The Authority also receives certain administrative fees for a federal grant program that are recorded as earned.

Bond Issuance Costs

Bond issuance costs are expensed as incurred.

Allocation of Expenses Between Funds

The Program, Single Family and MBS Pass-thru Funds provide that funds may be transferred to the General Fund for the purpose of paying reasonable and necessary program expenses.

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Financial Statements
December 31, 2023

Income Taxes

As an instrumentality of the state, the income of the Authority is exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of state law.

Note 3. Deposits and Investments

	General Fund	Program Fund	Single Family Fund	MBS Pass-Thru Fund	2023 Total
Current					
Cash and cash equivalents					
Unrestricted	\$ 65,528,588	\$ -	\$ 35,373,690	\$ -	\$ 100,902,278
Restricted	1,000,000	263,087,137	160,864,037	60,642	425,011,816
Total current cash and cash equivalents	<u>66,528,588</u>	<u>263,087,137</u>	<u>196,237,727</u>	<u>60,642</u>	<u>525,914,094</u>
Noncurrent Assets					
Investments					
Unrestricted	103,254,135	-	85,799,335	-	189,053,470
Investments held against bonds	-	-	1,152,398,881	26,251,776	1,178,650,657
Total noncurrent investments	<u>103,254,135</u>	<u>-</u>	<u>1,238,198,216</u>	<u>26,251,776</u>	<u>1,367,704,127</u>
Total cash, cash equivalents, and investments	<u>\$ 169,782,723</u>	<u>\$ 263,087,137</u>	<u>\$ 1,434,435,943</u>	<u>\$ 26,312,418</u>	<u>\$ 1,893,618,221</u>

Cash, cash equivalents and investments held by the Authority as of December 31, 2023 were as follows:

	Fair Value	Cost
Deposits		
Cash	\$ 272,934,288	\$ 272,934,287
Money market mutual funds	252,979,806	252,963,747
Investments		
US Treasuries	33,617,326	33,489,337
Federal agency obligations	155,436,144	159,984,481
Federal agency obligations held against bonds	<u>1,178,650,657</u>	<u>1,213,088,722</u>
Total cash, cash equivalents and investments	<u>\$ 1,893,618,221</u>	<u>\$ 1,932,460,574</u>

Investment Policy

General

Indiana Code 5-20-1 authorizes the Authority to invest in obligations of the United States or any of its component states, or their agencies or instrumentalities and such other obligors as may be permitted under the terms of any resolution authorizing the issuance of the Authority's obligations.

Indentures

The Bond Indentures permit investments in the direct obligations of, or obligations guaranteed by, the United States or any of its component states, obligations issued by certain agencies of the Federal government, and investments collateralized by those types of investments. At December 31, 2023, all investments held by the Authority were in compliance with the requirements of the Indentures.

Indiana Housing and Community Development Authority
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Notes to Financial Statements
December 31, 2023

The Authority's cash and investments are subject to several types of risk, which are examined in more detail below.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rate. The Authority's investment policy does not restrict investment maturities. As of December 31, 2023, the Authority had the following investments and maturities (in thousands):

	Fair Value	Less Than 1	Investment Maturities (in Years)		
			1 - 5	6 - 10	More Than 10
Money market mutual funds	\$ 252,980	\$ 252,980	\$ -	\$ -	\$ -
US Treasuries	33,617	7,058	26,559	-	-
Federal agency obligations	155,436	34,688	99,536	16,425	4,787
Federal agency obligations held against bonds	1,178,651	-	710	1,099	1,176,842
	<u>\$ 1,620,684</u>	<u>\$ 294,726</u>	<u>\$ 126,805</u>	<u>\$ 17,524</u>	<u>\$ 1,181,629</u>

Custodial Credit Risk

Custodial credit risk is the risk that the Authority 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 Authority, and are held by either the counterparty of the counterparty's trust department or agent but not in the Authority's name. As of December 31, 2023, the Authority had not entered into any agreements subject to this paragraph.

In 1937, the State created the Public Deposit Insurance Fund (PDIF) to protect the public funds of the state and its political subdivisions deposited in approved financial institutions. The PDIF insures those public funds deposited in approved financial institutions, which exceed the limits of coverage provided by any federal deposit insurance. As of December 31, 2023, all of the Authority's cash was deposited in approved financial institutions.

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Authority's policy for credit risk requires compliance with the provisions of Indiana statutes. The following table provides information on the credit ratings associated with the Authority's investments in debt securities:

	S&P	Fitch	Moody's	Fair Value
Money market mutual funds	AAAm	AAAmf	Aaa-mf	\$ 252,979,806
US Treasuries	AA+	AAA	Aaa	33,617,326
Federal agency obligations	AA+	AAA	Aaa	155,436,144
Federal agency obligations held against bonds	AA+	AAA	Aaa	1,178,650,657
				<u>\$ 1,620,683,933</u>

Indiana Housing and Community Development Authority
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Notes to Financial Statements
December 31, 2023

Concentration of Credit Risk

The Authority places no limit on the amount it may invest in any one issuer. The following table shows investments in issuers that represent five percent or more of total investments.

Investment	Fair Value
Ginnie Mae	53.4%
Freddie Mac	12.5%
Fannie Mae	10.3%
Dreyfus Institutional Government Money Market Fund	8.9%

Note 4. Accounts and Loans Receivable

Accounts and loans receivable at December 31, 2023, were as follows:

General Fund:

Hardest hit fund loans	\$ 131,452,778
Tax credit assistance program loans	16,391,074
Next Home ownership mortgage down payment assistance loans	8,479,917
Accounts receivable	1,436,700
Mortgage loans	30,995
Loans provided to sub-recipients of certain programs	30,713
	<u>157,822,177</u>
Less: allowance for credit losses	<u>(140,601,992)</u>
	17,220,185
Current	<u>(1,438,037)</u>
	15,782,148
Noncurrent	<u>\$ 15,782,148</u>

Indiana Housing and Community Development Authority
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Notes to Financial Statements
December 31, 2023

(Continued)

Single Family Fund

Down payment assistance interest	\$ 245,770
Down payment assistance loans	69,304,200
	<u>69,549,970</u>
Less: allowance for uncollectible loans	(9,820,065)
	<u>59,729,905</u>
Current	(245,770)
	<u>(245,770)</u>
Noncurrent	<u>\$ 59,484,135</u>

Program Fund:

Development fund loans	\$ 79,675,388
Section 1602 tax credit exchange program loans	43,428,969
Reimbursements due from other governments	18,109,114
Home investment partnership program loans	17,544,833
Community development block grant loans	13,475,882
Rural rental housing loans	1,312,748
	<u>173,546,934</u>
Less: allowance for credit losses	(47,716,591)
	<u>125,830,343</u>
Current	(18,634,910)
	<u>(18,634,910)</u>
Noncurrent	<u>\$ 107,195,433</u>

The section 1602 Tax Credit Exchange Program loans, the Hardest Hit Fund loans, and the Next Home Ownership Mortgage Down Payment Assistance (DPA) loans are forgivable, as long as borrowers comply with the provisions of the related agreements. Therefore, these loans are included in the allowance for uncollectible loans. Additionally, the Authority creates allowances for accounts and loans receivable to correspond with their perceived collectability. The General Fund provides the up-front funding for the DPA loans initially, but the cash is reimbursed through the sale of the related securitized loans.

Note 5. Capital, Lease and Subscription Assets

Capital assets activity for the year ended December 31, 2023 was:

	<u>January 1, 2023</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31, 2023</u>
Computer software	\$ 7,732,716	\$ 244,461	\$ -	\$ 7,977,177
Computer hardware	1,135,048	-	-	1,135,048
Furniture and equipment	735,189	213,283	-	948,472
Leasehold Improvements	-	196,000	-	196,000
	<u>9,602,953</u>	<u>653,744</u>	<u>-</u>	<u>10,256,697</u>
Less accumulated depreciation	(8,479,090)	(354,454)	-	(8,833,544)
	<u>(8,479,090)</u>	<u>(354,454)</u>	<u>-</u>	<u>(8,833,544)</u>
Capital assets, net	<u>\$ 1,123,863</u>	<u>\$ 299,290</u>	<u>\$ -</u>	<u>\$ 1,423,153</u>

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Lease assets activity for the year ended December 31, 2023 was:

	<u>January 1, 2023</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31, 2023</u>
Building	\$ 8,806,608	\$ 193	\$ -	\$ 8,806,801
Furniture and equipment	585,587	-	-	585,587
	<u>9,392,195</u>	<u>193</u>	<u>-</u>	<u>9,392,388</u>
Less accumulated amortization	<u>(2,078,631)</u>	<u>(889,006)</u>	<u>-</u>	<u>(2,967,637)</u>
Leased assets, net	<u>\$ 7,313,564</u>	<u>\$ (888,813)</u>	<u>\$ -</u>	<u>\$ 6,424,751</u>

Subscription assets activity for the year ended December 31, 2023 was:

	<u>January 1, 2023*</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31, 2023</u>
Subscription asset	\$ 460,394	\$ 83,837	\$ -	\$ 544,231
Less accumulated amortization	<u>-</u>	<u>(200,773)</u>	<u>-</u>	<u>(200,773)</u>
Subscription assets, net	<u>\$ 460,394</u>	<u>\$ (116,936)</u>	<u>\$ -</u>	<u>\$ 343,458</u>

*The balances have been restated to reflect the adoption of GASB Statement No. 96.

Note 6. Bonds Payable

Bonds payable at December 31, 2023, consist of (dollars in thousands):

<u>Single Family Fund</u>	<u>Original Amount</u>	<u>Balance</u>
2016 Series A-1		
Term bonds (2.85%), due 2031	\$ 14,735	\$ 990
	<u>14,735</u>	<u>990</u>
2016 Series A-2		
PAC bonds (3.50%), due 2038	25,990	2,845
	<u>25,990</u>	<u>2,845</u>
2017 Series A-2		
PAC bonds (4.00%), due 2039	14,070	1,355
	<u>14,070</u>	<u>1,355</u>
2017 Series B-1		
Serial bonds (2.00% to 2.75%), due 2024 - 2028	15,210	7,870
	<u>15,210</u>	<u>7,870</u>
2017 Series B-2		
PAC bonds (4.00%), due 2038	15,740	2,965
	<u>15,740</u>	<u>2,965</u>

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Single Family Fund (Continued)	Original Amount	Balance
2017 Series B-3		
Term bonds (variable), due 2047	\$ 17,000	\$ 17,000
Term bonds (variable), due 2047	6,000	6,000
	<u>23,000</u>	<u>23,000</u>
2017 Series C-1		
Serial bonds (2.35% to 2.85%), due 2024 - 2027	7,355	5,190
	<u>7,355</u>	<u>5,190</u>
2017 Series C-2		
Serial bonds (2.50%), due 2024	7,465	755
PAC bonds (4.00%), due 2037	12,530	925
	<u>19,995</u>	<u>1,680</u>
2017 Series C-3		
Term bonds (variable), due 2047	20,705	20,705
	<u>20,705</u>	<u>20,705</u>
2018 Series A		
PAC bonds (4.00%), due 2048	20,590	9,440
	<u>20,590</u>	<u>9,440</u>
2019 Series A		
PAC bonds (4.25%), due 2048	15,990	8,490
	<u>15,990</u>	<u>8,490</u>
2019 Series B		
Serial bonds (1.40% to 2.25%), due 2024 - 2032	16,240	5,080
Term bonds (2.40%), due 2034	3,420	2,720
Term bonds (2.65%), due 2039	9,835	2,125
PAC bonds (3.50%), due 2049	17,845	10,905
	<u>47,340</u>	<u>20,830</u>
2020 Series A:		
Serial bonds (2.20% to 5.00%), due 2024 - 2032	18,545	10,305
PAC bonds (3.75%), due 2049	20,485	13,750
	<u>39,030</u>	<u>24,055</u>
2020 Series B:		
Serial bonds (1.15% to 5.00%), due 2025 - 2032	31,315	31,315
Serial bonds (5.00%), due 2023 - 2025	12,715	4,280
Term bonds (1.95%), due 2035	14,850	14,850
Term bonds (2.05%), due 2039	21,355	715
PAC bonds (3.75%), due 2049	32,980	19,975
	<u>113,215</u>	<u>71,135</u>
2021 Series A:		
Serial bonds (1.35% to 5.00%), due 2024 - 2033	16,300	13,920
Term bonds (1.90%), due 2036	5,160	5,160
Term bonds (2.05%), due 2041	9,825	9,825
Term bonds (2.15%), due 2045	6,745	6,745
PAC bonds (3.00%), due 2051	17,915	15,110
	<u>55,945</u>	<u>50,760</u>

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2021 Series B:		
Serial bonds (1.30% to 5.00%), due 2024 - 2033	\$ 32,625	\$ 28,490
Term bonds (1.90%), due 2036	10,690	10,690
Term bonds (2.13%), due 2041	22,685	22,090
PAC bonds (3.00%), due 2050	33,205	28,595
	<u>99,205</u>	<u>89,865</u>
2021 Series C-1:		
Serial bonds (1.95% to 5.00%), due 2027 - 2033	12,940	12,940
Term bonds (2.20%), due 2036	11,460	11,460
Term bonds (2.40%), due 2041	12,745	12,745
Term bonds (2.55%), due 2044	5,135	5,135
PAC bonds (3.00%), due 2052	27,010	25,420
	<u>69,290</u>	<u>67,700</u>
2021 Series C-2:		
Serial bonds (0.65% to 1.15%), due 2024 - 2026	6,710	4,700
	<u>6,710</u>	<u>4,700</u>
2022 Series A:		
Serial bonds (2.00% to 5.00%), due 2024 - 2034	23,095	21,540
Term bonds (2.35%), due 2037	10,305	10,305
Term bonds (2.60%), due 2042	19,950	19,950
Term bonds (2.70%), due 2045	2,360	2,360
PAC bonds (3.00%), due 2052	29,860	29,005
	<u>85,570</u>	<u>83,160</u>
2022 Series B:		
Serial bonds (3.85% to 5.00%), due 2024 - 2034	24,845	23,625
Term bonds (4.15%), due 2037	10,255	10,255
Term bonds (4.30%), due 2042	19,110	19,110
Term bonds (4.38%), due 2047	20,650	20,650
PAC bonds (4.75%), due 2052	41,995	41,285
	<u>116,855</u>	<u>114,925</u>
2022 Series C-1:		
Serial bonds (4.00% to 4.15%), due 2033 - 2034	7,160	7,160
Term bonds (4.35%), due 2037	12,570	12,570
Term bonds (4.60%), due 2042	27,025	27,025
Term bonds (4.75%), due 2047	37,015	37,015
Term bonds (4.85%), due 2051	41,055	41,055
PAC bonds (5.00%), due 2053	25,000	24,690
	<u>149,825</u>	<u>149,515</u>
2022 Series C-2:		
Serial bonds (3.00% to 3.20%), due 2024 - 2025	3,780	3,000
	<u>3,780</u>	<u>3,000</u>
2022 Series D:		
Serial bonds (3.89% to 4.88%), due 2024 - 2032	20,000	20,000
	<u>20,000</u>	<u>20,000</u>

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2023 Series A-1:		
Serial bonds (3.70%-4.00%), due 2033 - 2035	\$ 3,630	\$ 3,630
Term bonds (4.30%), due 2038	5,310	5,310
Term bonds (4.50%), due 2043	11,810	11,810
Term bonds (4.65%), due 2048	16,880	16,880
Term bonds (4.70%), due 2050	10,455	10,455
PAC bonds (5.75%), due 2053	24,560	24,495
	<u>72,645</u>	<u>72,580</u>
2023 Series A-2:		
Serial bonds (4.23%-5.22%), due 2024 - 2033	12,485	12,485
Term bonds (5.24%), due 2038	2,720	2,720
Term bonds (5.41%), due 2043	3,905	3,905
Term bonds (5.46%), due 2049	5,890	5,890
	<u>25,000</u>	<u>25,000</u>
2023 Series B-1:		
Serial bonds (2.90%-3.55%), due 2028 - 2034	2,545	2,545
Term bonds (4.00%), due 2038	4,400	4,400
Term bonds (4.35%), due 2043	7,690	7,690
Term bonds (4.60%), due 2048	11,155	11,155
Term bonds (4.70%), due 2053	19,015	19,015
	<u>44,805</u>	<u>44,805</u>
2023 Series B-2:		
Serial bonds (5.00%), due 2024 - 2027	5,020	5,020
	<u>5,020</u>	<u>5,020</u>
2023 Series B-3:		
Serial bonds (4.67%-5.25%), due 2027 - 2033	11,585	11,585
Term bonds (5.32%), due 2038	11,060	11,060
Term bonds (5.38%), due 2043	15,275	15,275
Term bonds (5.43%), due 2048	26,835	26,835
PAC bonds (5.75%), due 2054	34,175	34,175
	<u>98,930</u>	<u>98,930</u>
2023 Series C-1:		
Serial bonds (4.00%), due 2034 - 2035	7,160	7,160
Term bonds (4.13%), due 2038	3,090	3,090
Term bonds (4.45%), due 2043	11,490	11,490
Term bonds (4.55%), due 2048	9,770	9,770
Term bonds (4.60%), due 2053	13,490	13,490
	<u>45,000</u>	<u>45,000</u>
2023 Series C-2:		
Serial bonds (5.07%-5.40%), due 2024 - 2033	16,660	16,660
Term bonds (5.47%), due 2038	18,465	18,465
Term bonds (5.55%), due 2043	26,380	26,380
Term bonds (5.60%), due 2047	28,495	28,495
	<u>90,000</u>	<u>90,000</u>

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Single Family Fund (Continued)	Original Amount	Balance
2023 Series D-1:		
Serial bonds (4.15%-4.80%), due 2028 - 2035	\$ 3,880	\$ 3,880
Term bonds (4.80%), due 2038	4,580	4,580
Term bonds (5.00%), due 2043	10,325	10,325
Term bonds (5.13%), due 2048	15,000	15,000
Term bonds (5.20%), due 2053	32,105	32,105
	<u>65,890</u>	<u>65,890</u>
2023 Series D-2:		
Serial bonds (4.30-4.50%), due 2024 - 2027	4,110	4,110
	<u>4,110</u>	<u>4,110</u>
2023 Series D-3:		
Serial bonds (5.55%-6.09%), due 2027 - 2033	9,745	9,745
Term bonds (6.13%), due 2038	8,070	8,070
Term bonds (6.27%), due 2043	5,405	5,405
Term bonds (6.37%), due 2048	14,330	14,330
Term bonds (6.40%), due 2053	12,060	12,060
PAC bonds (6.50%), due 2054	15,000	15,000
	<u>64,610</u>	<u>64,610</u>
 Total Single Family Fund	 <u>\$ 1,516,155</u>	 <u>\$ 1,300,120</u>
MBS Pass-thru Fund	Original Amount	Balance
2012 Series 1		
Term bonds (3.029%), due 2038	\$ 73,532	\$ 6,747
2013 Series 1		
Taxable term bonds (3.027%), due 2041	62,674	9,315
2013 Series 2		
Taxable term bonds (4.038%), due 2036	51,839	6,998
2014 Series 1		
Taxable term bonds (4.050%), due 2038	28,667	3,356
	<u>216,712</u>	<u>26,416</u>
Total MBS Pass-Thru Fund	<u>\$ 216,712</u>	<u>\$ 26,416</u>
Total Bonds Payable	<u>\$ 1,732,867</u>	<u>\$ 1,326,536</u>

The Single Family and MBS Pass-thru bonds are special obligations of the Authority. The bonds are payable solely from the revenues and assets pledged to the payment thereof pursuant to the Bond Trust Indentures.

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The 2017 Series B-3 bond and 2017 Series C-3 bond mature on July 1, 2047, and are variable rate demand obligations (4.00% at December 31, 2023).

The following are the scheduled amounts of principal and interest payments on bond payable obligations in the five years subsequent to December 31, 2023 and thereafter (all amounts in thousands). The Authority typically has significant prepayments of principal amounts and, therefore, does not expect to make all interest payments in their scheduled amounts.

	Single Family Fund		MBS Pass-thru Fund		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 22,660	\$ 51,816	\$ -	\$ 905	\$ 22,660	\$ 52,721
2025	24,645	53,611	-	905	24,645	54,516
2026	24,875	52,573	-	905	24,875	53,478
2027	25,650	51,477	-	905	25,650	52,382
2028	24,995	50,382	-	905	24,995	51,287
2029 - 2033	139,775	237,370	-	4,525	139,775	241,895
2034 - 2038	192,835	208,213	17,101	3,666	209,936	211,879
2039 - 2043	239,405	167,752	9,315	822	248,720	168,574
2044 - 2048	309,560	111,035	-	-	309,560	111,035
2049 - 2053	284,185	43,397	-	-	284,185	43,397
2054	11,535	528	-	-	11,535	528
	<u>1,300,120</u>	<u>1,028,154</u>	<u>26,416</u>	<u>13,538</u>	<u>1,326,536</u>	<u>1,041,692</u>
Original issue premium	33,931	-	672	-	34,603	-
	<u>\$ 1,334,051</u>	<u>\$ 1,028,154</u>	<u>\$ 27,088</u>	<u>\$ 13,538</u>	<u>\$ 1,361,139</u>	<u>\$ 1,041,692</u>

The summary of bonds payable as of December 31, 2023 was as follows:

Interest Rate Ranges	Maturity Range	Payment Range of Principal	Total
0.65 - 6.50%	2024 - 2054	\$11,535 - \$71,055	\$ 1,326,536

Changes in Obligations

The following are changes in noncurrent liabilities of the Authority for the year ended December 31, 2023 (dollars in thousands):

	January 1, 2023*	Additions	Reductions	December 31, 2023	Due Within One Year	Due Thereafter
Bonds payable	\$ 850,492,428	\$ 516,010,000	\$ 39,966,378	\$ 1,326,536,050	\$ 22,660,000	\$ 1,303,876,050
Premium	33,781,813	3,978,309	3,157,104	34,603,018	-	34,603,018
Note payable	1,470,597	-	75,825	1,394,772	-	1,394,772
Net pension liability	4,425,456	2,842,588	1,208,884	6,059,160	-	6,059,160
Lease and subscription liability	8,459,571	84,030	913,553	7,630,048	882,195	6,747,853
Government advances	31,909,559	6,153	311,456	31,604,256	635,105	30,969,151
Total long-term obligations	<u>\$ 930,539,424</u>	<u>\$ 522,921,080</u>	<u>\$ 45,633,200</u>	<u>\$ 1,407,827,304</u>	<u>\$ 24,177,300</u>	<u>\$ 1,383,650,004</u>

*The balances have been restated to reflect the adoption of GASB Statement No. 96.

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Due to the nature of the net pension liability, which cannot be classified into the amounts due within one year, is included in due thereafter, and as such the related balance is reflected as a long-term obligation above.

The Single Family are subject to optional redemption provisions at various dates at 100 percent of the principal amount, extraordinary optional redemption at par from unexpended or uncommitted funds, prepayments of mortgage loans and proportionate amounts in certain related accounts or excess revenues. The Authority redeemed \$39,966,378 of bonds in 2023 from mortgage loan payments and prepayments. The bond redemptions resulted in write-offs of unamortized premium related to the redeemed bonds.

Conduit Debt Obligations

The Authority is authorized by law to issue conduit revenue bonds for the purpose of financing residential housing for persons and families of low and moderate income. Except as described below, the Authority's revenue bonds are payable solely from revenues of the Authority specifically pledged thereto. The bonds are not, in any respect, a general obligation of the Authority, nor are they payable in any manner from revenues raised by the Authority.

The Authority has issued debt obligations on behalf of developers and certain 501(c) (3) organizations (the Debtors) for the purpose of acquiring and rehabilitating facilities for housing persons of low and moderate income. These bonds and the interest thereof do not constitute a debt or liability of the Authority, 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 in GASB Statement No. 91, *Conduit Debt Obligations*. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. In addition, the Authority has not made any commitments associated with the bonds. At December 31, 2023, the Authority had outstanding conduit debt of \$584,420,152.

Note 7. Interest Rate Swap Agreements - Hedging Derivative Instruments

The Authority entered a swap arrangement with Bank of New York Mellon in 2018. The objective of the swap agreement(s) is to create, with respect to the 2017 Series B-3 Bonds in an amount totaling \$17,250,000 and the 2017 Series C-3 Bonds in an amount totaling \$15,525,000, an approximately fixed rate net obligation. Payments made to the Counterparty by the Authority under this swap agreement are made semi-annually, based on a notional principal amount and a fixed interest rate of 2.420% for 2017 Series B-3 and 2.495% for 2017 Series C-3. Payments received by the Authority from the Counterparty under the swap agreement bear interest at a variable rate calculated by reference to the 3 Month Fallback Rate (SOFR).

Objective of the Swap: The Authority entered the pay-fixed, receive-variable interest rate swap agreements as a strategy to maintain acceptable levels of exposure to the risk of future changes in the interest rate related to the existing variable rate debt. The primary intention of the swap agreements is to effectively convert the Authority's variable interest rates on its long-term debt to synthetic fixed rates.

Terms, Fair Value and Credit Risk: The terms, including, the fair value and credit rating of the outstanding swaps as of December 31, 2023, are as follows:

Bond Series	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Value	Swap Termination Date	Counterparty Credit Rating S&P/Moody's/Fitch
2017 Series B-3	\$ 17,250,000	1/1/2018	2.420%	70% 3 M Fallback Rate (SOFR)	\$ 1,654,770	7/1/2047	AA-/Aa2/AA
2017 Series C-3	15,525,000	7/1/2018	2.495%	70% 3 M Fallback Rate (SOFR)	1,320,429	7/1/2047	AA-/Aa2/AA
				Total	<u>\$ 2,975,199</u>		

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The Authority's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions of the associated bonds.

Fair Value: The fair values of the swap agreements are based upon a third party's discounted cash flow methodology pursuant to the guidance set forth in GASB No. 72, *Fair Value Measurement and Application*. These discounted cash flows consider the net present value of the future scheduled payments from each leg of the swap. For the floating leg of the swap, future coupon rates are estimated based on forward rates derived from the relevant interest rate swap yield curve date (e.g., SOFR, SIFMA, etc.) as of the valuation date. The present value discounted factors applied to each future scheduled payment is determined by the SOFR, or Overnight Index Swap, curve data using the zero-coupon method. A credit valuation adjustment is applied, which quantifies the nonperformance risk of both reporting entity as well as the counterparty.

The fair values of the swap agreements are classified as a noncurrent asset on the statement of net position of \$2,975,199 as of December 31, 2023. As the swap agreements are effective hedging instruments, the offsetting balance is reflected as a deferred inflow of resources on the Authority's balance sheet at December 31, 2023 of \$2,975,199.

Credit Risk: The fair value of each of the swap agreements represents the Authority's credit exposure to the counterparties as of December 31, 2023. Should the counterparties to these transactions fail to perform according to the terms of the swap agreements, the Authority has a maximum possible loss equivalent to the fair value at that date. As of December 31, 2023, the Authority was exposed to credit risk because the swap had a positive fair value. The Authority's exposure to credit risk is in the amount of the derivative instrument's fair value. If the credit ratings fall below the agreed upon threshold, the fair value of the swaps is to be fully collateralized with eligible securities (as defined in the Master Agreement) to be held by a third-party custodian on behalf of the Authority.

Basis Risk: The swap agreements expose the Authority to basis risk should the relationship between SOFR and the rate set by the Authority's lender change in a manner adverse to the Authority. If an adverse change occurs in the relationship between these rates, the expected cost savings may not be realized.

Termination Risk: The Authority or the Counterparty may terminate the swap agreement if the other party fails to perform under the terms of the contract. If the swap agreement is terminated, the associated floating-rate bonds would no longer carry synthetic interest rates. Also, if at the time of the termination the fair value of the swap agreement is not positive, the Authority would be liable to the Counterparty for a payment equal to the swap agreement's fair value.

Rollover Risk: The Authority is exposed to rollover risk if the swap agreement matures or is terminated prior to the maturity of the associated debt. When the swap agreement terminates, the Authority will not realize the synthetic rate offered by the swap agreement on the underlying debt issue.

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Swap Payments and Associated Debt: As of December 31, 2023, debt service requirements of the Authority's hedged outstanding variable rate debt and net swap payments (assuming current interest rates remain the same for their term and bonds are called as the swap amortizes) are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Net Swap Payments</u>	<u>Total</u>
2024	\$ -	\$ 1,268,393	\$ (483,863)	\$ 784,530
2025	-	1,268,393	(483,863)	784,530
2026	-	1,268,393	(483,863)	784,530
2027	-	1,268,393	(483,863)	784,530
2028	-	1,268,393	(483,863)	784,530
2029 - 2033	-	6,341,963	(2,419,316)	3,922,647
2034 - 2038	3,220,000	6,218,316	(2,373,408)	7,064,908
2039 - 2043	15,525,000	3,927,373	(1,504,486)	17,947,887
2044 - 2047	14,030,000	1,101,402	(423,288)	14,708,114
Total	<u>\$ 32,775,000</u>	<u>\$ 23,931,019</u>	<u>\$ (9,139,813)</u>	<u>\$ 47,566,206</u>

Note 8. Fair Value Measurements

The Authority has categorized its assets and liabilities that are measured at fair value into a three-level fair value hierarchy as part of the implementation of GASB Statement No. 72. 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 Authority has the ability to access.
- Level 2** Inputs to the valuation methodology may include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and/or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3** Inputs to the valuation methodology are unobservable and significant to the fair value measurement. In situations where there is little or no market activity for the asset or liability, the Authority makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

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Following is a description of the valuation methodologies used by the Authority for assets and liabilities that are measured at fair value on a recurring basis. There have been no changes in the methodologies used at December 31, 2023.

Money Market Fund Shares: Valued at the published net asset value (NAV), as reported by each fund, of the shares held by the Authority at the reporting date. These funds are deemed to be actively traded.

US Treasuries: Valued using pricing models maximizing the use of observable inputs for similar securities.

Federal Agency Obligations: Valued using pricing models maximizing the use of observable inputs for similar securities.

Interest Rate Swaps: Valued by a third-party using models which include assumptions about the USD-SIFMA interest rate at the reporting date. The Authority uses the fair value provided by the third-party without adjustment. See Note 7.

For those assets and liabilities measured at fair value, management determines the fair value measurement policies. Those policies and procedures are reassessed at least annually to determine if the current valuation techniques are still appropriate. At that time, the unobservable inputs used in the fair value measurements are evaluated and adjusted, as necessary, based on current market conditions and other third-party information.

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 Authority'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 Authority's assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2023:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investment by Fair Value Level				
Money market mutual funds	\$ 252,979,806	\$ 252,979,806	\$ -	\$ -
US Treasuries	33,617,326	33,617,326	-	-
Federal agency obligations	1,334,086,801	-	1,334,086,801	-
	<u>\$ 1,620,683,933</u>	<u>\$ 286,597,132</u>	<u>\$ 1,334,086,801</u>	<u>\$ -</u>
Hedging Derivative Instruments				
Interest rate swaps	\$ 2,975,199	\$ -	\$ -	\$ 2,975,199

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Note 9. Lease and Subscription Liability

Lease Liability: The Authority leases office space, the terms of which expire in various years through 2032. The building leases accrue interest at 5.75%.

Future principal and interest requirements to maturity for the lease liability as of December 31, 2023 are:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 680,594	\$ 400,698	\$ 1,081,292
2025	735,463	360,329	1,095,792
2026	793,761	316,520	1,110,281
2027	855,503	269,268	1,124,771
2028	920,900	218,371	1,139,271
2029 - 2032	3,293,398	311,873	3,605,271
	<u>\$ 7,279,619</u>	<u>\$ 1,877,059</u>	<u>\$ 9,156,678</u>

Subscription Liability: The Authority leases software, the terms of which expire in various years through 2026. The software leases accrue interest at 5.65%.

Future principal and interest requirements to maturity for the subscription liability as of December 31, 2023 are:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 201,601	\$ 16,214	\$ 217,815
2025	146,288	4,395	150,683
2026	2,540	12	2,552
	<u>\$ 350,429</u>	<u>\$ 20,621</u>	<u>\$ 371,050</u>

Note 10. Retirement Plan

Plan Description

The Authority contributed to the Public Employees' Retirement Fund (PERF), which is administered by INPRS as a cost-sharing, multiple-employer defined benefit pension plan. PERF was established to provide retirement, disability, and survivor benefits to full-time employees of the State of Indiana not covered by another plan, those political subdivisions that elect to participate in the retirement plan, and certain INPRS employees. The fund provides supplemental retirement benefits to Public Employees' Defined Benefit Account (PERF DB) members and serves as the primary retirement benefit for the My Choice: Retirement Savings Plan for Public Employees (My Choice Plan) members.

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New employees hired by the State or a participating political subdivision have a one-time election to join either the Public Employees' Hybrid Plan (PERF Hybrid Plan) or the My Choice Plan, which is covered in the Defined Contributions section below. A new hire that is an existing member of PERF Hybrid Plan and was not given the option for My Choice is given the option to elect My Choice Plan or remain in PERF Hybrid Plan. The PERF Hybrid Plan consists of two components: PERF DB, the employer-funded monthly defined-benefit component, and the Public Employees' Hybrid Members Defined Contribution Account, the defined-contribution component.

Effective January 1, 2018, funds previously known as annuity savings accounts (which were reported within defined-benefit funds) were re-categorized as defined contribution funds based on Internal Revenue Private Letter Rulings PLR-193-2016 and PLR-110249-18. PERF Defined Contribution member balances (previously known as annuity savings accounts) reported within PERF DB were transferred to the appropriate defined-contribution fund as of January 1, 2018.

Retirement Benefits - Defined Benefit Pension

A member who has reached age 65 and has at least ten years of creditable service, or eight years for certain elected officials, is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit component. This annual pension benefit is equal to 1.1 percent times the average annual compensation times the number of years of creditable service. The average annual compensation in this calculation uses the highest 20 calendar quarters of salary in a covered position, or only four quarters for an elected official. All 20 calendar quarters do not need to be continuous, but they must be in groups of four consecutive calendar quarters. The same calendar quarter may not be included in two different groups. Member contributions paid by the employer on behalf of the member and severance pay up to \$2,000 are included as part of the member's annual compensation.

A member who has reached age 60 and has at least 15 years of creditable service is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit. A member who is at least 55 years old and whose age plus number of years of creditable service is at least 85 is entitled to 100 percent of the benefits as described above.

A member who has reached at least age 50 and has at least 15 years of creditable service is eligible for early retirement with a reduced pension. A member retiring early receives a percentage of the normal annual pension benefit. The percentage of the pension benefit at retirement remains the same for the member's lifetime. For age 59, the early retirement percentage of the normal annual pension benefit is 89 percent. This amount is reduced five percentage points per year (e.g., age 58 is 84 percent) to age 50 being 44 percent.

The monthly pension benefits for members in pay status may be increased periodically as cost of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly. There was a COLA adjustment of 1.00% on January 1, 2022 and no additional adjustment on January 1, 2023 or January 1, 2024.

The PERF Plan also provides disability and survivor benefits. A member who has at least five years of creditable service and becomes disabled while in active service, on FMLA leave, receiving workers' compensation benefits, or receiving employer-provided disability insurance benefits may retire for the duration of the disability, if the member has qualified for social security disability benefits and has furnished proof of the qualification. The disability benefit is calculated the same as that for a normal retirement without reduction for early retirement. The minimum benefit is \$180 per month, or the actuarial equivalent.

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Upon the death in service of a member with 15 or more years of creditable service as of January 1, 2007, a survivor benefit may be paid to the surviving spouse to whom the member had been married for two or more years, or surviving dependent children under the age of 18. This payment is equal to the benefit which would have been payable to a beneficiary if the member had retired at age 50 or at death, whichever is later, under an effective election of the joint and survivor option available for retirement benefits. A surviving spouse or surviving dependent children are also entitled to a survivor benefit upon the death in service after January 1, 2007, of a member who was at least 65 years of age and had at least 10 but not more than 14 years of creditable service.

Retirement Benefits - Defined Contribution Pension

The My Choice Plan is a multiple employer defined contribution pension plan that serves as the primary retirement benefit for the My Choice: Retirement Savings Plan for Public Employees (My Choice) members. New employees hired have a one-time election to join either the PERF Hybrid Plan or My Choice Plan, which both include defined-contribution funds.

The Public Employees' Hybrid Members Defined Contribution Account (PERF Hybrid DC) is the defined-contribution component of the Public Employees' Hybrid Plan. The Public Employees' Defined Benefit Account is the other component of the Public Employees' Hybrid Plan. Member contributions are set by statute at three percent of compensation, and the employer may choose to make these contributions on behalf of the member. Members are 100 percent vested in their account balance, which includes all contributions and earnings.

My Choice: Retirement Savings Plan for Public Employees (My Choice) is for members who are full-time employees of the State of Indiana or a participating political subdivision that elected to become members of My Choice. Member contributions are set by statute at three percent of compensation, plus these members may receive additional employer contributions in lieu of the Public Employees' Defined Benefit Account. The Authority does not currently offer My Choice to any of its employees. Members are 100 percent vested in all member contributions and vest in employer contributions in increments of 20% for each full year of service until 100% is reached at 5 years.

Investments are self-directed, members may make changes daily, and investments are reported at fair value. Market risk is assumed by the member, and the member may choose among the following eight investment options with varying degrees of risk and return potential: Stable Value Fund, Large Cap Equity Index Fund, Small/Mid Cap Equity Fund, International Equity Fund, Fixed Income Fund, Inflation-Linked Fixed Income Fund, Target Date Funds, and Money Market Fund.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://www.inprs.in.gov/>.

Significant Actuarial Assumptions

The total pension liability is determined by INPRS actuaries 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.

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

Asset valuation date:	June 30, 2023
Liability valuation date and method:	June 30, 2022 - Member census data as of June 30, 2022 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2022 and June 30, 2023. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2022 to the June 30, 2023 measurement date.
Actuarial cost method:	Entry age normal - level percent of payroll
Experience study date:	Period of five years ended June 30, 2019
Investment rate of return:	6.25%
Cost of living adjustment:	There was no adjustment granted for 2023 through 2025. Thereafter, the adjustment varies per year as follows: 2026 through 2033 - 0.40%, 2034 through 2038 - 0.50%, and 2039 and on - 0.60%.
Projected salary increases:	2.65% - 8.65%
Inflation:	2.00%

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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	20.0%	3.7%
Private equity	15.0%	6.4%
Fixed income - ex inflation linked	20.0%	2.2%
Fixed income - inflation linked	15.0%	0.5%
Commodities	10.0%	1.1%
Real estate	10.0%	3.4%
Absolute return	5.0%	1.6%
Risk parity	20.0%	5.9%
Cash and cash overlay	-15.0%	0.0%
	100%	

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Total pension liability for the Plan was calculated using the discount rate of 6.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and where applicable from the 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 long-term assumed investment rate of return (6.25 percent). Based on those assumptions, the Plan's fiduciary net position was 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 the 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 Plan calculated using the discount rate of 6.25 percent, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.25%), or one percentage point higher (7.25%) than the current rate:

<u>1% Decrease (5.25%)</u>	<u>Current Discount Rate (6.25%)</u>	<u>1% Increase (7.25%)</u>
\$ 9,874,507	\$ 6,059,160	\$ 2,877,913

Investment Valuation and Benefit Payment Policies

The pooled and nonpooled investments are reported at fair value by INPRS.

Pension, disability, special death benefits, and distributions of contributions and interest are recognized when due and payable to members or beneficiaries. Benefits are paid once the retirement or survivor applications have been processed and approved. Distributions of contributions and interest from inactive, nonvested members' annuity savings accounts may be requested by members or auto-distributed by the fund when certain criteria are met.

Funding Policy

The State is obligated by statute to make contributions to the PERF Hybrid Plan or the My Choice Plan. Any political subdivision that elects to participate in the PERF Hybrid Plan is obligated by statute to make contributions to the Plan. The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to fund the pension benefits when they become due. As PERF is a cost-sharing plan, all risks and costs, including benefit costs, are shared proportionately by the participating employers. During the fiscal year ended June 30, 2023, all participating employers were required to contribute 11.2% of covered payroll for members employed by the State.

In October 2018, the funding policy was restated to incorporate changes up to that point, and additional edits were made to clarify current practice. In addition, 2018 SEA 373 introduced a new funding mechanism for postretirement benefit increases and restated the actuarially determined contribution. As a result, the funding policy was updated to be in compliance with the new statute.

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

At December 31, 2023, the Authority reported a liability of \$ \$6,059,160 for its proportionate share of the net pension liability. The Authority's proportionate share of the net pension liability was based on the Authority's wages as a proportion of total wages for the PERF Hybrid Plan. The proportionate share used at the June 30, 2023 measurement date was 0.0017168.

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For the year ended December 31, 2023, the Authority recognized pension expense of \$1,736,609, which included net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions of \$506,582. At December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to the PERF Hybrid Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 123,968	\$ -
Net difference between projected and actual earnings on pension plan investments	1,388,776	-
Changes in assumptions	330,978	-
Changes in proportion and differences between the Authority's contributions and proportionate share contributions	1,025,893	2,125
Authority's contributions subsequent to the measurement date	<u>669,995</u>	<u>-</u>
Total	<u><u>\$ 3,539,610</u></u>	<u><u>\$ 2,125</u></u>

The Authority reported \$669,995 as deferred outflows of resources that will be recognized as a reduction of the net pension liability for the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

2024	\$ 1,136,380
2025	488,800
2026	1,052,588
2027	<u>189,722</u>
Total future minimum payments	<u><u>\$ 2,867,490</u></u>

Note 11. Commitments and Contingencies

Litigation

The Authority is subject to various claims which arise primarily in the ordinary course of conducting its business. In management's opinion, the ultimate resolution of such matters will not have a material adverse effect on the Authority's financial position or its results of operations.

Investments

The Authority invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statement of net position.

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Excess Investment Earnings

In order to preserve the exemption of federal and state income taxation on interest received by the bond holders, each bond issue is subject to certain Internal Revenue Code (IRC) and U.S. Treasury Regulations for arbitrage. Under these regulations, the Authority is required to pay the Federal government any excess earnings as defined by IRC Section 148(f) on all non-purpose investments if such investments were invested at a rate greater than the yield on the bond issue.

Note 12. Subsequent Events

Debt Issuance

On February 21, 2024, the Authority issued \$134,300,000 of Indiana Housing and Community Development Authority Single Family Mortgage Revenue Bonds, 2024 Series A (2024 Series A Bonds). The 2024 Series A Bonds include serial bonds maturing through 2036, and term bonds, which mature in 2039, 2044, 2049, 2054 and PAC bonds due 2049. The 2024 Series A Bonds bear interest at rates ranging from 3.65% to 6.00%.

In May of 2024, the Authority plans to issue an estimated \$200,000,000 of Indiana Housing and Community Development Authority Single Family Mortgage Revenue Bonds, 2024 Series B (2024 Series B Bonds). The 2024 Series B Bonds are anticipated to include serial bonds, term bonds, and PAC bonds bearing fixed interest rates.

REQUIRED SUPPLEMENTARY INFORMATION

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Indiana Public Employee's Retirement Fund (PERF)
Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Authority's proportion of the net pension liability	0.17168%	0.14032%	0.10912%	0.10234%	0.10232%	0.09831%	0.09670%	0.10992%	0.09270%	0.09168%
Authority's proportionate share of the net pension liability	\$ 6,059,160	\$ 4,425,456	\$ 1,435,852	\$ 3,091,072	\$ 3,381,471	\$ 3,339,635	\$ 4,314,313	\$ 4,988,658	\$ 3,775,580	\$ 2,409,291
Authority's covered payroll	\$ 10,793,631	\$ 8,075,593	\$ 6,016,439	\$ 5,524,718	\$ 5,330,879	\$ 5,016,583	\$ 4,797,552	\$ 5,268,120	\$ 4,440,142	\$ 4,476,208
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	56.1%	54.8%	23.9%	55.9%	63.4%	66.6%	89.9%	94.7%	85.0%	53.8%
Plan fiduciary net position as a percentage of the total pension liability (a)	80.8%	82.5%	92.5%	81.4%	80.1%	78.9%	72.7%	71.2%	73.3%	81.1%

(a) 2014 - 2017 were adjusted to reflect defined benefit activity only due to split of the defined benefit/contribution plan effective January 1, 2018.

* The amounts presented for each fiscal year were determined as of June 30.

Notes to Schedule:

Benefit changes: No changes.

Changes of assumption: No changes.

Changes in actuarial methods: No changes.

Indiana Housing and Community Development Authority
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Required Supplementary Information
Schedule of the Authority's Contributions
Indiana Public Employee's Retirement Fund (PERF)
Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,306,729	\$ 1,101,307	\$ 697,724	\$ 636,878	\$ 632,393	\$ 588,395	\$ 538,661	\$ 528,036	\$ 475,408	\$ 508,439
Contributions in relation to the contractually required contribution	<u>1,306,729</u>	<u>1,101,307</u>	<u>697,724</u>	<u>636,878</u>	<u>632,393</u>	<u>588,395</u>	<u>538,661</u>	<u>528,036</u>	<u>475,408</u>	<u>508,439</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 11,627,969	\$ 9,836,244	\$ 6,247,065	\$ 5,686,451	\$ 5,646,363	\$ 5,253,524	\$ 4,809,471	\$ 4,719,016	\$ 4,244,707	\$ 4,664,251
Contributions as a percentage of covered payroll	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	10.9%

* The amounts presented for each fiscal year were determined as of December 31.

Notes to Schedule:

Benefit changes: No changes.

Changes of assumption: No changes.

Changes in actuarial methods: No changes.

Supplementary Information

Indiana Housing and Community Development Authority
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Supplementary Information
Combining Schedule of Net Position
December 31, 2023

	General Fund	Program Fund	Single Family Fund	MBS Pass-thru Fund	2023 Total
Assets and Deferred Outflows of Resources					
Current Assets					
Cash and cash equivalents					
Unrestricted	\$ 65,528,588	\$ -	\$ 35,373,690	\$ -	\$ 100,902,278
Restricted	1,000,000	263,087,137	160,864,037	60,642	425,011,816
Accrued interest receivable					
Investments	852,257	-	942,080	-	1,794,337
Investments held against bonds	-	-	4,746,539	75,403	4,821,942
Accounts and loans receivable, net	1,438,037	18,634,910	245,770	-	20,318,717
Other assets	141,202	38,496	-	-	179,698
Total current assets	<u>68,960,084</u>	<u>281,760,543</u>	<u>202,172,116</u>	<u>136,045</u>	<u>553,028,788</u>
Noncurrent Assets					
Investments					
Unrestricted	103,254,135	-	85,799,335	-	189,053,470
Investments held against bonds	-	-	1,152,398,881	26,251,776	1,178,650,657
Accounts and loans receivable, net	15,782,148	107,195,433	59,484,135	-	182,461,716
Derivative instrument - interest rate swap agreements	-	-	2,975,199	-	2,975,199
Capital assets, at cost, less accumulated depreciation	1,268,188	154,965	-	-	1,423,153
Lease and subscription assets, less accumulated amortization	6,552,457	215,752	-	-	6,768,209
Interfund accounts	8,908,550	(6,717,267)	(2,191,283)	-	-
Total noncurrent assets	<u>135,765,478</u>	<u>100,848,883</u>	<u>1,298,466,267</u>	<u>26,251,776</u>	<u>1,561,332,404</u>
Total assets	<u>204,725,562</u>	<u>382,609,426</u>	<u>1,500,638,383</u>	<u>26,387,821</u>	<u>2,114,361,192</u>
Deferred Outflows of Resources					
Pension-related	3,539,610	-	-	-	3,539,610
Deferred refunding costs	-	-	-	814,340	814,340
Total deferred outflows of resources	<u>3,539,610</u>	<u>-</u>	<u>-</u>	<u>814,340</u>	<u>4,353,950</u>
Total assets and deferred outflows of resources	<u>\$ 208,265,172</u>	<u>\$ 382,609,426</u>	<u>\$ 1,500,638,383</u>	<u>\$ 27,202,161</u>	<u>\$ 2,118,715,142</u>
Liabilities, Deferred Inflows of Resources and Net Positions					
Current Liabilities					
Bonds payable	\$ -	\$ -	\$ 22,660,000	\$ -	\$ 22,660,000
Accrued interest payable	-	-	24,820,289	75,404	24,895,693
Unearned revenue	-	197,213,694	-	-	197,213,694
Government advances	-	635,105	-	-	635,105
Lease and subscription liability	764,457	117,738	-	-	882,195
Accounts payable and other liabilities	3,895,721	13,891,120	155,595	-	17,942,436
Total current liabilities	<u>4,660,178</u>	<u>211,857,657</u>	<u>47,635,884</u>	<u>75,404</u>	<u>264,229,123</u>
Noncurrent Liabilities					
Bonds payable	-	-	1,277,460,000	26,416,050	1,303,876,050
Original issue premium	-	-	33,930,581	672,437	34,603,018
Bonds payable, net	-	-	1,311,390,581	27,088,487	1,338,479,068
Notes payable	-	1,394,772	-	-	1,394,772
Pension liability	6,059,160	-	-	-	6,059,160
Government advances	-	30,969,151	-	-	30,969,151
Lease and subscription liability	6,642,764	105,089	-	-	6,747,853
Other non-current liabilities	-	-	121,319	-	121,319
Total noncurrent liabilities	<u>12,701,924</u>	<u>32,469,012</u>	<u>1,311,511,900</u>	<u>27,088,487</u>	<u>1,383,771,323</u>
Total liabilities	<u>17,362,102</u>	<u>244,326,669</u>	<u>1,359,147,784</u>	<u>27,163,891</u>	<u>1,648,000,446</u>
Deferred Inflows of Resources					
Pension-related	2,125	-	-	-	2,125
Accumulated increase in fair value of derivative	-	-	2,975,199	-	2,975,199
Total deferred inflows of resources	<u>2,125</u>	<u>-</u>	<u>2,975,199</u>	<u>-</u>	<u>2,977,324</u>
Net Position					
Net investment in capital assets	413,424	147,890	-	-	561,314
Restricted	1,000,000	138,134,867	18,591,578	38,270	157,764,715
Unrestricted	189,487,521	-	119,923,822	-	309,411,343
Total net position	<u>190,900,945</u>	<u>138,282,757</u>	<u>138,515,400</u>	<u>38,270</u>	<u>467,737,372</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 208,265,172</u>	<u>\$ 382,609,426</u>	<u>\$ 1,500,638,383</u>	<u>\$ 27,202,161</u>	<u>\$ 2,118,715,142</u>

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Supplementary Information
Combining Schedule of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2023

	<u>General Fund</u>	<u>Program Fund</u>	<u>Single Family Fund</u>	<u>MBS Pass-thru Fund</u>	<u>2023 Total</u>
Revenues					
Interest income					
Investments	\$ 5,886,601	\$ 1,147,074	\$ 10,575,592	\$ 3,134	\$ 17,612,401
Investments held against bonds	-	-	47,030,518	1,181,199	48,211,717
Loans	-	1,468,428	-	-	1,468,428
Fee income	7,602,631	-	-	-	7,602,631
Program income	3,488,293	706,099,993	-	-	709,588,286
Gain on sale of Next Home investments	1,220,064	-	20,748	-	1,240,812
Net increase in fair value of investments	1,570,902	-	10,394,203	24,777	11,989,882
Other income	2,112,507	-	-	-	2,112,507
Total revenues	<u>21,880,998</u>	<u>708,715,495</u>	<u>68,021,061</u>	<u>1,209,110</u>	<u>799,826,664</u>
Expenses					
Investment expense (down payment assistance)	412,192	-	-	-	412,192
Loss on sale of investments	440,471	-	519,878	-	960,349
Interest expense	95,603	381,155	40,816,305	1,052,470	42,345,533
Issuance costs	-	-	4,898,416	-	4,898,416
Program expenses	827,496	649,995,341	7,757,509	-	658,580,346
Arbitrage expense	-	-	121,319	-	121,319
General and administrative expenses	6,306,934	44,733,709	2,754,472	14,200	53,809,315
Total expenses	<u>8,082,696</u>	<u>695,110,205</u>	<u>56,867,899</u>	<u>1,066,670</u>	<u>761,127,470</u>
Operating Income	13,798,302	13,605,290	11,153,162	142,440	38,699,194
Transfers					
Interfund transfers	43,297,127	(43,297,127)	130,792	(130,792)	-
Increase (Decrease) in Net Position	57,095,429	(29,691,837)	11,283,954	11,648	38,699,194
Net Position, Beginning of Year	133,805,516	167,974,594	127,231,446	26,622	429,038,178
Net Position, End of Year	<u>\$ 190,900,945</u>	<u>\$ 138,282,757</u>	<u>\$ 138,515,400</u>	<u>\$ 38,270</u>	<u>\$ 467,737,372</u>

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Supplementary Information
Combining Schedule of Cash Flows
Year Ended December 31, 2023

	General Fund	Program Fund	Single Family Fund	MBS Pass-thru Fund	2023 Total
Cash Flows From Operating Activities					
Receipts for services	\$ 10,725,511	\$ -	\$ -	\$ -	\$ 10,725,511
Receipts for program revenue	3,249,091	667,061,536	(245,770)	-	670,064,857
Principal received on loans receivable	(15,750,224)	-	-	-	(15,750,224)
Interest received on investments	5,318,346	1,147,074	9,995,316	3,134	16,463,870
Interest received on investments held against bonds	-	-	41,951,383	1,110,166	43,061,549
Interest received on loans	-	1,468,428	-	-	1,468,428
Payments for program expenses	(827,496)	(688,819,752)	(7,757,509)	-	(697,404,757)
Interest paid on bonds and bank loans	(95,603)	(381,155)	(28,546,346)	(968,379)	(29,991,483)
Debt issuance costs incurred	-	-	(4,898,416)	-	(4,898,416)
Payments for suppliers and employees	(11,357,584)	-	(2,757,017)	(14,200)	(14,128,801)
Interfund activity	5,054,778	(3,625,648)	(1,429,130)	-	-
Net cash provided by (used in) operating activities	<u>(3,683,181)</u>	<u>(23,149,517)</u>	<u>6,312,511</u>	<u>130,721</u>	<u>(20,389,466)</u>
Cash Flows From Noncapital and Related Financing Activities					
Proceeds from bond issues	-	-	519,988,309	-	519,988,309
Repayments and redemption of bonds and bank loans	-	(75,825)	(36,735,000)	(3,231,378)	(40,042,203)
Transfers	43,297,127	(43,297,127)	130,792	(130,792)	-
Net cash provided by (used in) noncapital and related financing activities	<u>43,297,127</u>	<u>(43,372,952)</u>	<u>483,384,101</u>	<u>(3,362,170)</u>	<u>479,946,106</u>
Cash Flows From Capital and Related Financing Activities					
Purchases of capital assets	(515,367)	(138,570)	-	-	(653,937)
Payments on lease and subscription liability	(804,800)	(108,560)	-	-	(913,360)
Net cash provided by (used in) capital and related financing activities	<u>(1,320,167)</u>	<u>(247,130)</u>	<u>-</u>	<u>-</u>	<u>(1,567,297)</u>
Cash Flows From Investing Activities					
Proceeds from sale and maturities of investments	28,228,622	-	34,201,350	-	62,429,972
Principal received on investments held against bonds	-	-	64,065,858	3,231,449	67,297,307
Purchases of investments held against bonds	-	-	(433,936,242)	-	(433,936,242)
Purchase of DPA loans	-	-	(20,295,587)	-	(20,295,587)
Purchase of investments	(35,000,000)	-	(40,881,730)	-	(75,881,730)
Net cash provided by (used in) investing activities	<u>(6,771,378)</u>	<u>-</u>	<u>(396,846,351)</u>	<u>3,231,449</u>	<u>(400,386,280)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	31,522,401	(66,769,599)	92,850,261	-	57,603,063
Cash and Cash Equivalents, January 1	<u>35,006,187</u>	<u>329,856,736</u>	<u>103,387,466</u>	<u>60,642</u>	<u>468,311,031</u>
Cash and Cash Equivalents, December 31	<u>\$ 66,528,588</u>	<u>\$ 263,087,137</u>	<u>\$ 196,237,727</u>	<u>\$ 60,642</u>	<u>\$ 525,914,094</u>
Cash and Cash Equivalents					
Cash	\$ 53,790,301	\$ 219,143,987	\$ -	\$ -	\$ 272,934,288
Money market investments	12,738,287	43,943,150	196,237,727	60,642	252,979,806
Total cash and cash equivalents	<u>\$ 66,528,588</u>	<u>\$ 263,087,137</u>	<u>\$ 196,237,727</u>	<u>\$ 60,642</u>	<u>\$ 525,914,094</u>

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Supplementary Information
Combining Schedule of Cash Flows (Continued)
Year Ended December 31, 2023

	<u>General Fund</u>	<u>Program Fund</u>	<u>Single Family Fund</u>	<u>MBS Pass-thru Fund</u>	<u>2023 Total</u>
Noncash Transactions From Capital and Related Financing Activities					
Issuance of lease and subscription obligation	\$ -	\$ 83,837	\$ -	\$ -	\$ 83,837
Reconciliation of Change in Net Position to Net Cash					
Provided by Operating Activities:					
Change in net position	\$ 13,798,302	\$ 13,605,290	\$ 11,153,162	\$ 142,440	\$ 38,699,194
Adjustment to reconcile change in net position to net cash provided by (used in) operating activities:					
Net increase in fair value of investments	(1,570,902)	-	(10,394,203)	(24,777)	(11,989,882)
Loss on sale of investments	440,471	-	499,130	-	939,601
Depreciation	1,274,850	169,383	-	-	1,444,233
Amortization of bond premium/discount	-	-	(3,076,507)	(80,597)	(3,157,104)
Changes in operating assets and liabilities:					
Accounts and loan receivable	(15,959,915)	(6,959,003)	(245,770)	-	(23,164,688)
Accrued interest receivable	(568,255)	-	(2,582,904)	9,564	(3,141,595)
Other assets	4,913,576	(3,664,144)	(1,429,130)	-	(179,698)
Deferred pension costs	(995,067)	-	-	-	(995,067)
Deferred refunding costs	-	-	-	93,654	93,654
Unearned revenue	(98,000)	(31,735,655)	-	-	(31,833,655)
Accounts payable and other liabilities	(6,343,188)	5,739,915	118,774	-	(484,499)
Accrued interest payable	-	-	12,269,959	(9,563)	12,260,396
Net pension liability	1,633,704	-	-	-	1,633,704
Deferred pension revenue	(208,757)	-	-	-	(208,757)
Government advances	-	-	-	-	-
Total adjustments	<u>(17,481,483)</u>	<u>(36,754,807)</u>	<u>(4,840,651)</u>	<u>(11,719)</u>	<u>(59,088,660)</u>
Net cash provided by (used in) operating activities	<u>\$ (3,683,181)</u>	<u>\$ (23,149,517)</u>	<u>\$ 6,312,511</u>	<u>\$ 130,721</u>	<u>\$ (20,389,466)</u>