



**STATE REVOLVING FUND LOAN PROGRAMS  
(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)**

COMBINED FINANCIAL STATEMENTS

June 30, 2022 and 2021

**STATE REVOLVING FUND LOAN PROGRAMS  
(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)  
Indianapolis, Indiana**

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## *Independent Auditors' Report*

Members of the Indiana Finance Authority  
State Revolving Fund Loan Programs

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

#### ***Opinion***

We have audited the combined financial statements of State Revolving Fund Loan Programs, an enterprise fund of the Indiana Finance Authority, which comprise the combined statements of net position as of June 30, 2022 and 2021, and the related combined statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the notes to the combined financial statements.

In our opinion, the accompanying combined financial statements referred to above present fairly, in all material respects, the financial position of State Revolving Fund Loan Programs at June 30, 2022 and 2021, and the changes in their financial position and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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 State Revolving Fund Loan Programs' 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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about State Revolving Fund Loan Programs' 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 be presented to supplement the basic combined financial statements. Such information is the responsibility of management and, although not a part of the basic combined 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 combined financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic combined financial statements, and other knowledge we obtained during our audits of the basic combined financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Supplementary Information***

Our audits were conducted for the purpose of forming opinions on the combined financial statements that collectively comprise State Revolving Fund Loan Programs' basic combined financial statements. The accompanying combining schedules of statements of net position information, statements of revenues, expenses and changes in net position information, and statements of cash flows information are presented for purposes of additional analysis and are not a required part of the basic combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic combined 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 combined financial statements or to the basic combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic combined 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 September 29, 2022, on our consideration of State Revolving Fund Loan Programs' internal control over financial reporting and on our tests of their 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 State Revolving Fund Loan Programs' 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 State Revolving Fund Loan Programs' internal control over financial reporting and compliance.

*Katz, Sapper & Miller, LLP*

Indianapolis, Indiana  
September 29, 2022

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

**STATE REVOLVING FUND LOAN PROGRAMS**  
**(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A") (UNAUDITED)**  
**June 30, 2022**

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As management of the State Revolving Fund Loan Programs (SRF Programs), we offer readers of the SRF Programs' combined financial statements this narrative overview (Management's Discussion and Analysis (MD&A)) of the financial activities of the SRF Programs for the fiscal year ended June 30, 2022. All amounts, unless otherwise indicated, are expressed in thousands of dollars and are approximate.

**Financial Highlights:** The SRF Programs' total net position increased by \$51.8 million during the current fiscal year from \$1,528.3 million to \$1,580.1 million. Nonoperating revenues consisted of \$53.9 million of capital contributions (grants) from the U.S. Environmental Protection Agency (EPA) during fiscal year 2022. SRF Programs' net position is restricted for water pollution and drinking water projects and related purposes of SRF Programs.

During the current fiscal year, the SRF Programs' liabilities increased by \$271.1 million. The primary increase in liabilities is a result of bond and note issuances and the scheduled principal payments. The SRF Programs issued \$392.9 million in new bonds and notes.

The SRF Programs disbursed \$424.1 million to participants during the current year to fund wastewater and drinking water infrastructure project expenses. Loans receivable can be found in Note 4 to the combined financial statements starting on page 20 of this report.

**BASIC COMBINED FINANCIAL STATEMENTS**

This MD&A is intended to serve as an introduction to the SRF Programs' basic combined financial statements (Report). The accompanying report only provides information on the financial activities associated with the SRF Programs which are an enterprise fund of the Indiana Finance Authority, where financial transactions are reported as business-type activities. The basic combined financial statements do not represent an annual comprehensive financial report of the Indiana Finance Authority.

Enterprise funds are used to report any activities for which income fees are charged to external users for goods and services. In addition, enterprise funds must be used in situations where debt is backed solely by fees and charges. An enterprise fund is accounted for in a manner similar to a commercial enterprise on the accrual basis of accounting.

**STATE REVOLVING FUND LOAN PROGRAMS**  
**(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A") (UNAUDITED)**  
**June 30, 2022**

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The SRF Programs' basic combined financial statements include statements of net position, statements of revenues, expenses and changes in net position, statements of cash flows, and the notes to the combined financial statements. These combined financial statements can be found on pages 9-11 of this report and are summarized below:

- The *combined statements of net position* present information on all of the SRF Programs' assets, deferred outflows of resources, and liabilities, with the difference reported as net position.
- The *combined statements of revenues, expenses and changes in net position* present information showing how the SRF Programs' net position changed during each year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.
- In contrast, the *combined statements of cash flows* are concerned solely with flows of cash and cash equivalents. Transactions are recorded when cash is received or exchanged, without concern of when the underlying event causing the transactions occurred.

The notes to the combined financial statements provide additional information that is essential to a full understanding of the data provided in the combined financial statements. The notes to the combined financial statements can be found on pages 12-36 of this report.

In addition to the basic combined financial statements and accompanying notes, this report also presents other supplementary information on pages 37-39. These combining schedules are not a required part of the basic combined financial statements, but they provide detailed financial statement information for each individual program. The combining schedules are included to provide other useful information for the readers of the basic combined financial statements.



**STATE REVOLVING FUND LOAN PROGRAMS**  
**(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A") (UNAUDITED)**  
**June 30, 2022**

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**FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the government enterprise's financial position. In the case of the SRF Programs, net position is \$1,580.1 million at the close of the most recent fiscal year.

**State Revolving Fund Loan Programs' Net Position**  
(In Thousands of Dollars)

	2022	June 30, 2021	2020
Current assets	\$ 503,374	\$ 382,926	\$ 709,361
Noncurrent assets	<u>3,196,022</u>	<u>2,989,361</u>	<u>2,898,741</u>
Total Assets	<u>3,699,396</u>	<u>3,372,287</u>	<u>3,608,102</u>
 Deferred Outflows of Resources	 <u>3,796</u>	 <u>7,968</u>	 <u>10,969</u>
 Current liabilities	 155,946	 151,272	 170,883
Long-term liabilities	<u>1,967,106</u>	<u>1,700,677</u>	<u>1,943,570</u>
Total Liabilities	<u>2,123,052</u>	<u>1,851,949</u>	<u>2,114,453</u>
 Net Position			
Restricted	<u>1,580,140</u>	<u>1,528,306</u>	<u>1,504,618</u>
 Total Net Position	 <u>\$1,580,140</u>	 <u>\$1,528,306</u>	 <u>\$1,504,618</u>

As new and existing projects are undertaken and completed, additional bonds on behalf of the SRF Programs are issued in order to fund the projects.

In fiscal year 2022, participant needs were met with EPA grants, new bond issuances, the WIFIA Loan, and funds on hand.

**STATE REVOLVING FUND LOAN PROGRAMS**  
**(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A") (UNAUDITED)**  
**June 30, 2022**

**State Revolving Fund Loan Programs' Changes in Net Position**  
(In Thousands of Dollars)

	Years Ended June 30,		
	2022	2021	2020
Operating Revenues			
Interest income-investments	\$ 1,397	\$ 1,388	\$ 13,495
Interest income-participants	77,618	78,106	75,249
Other	<u>1,046</u>	<u>1,423</u>	<u>1,754</u>
Total operating revenues	<u>80,061</u>	<u>80,917</u>	<u>90,498</u>
Operating Expenses			
Interest	48,783	59,888	53,056
Bond issuance costs	2,373	-	2,102
Trustee fees	80	111	93
Other program and administrative	<u>5,201</u>	<u>4,626</u>	<u>6,836</u>
Total operating expenses	<u>56,437</u>	<u>64,625</u>	<u>62,087</u>
Operating Income	23,624	16,292	28,411
Nonoperating Revenues and (Expenses)			
Capital contributions (EPA Grants)	53,883	31,124	76,420
Loan forgiveness	<u>(25,673)</u>	<u>(23,728)</u>	<u>(24,023)</u>
Total nonoperating revenues and (expenses)	<u>28,210</u>	<u>7,396</u>	<u>52,397</u>
Increase in Net Position	51,834	23,688	80,808
Net Position:			
Beginning of Year	<u>1,528,306</u>	<u>1,504,618</u>	<u>1,423,810</u>
End of Year	<u>\$1,580,140</u>	<u>\$1,528,306</u>	<u>\$1,504,618</u>

The SRF Programs' net position increased by \$51.8 million during the current fiscal year. Key elements of this increase are as follows:

- The SRF Programs received \$53.9 million in capital contributions (grants) from the EPA for qualified drinking water projects and related program purposes.
- Operating revenues exceeded operating expenses by \$23.6 million.
- The SRF Programs had \$25.7 million in loan forgiveness.

**STATE REVOLVING FUND LOAN PROGRAMS**  
**(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A") (UNAUDITED)**  
**June 30, 2022**

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**DEBT ADMINISTRATION**

Long-term Debt: At the end of the current fiscal year, the SRF Programs' debt, net of premium/discount was \$2.1 billion. The amount due represents bonds issued solely for the State Revolving Fund Loan Programs.

**State Revolving Fund Loan Programs' Outstanding Debt**  
(In Thousands of Dollars)

	2022	2021	2020
Net Bond Indebtedness	<u>\$2,087,784</u>	<u>\$1,821,398</u>	<u>\$2,078,198</u>

During the current fiscal year, the SRF Programs' debt increased by \$271.1 million. The primary increase in liabilities is a result of bond and note issuances and the scheduled principal payments. The SRF Programs issued \$392.9 million in new bonds and notes.

Additional information on the SRF Programs' long-term debt can be found in Notes 7 and 8 to the combined financial statements on pages 22-35 of this report.

**REQUESTS OF INFORMATION**

This financial report is designed to provide a general overview of the SRF Programs' finances for all those with an interest in the SRF Programs' finances. Questions concerning any of the information should be addressed to the Director of Environmental Programs, c/o State Revolving Fund Wastewater and Drinking Water Loan Programs, 100 N. Senate Avenue, Room 1275, IGCN - 12th Floor, Indianapolis, IN 46204.

## **COMBINED FINANCIAL STATEMENTS**

**STATE REVOLVING FUND LOAN PROGRAMS**  
**(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)**  
**COMBINED STATEMENTS OF NET POSITION**  
**June 30, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Current Assets:		
Cash and equivalents	\$ 307,038,661	\$ 206,932,169
Interest receivable	35,645,350	33,825,018
Due from EPA	259,733	65,218
Accounts receivable	131,087	3,000
Loans receivable-current, net	<u>160,299,116</u>	<u>142,100,840</u>
Total Current Assets	<u>503,373,947</u>	<u>382,926,245</u>
Noncurrent Assets:		
Investments	19,273,852	38,083,448
Loans receivable, net	3,176,642,709	2,951,171,607
Equipment, net	<u>105,331</u>	<u>105,792</u>
Total Noncurrent Assets	<u>3,196,021,892</u>	<u>2,989,360,847</u>
Total Assets	<u>3,699,395,839</u>	<u>3,372,287,092</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Loss on debt refunding	<u>3,796,239</u>	<u>7,967,457</u>
Total Deferred Outflows of Resources	<u>3,796,239</u>	<u>7,967,457</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Interest payable	34,365,652	29,959,215
Accounts payable	867,205	394,027
Amount due to federal government	-	125,263
Bonds/Notes payable-current, net	<u>120,712,900</u>	<u>120,793,100</u>
Total Current Liabilities	<u>155,945,757</u>	<u>151,271,605</u>
Long-term Liabilities:		
Amount due to federal government	35,190	72,146
Bonds/Notes payable, net	<u>1,967,071,012</u>	<u>1,700,605,223</u>
Total Long-term Liabilities	<u>1,967,106,202</u>	<u>1,700,677,369</u>
Total Liabilities	<u>2,123,051,959</u>	<u>1,851,948,974</u>
<b>NET POSITION</b>		
Restricted for water pollution and drinking water projects and other related program purposes	<u>\$ 1,580,140,119</u>	<u>\$ 1,528,305,575</u>

*See accompanying notes.*

**STATE REVOLVING FUND LOAN PROGRAMS**  
**(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)**  
**COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**Years Ended June 30, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>OPERATING REVENUES</b>		
Interest income-investments	\$ 1,397,329	\$ 1,388,110
Interest income-loan participants	77,618,353	78,105,854
Administration and premium fees	46,776	44,002
Other	<u>998,655</u>	<u>1,378,598</u>
Total Operating Revenues	<u>80,061,113</u>	<u>80,916,564</u>
<b>OPERATING EXPENSES</b>		
Interest	48,783,186	59,887,506
Bond issuance costs	2,373,461	-
Trustee fees	79,900	111,400
Other program and administrative	<u>5,200,355</u>	<u>4,626,177</u>
Total Operating Expenses	<u>56,436,902</u>	<u>64,625,083</u>
<b>OPERATING INCOME</b>	23,624,211	16,291,481
<b>NONOPERATING REVENUES AND (EXPENSES)</b>		
Capital contributions (EPA Grants)	53,882,739	31,124,389
Loan forgiveness	<u>(25,672,406)</u>	<u>(23,728,517)</u>
Total Nonoperating Revenues and (Expenses)	<u>28,210,333</u>	<u>7,395,872</u>
<b>INCREASE IN NET POSITION</b>	51,834,544	23,687,353
<b>NET POSITION</b>		
Beginning of Year	<u>1,528,305,575</u>	<u>1,504,618,222</u>
End of Year	<u>\$ 1,580,140,119</u>	<u>\$ 1,528,305,575</u>

*See accompanying notes.*

**STATE REVOLVING FUND LOAN PROGRAMS**  
**(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)**  
**COMBINED STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash payments for salaries, administrative and other expenses	\$ (4,098,267)	\$ (3,431,488)
Administration fee	46,776	44,002
Net Cash Used by Operating Activities	<u>(4,051,491)</u>	<u>(3,387,486)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Maturities of loans to participants	180,423,748	356,885,578
Issuance of loans to participants	(424,093,126)	(382,751,777)
Change in investments	18,809,596	27,721,722
Interest received on loans and investments	77,195,350	81,173,948
Net Cash Provided (Used) by Investing Activities	<u>(147,664,432)</u>	<u>83,029,471</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Proceeds from debt issuance	475,238,064	110,000,000
Principal payments to reduce indebtedness including refunding	(173,260,245)	(341,668,558)
Payment of debt issuance costs, net of refunding	(2,373,461)	-
Interest paid on debt	(75,797,761)	(87,648,745)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>223,806,597</u>	<u>(319,317,303)</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Capital contributions (EPA grants)	53,688,224	31,189,210
Issuance of forgivable loans to participants	(25,672,406)	(23,728,517)
Net Cash Provided by Capital Financing Activities	<u>28,015,818</u>	<u>7,460,693</u>
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	100,106,492	(232,214,625)
<b>CASH AND EQUIVALENTS</b>		
Beginning of Year	<u>206,932,169</u>	<u>439,146,794</u>
End of Year	<u>\$ 307,038,661</u>	<u>\$ 206,932,169</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 23,624,211	\$ 16,291,481
Adjustments to reconcile operating income to net cash used by operating activities:		
Depreciation	461	461
Interest income	(79,015,682)	(79,493,964)
Interest expense	48,783,186	59,887,506
Bond issuance costs	2,373,461	-
Changes in assets and liabilities:		
Accounts receivable	(128,087)	(1,000)
Accounts payable	473,178	(197,950)
Amount due to federal government	(162,219)	125,980
Net Cash Used by Operating Activities	<u>\$ (4,051,491)</u>	<u>\$ (3,387,486)</u>

*See accompanying notes.*

**STATE REVOLVING FUND LOAN PROGRAMS**  
**(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**Years Ended June 30, 2022 and 2021**

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

The accounting policies of the Wastewater State Revolving Fund Loan Program (WSRF) and the Drinking Water State Revolving Fund Loan Program (DWSRF), collectively known as State Revolving Fund Loan Programs (SRF Programs), conform to generally accepted accounting principles as applicable to governmental units in the United States of America. The following is a summary of significant policies:

Reporting Entity: The accompanying combined financial statements report only on the financial activities associated with the SRF Programs, which are an enterprise fund of the Indiana Finance Authority (Authority). The combined financial statements do not represent an annual comprehensive financial report of the Authority.

Principles of Combination: The combined financial statements of the SRF Programs include the accounts of the WSRF and the DWSRF. All significant intra-entity accounts and transactions between the individual programs have been eliminated.

Basis of Presentation and Accounting: The SRF Programs are accounted for as Enterprise Funds. An Enterprise Fund is used to account for an operation where periodic determination of revenues earned, expenses incurred, and net income on an accrual basis is appropriate (accrual method). Accordingly, the SRF Programs recognize revenues in the period earned and expenses in the period incurred. Financial transactions are reported as business-type activities.

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

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



**STATE REVOLVING FUND LOAN PROGRAMS**  
**(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**Years Ended June 30, 2022 and 2021**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

By operation of law, effective May 15, 2005, all assets and liabilities of the SRF Programs (including the outstanding bonds of the Indiana Bond Bank related to the SRF Programs) became the assets and liabilities of the Indiana Finance Authority instead of the State or the Indiana Bond Bank. For years ending on, or before, June 30, 2005, these assets and liabilities of the SRF Programs were previously reported as part of the respective financial statements of the State and/or the Indiana Bond Bank.

The Authority has capitalized its WSRF and DWSRF Programs with payments made under capitalization grants and with required state matching funds. Payments under, and the use of capitalization grants, are subject to federal law and regulated by the federal government, acting through the EPA.

Under the WSRF and DWSRF Acts, the Authority has responsibility for the administration and management of the WSRF and DWSRF Programs. The Authority has entered into Trust Indentures with The Bank of New York Mellon Trust Company, N.A., successor to J.P. Morgan Trust Company, N.A., to establish a series of separate funds and accounts for operation of the SRF Programs. The indentures create state revolving funds (the Funds) and govern the use of certain bond proceeds and capitalization grants under the WSRF Act and the DWSRF Act. The SRF Programs are being operated initially as leveraged programs, whereby the earnings on certain moneys deposited in the Funds, including payments on loans made from the Funds, are applied to pay debt service on bonds issued to finance the SRF Programs.

If necessary, the capitalization grants are deposited into the SRF Programs accounts and are available to pay scheduled debt service on the Revenue Bonds. SRF Programs participant loan repayments and interest earned on the SRF Programs investments are used to meet the debt service obligations for the Revenue Bonds. States are required to provide an additional 20 percent of the federal capitalization grant as matching funds in order to receive a grant. SRF Programs matching funds have been provided through the issuance of revenue bonds payable from the interest portion of the SRF Program participant loan repayments and the earnings on the funds. Federal contributions are funded and recognized as capital contributions when amounts are received. The Authority may use amounts of up to 4 percent of the federal capitalization grant to pay salaries and administrative costs incurred in the management of the SRF Programs.

The Authority issued Series 2011A, 2012A, 2012B, 2012C, 2013A, 2014B, 2015A, 2015B, 2016A, 2016B, 2016D, 2016E, 2017B, 2017C, 2018A, 2019A, 2019C, 2019D, 2019E, 2019F, 2021A, and 2021B Bonds, and WIFIA 17114IN Loan in respect of the SRF Programs. Such liabilities are summarized in Note 7 and are secured by a common trust estate supported in part by participant loan repayments.

**STATE REVOLVING FUND LOAN PROGRAMS**  
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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Estimates: Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from those estimates.

Restricted Net Position: Restricted net position is available for providing financial assistance related to water pollution control and drinking water projects and other purposes of the SRF Programs.

Cash and Equivalents: Cash and equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments: Investments are recorded at fair value, based on quoted market prices of the investment or similar investments. Changes in the fair value of investments are included in the combined statements of revenues, expenses and changes in net position.

Allowance for Doubtful Accounts: Management's estimate of the allowance for doubtful accounts is determined by the forgivable loans closed by the SRF Programs, and by a review of individual loan balances' collectability. The allowance for doubtful accounts was \$93,985,236 and \$68,312,830 at June 30, 2022 and 2021, respectively.

Bond Discounts, Premiums, and Bond Issuance Costs: Bond discounts and premiums are amortized using the interest method over the varying terms of the bonds issued. Bond issuance costs are recorded as expenses when incurred.

Operating Revenues and Expenses: Operating revenues and expenses generally result from providing services. Operating expenses include the cost of providing services and interest on debt. For enterprise funds, revenue and expense transactions normally classified as other than operating cash flows are classified as operating revenues and expenses if those transactions constitute principal ongoing operations. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses, and include capital contributions.

Subsequent Events: The Authority has evaluated the combined financial statements for subsequent events occurring through September 29, 2022, the date the combined financial statements were available to be issued. See Note 11.

**STATE REVOLVING FUND LOAN PROGRAMS**  
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**NOTE 2 - CASH AND EQUIVALENTS AND INVESTMENTS**

All cash and equivalents and investments are held by, or in the name of, The Bank of New York Mellon Trust Company, N.A., as trustee under certain indentures of trusts (Trust Indentures) pertaining to the SRF Programs and the bonds issued in connection with the SRF Programs. Pursuant to enabling statutes, the investments permitted by the Trust Indentures represent investment policy choices that make the generally applicable provisions of Indiana Code 5-13 inapplicable to the SRF Programs' investments.

A summary of cash and equivalents and investments as of June 30, 2022 and 2021 follows:

	<u>2022</u>		
	<u>Wastewater</u>	<u>Drinking Water</u>	<u>Total</u>
Money market funds	\$ 201,234,339	\$ 87,181,274	\$ 288,415,613
Government obligations	<u>26,044,604</u>	<u>11,852,296</u>	<u>37,896,900</u>
	<u>\$ 227,278,943</u>	<u>\$ 99,033,570</u>	<u>\$ 326,312,513</u>
	<u>2021</u>		
	<u>Wastewater</u>	<u>Drinking Water</u>	<u>Total</u>
Money market funds	\$ 108,636,736	\$ 70,381,002	\$ 179,017,738
Government obligations	<u>47,132,996</u>	<u>18,864,883</u>	<u>65,997,879</u>
	<u>\$ 155,769,732</u>	<u>\$ 89,245,885</u>	<u>\$ 245,015,617</u>

**STATE REVOLVING FUND LOAN PROGRAMS**  
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**NOTE 2 - CASH AND EQUIVALENTS AND INVESTMENTS (CONTINUED)**

Investment Type and Interest Rate Risk Disclosure: As of June 30, 2022, the SRF Programs had the following investments and maturities (amounts are in thousands):

	<b>Wastewater</b>				
	<b>Fair Value</b>	<b>Investment Maturities (in years)</b>			
	<u>&lt; 1</u>	<u>1 - &lt; 5</u>	<u>5 - &lt; 10</u>	<u>&gt; 10</u>	
Money market funds	\$201,234	\$ 201,234	\$ -	\$ -	\$ -
Government obligations	<u>26,045</u>	<u>11,621</u>	<u>8,364</u>	<u>6,060</u>	<u>-</u>
	<u>\$227,279</u>	<u>\$ 212,855</u>	<u>\$ 8,364</u>	<u>\$ 6,060</u>	<u>\$ -</u>

	<b>Drinking Water</b>				
	<b>Fair Value</b>	<b>Investment Maturities (in years)</b>			
	<u>&lt; 1</u>	<u>1 - &lt; 5</u>	<u>5 - &lt; 10</u>	<u>&gt; 10</u>	
Money market funds	\$ 87,182	\$ 87,182	\$ -	\$ -	\$ -
Government obligations	<u>11,852</u>	<u>7,002</u>	<u>4,396</u>	<u>454</u>	<u>-</u>
	<u>\$ 99,034</u>	<u>\$ 94,184</u>	<u>\$ 4,396</u>	<u>\$ 454</u>	<u>\$ -</u>

Credit Risk Disclosure: The following table (in thousands of dollars) provides information on the credit ratings associated with the SRF Programs' investments in debt securities at June 30, 2022:

	<b>S&amp;P</b>	<b>Fitch</b>	<b>Moody's</b>	<b>Fair Value</b>
Money market funds	AAAm	N/A	Aaa-mf	\$ 174,922
	AAAm	AAAmmf	Aaa-mf	113,494
Government obligations	AA+	AAA	Aaa	<u>37,897</u>
Total Rated Investments				<u>\$ 326,313</u>

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**NOTE 2 - CASH AND EQUIVALENTS AND INVESTMENTS (CONTINUED)**

Custodial Credit Risk: The SRF Programs have no custodial credit risk. The investments are secured by government securities held pursuant to securities or repurchase contracts or otherwise secured by perfected security interest in the same. Such government securities are either issued or guaranteed by the U.S. Government, including United States Treasury obligations and any other obligations, the timely payment of principal and interest of which, are guaranteed by the U.S. Government and bonds, notes, debentures, obligations or other evidence of indebtedness issued and/or guaranteed by Fannie Mae, Federal Home Loan Mortgage Corporation, Government National Mortgage Association or any other agency or instrumentality of the United States, including, but not limited to, mortgage participation certificates, mortgage pass-through certificates, collateralized mortgage obligations and other mortgage-backed securities.

Concentration of Credit Risk: The SRF Programs place no limit on the amount that may be invested in any one issuer. The following table shows investments in issuers that represent 5% or more of the total investments at June 30, 2022:

BlackRock Fed Fund	51%
Dreyfus Government	22%
US Treasury	9%

**NOTE 3 - FAIR VALUE MEASUREMENTS**

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

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**NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)**

*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 SRF Programs make estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

Following is a description of the valuation methodologies used by the SRF Programs for assets that are measured at fair value on a recurring basis. There have been no changes in the methodologies used at June 30, 2022 and 2021.

*Money Market Fund Shares:* Valued at the daily closing price as reported by the funds. These funds are required to publish their daily net asset value (NAV) and to transact at that price. These funds are deemed to be actively traded.

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

For those assets measured at fair value, management determines the fair value measurement policies and procedures. 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 SRF Programs' 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 certain assets could result in a different fair value measurement at the reporting date.

**STATE REVOLVING FUND LOAN PROGRAMS**  
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**NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)**

Following is a summary, within each level of the fair value hierarchy, of the SRF Programs' assets that are measured at fair value on a recurring basis as of June 30, 2022 and 2021:

<b>2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
<b>Assets</b>			
Cash Equivalents:			
Money Market Fund Shares	\$288,415,613	\$ -	\$288,415,613
Government Obligations	-	18,623,048	18,623,048
Investments:			
Government Obligations	<u>-</u>	<u>19,273,852</u>	<u>19,273,852</u>
Total Assets at Fair Value	<u>\$288,415,613</u>	<u>\$ 37,896,900</u>	<u>\$326,312,513</u>
<b>2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
<b>Assets</b>			
Cash Equivalents:			
Money Market Fund Shares	\$179,017,738	\$ -	\$179,017,738
Government Obligations	-	27,914,431	27,914,431
Investments:			
Government Obligations	<u>-</u>	<u>38,083,448</u>	<u>38,083,448</u>
Total Assets at Fair Value	<u>\$179,017,738</u>	<u>\$ 65,997,879</u>	<u>\$245,015,617</u>

At June 30, 2022 and 2021, the SRF Programs had no other assets and no liabilities that are measured at fair value on a recurring basis.

**STATE REVOLVING FUND LOAN PROGRAMS  
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**NOTE 4 - LOANS RECEIVABLE**

The net proceeds from the issuance of the Revenue Bonds were deposited in the SRF Programs Account and are used primarily to fund loans to participants for eligible projects. The State's current intended use plans include a list of publicly-owned wastewater treatment works, a list of drinking water systems, and other projects proposed by eligible participants, which the State anticipates will be eligible for financial assistance.

The loans receivable balance at June 30, 2022 and 2021 includes actual advances for construction and related costs on eligible projects net of principal payments from participants as follows:

	<b>Loans Receivable as of June 30, 2022</b>	<b>Loans Receivable as of June 30, 2021</b>	<b>Actual Loan Available Less Principal Repayments as of June 30, 2022</b>
Wastewater Fund	\$2,740,481,750	\$2,535,102,864	\$2,886,032,137
Drinking Water Fund	<u>596,460,075</u>	<u>558,169,583</u>	<u>646,495,236</u>
Total All Loans	<u>\$3,336,941,825</u>	<u>\$3,093,272,447</u>	<u>\$3,532,527,373</u>

These amounts represent projects that have been submitted and approved by the SRF Programs, and the loans have been closed. Loans receivable includes current portions of \$160,299,116 at June 30, 2022 and \$142,100,840 at June 30, 2021.



**STATE REVOLVING FUND LOAN PROGRAMS**  
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**NOTE 4 - LOANS RECEIVABLE (CONTINUED)**

As of June 30, 2022, the outstanding balances of closed loans exceeding 50 percent of the total loans receivable and representing the Programs' largest borrowers are summarized below:

<b>Name of Participant</b>	<b>Loans Receivable as of June 30, 2022</b>	<b>Loans Receivable as of June 30, 2021</b>	<b>Actual Loan Available Less Principal Repayments as of June 30, 2022</b>
<b>Wastewater Fund</b>			
City of Fort Wayne	\$ 527,401,409	\$ 395,490,831	\$ 527,401,409
Citizens Water Authority	454,361,639	411,367,681	454,361,639
City of Evansville	319,037,645	297,730,551	320,448,000
City of Terre Haute	167,671,000	176,042,000	167,671,000
<b>Drinking Water Fund</b>			
City of Fort Wayne	\$ 88,505,144	\$ 47,884,019	\$ 89,446,000
City of Evansville	71,532,450	74,421,697	71,532,450
City of East Chicago	35,357,000	37,925,175	35,357,000
City of Greensburg	24,546,623	27,728,123	24,546,623
City of Crown Point	20,169,223	20,744,034	20,546,700
City of Batesville	18,608,354	18,770,000	18,608,354
Jackson County Water Utility Inc	14,889,000	13,955,000	14,889,000
City of Frankfort	13,630,000	13,630,000	13,630,000
City of Bluffton	13,269,670	13,779,000	13,269,670

**NOTE 5 - INTEREST RECEIVABLE**

Interest receivable consists of accrued interest on investments and loans to participants as follows:

Interest receivable at June 30, 2022:

	<b>Investments</b>	<b>Loans</b>	<b>Total</b>
Wastewater	\$ 480,402	\$ 29,750,397	\$ 30,230,799
Drinking Water	<u>154,042</u>	<u>5,260,509</u>	<u>5,414,551</u>
	<u>\$ 634,444</u>	<u>\$ 35,010,906</u>	<u>\$ 35,645,350</u>

Interest receivable at June 30, 2021:

	<b>Investments</b>	<b>Loans</b>	<b>Total</b>
Wastewater	\$ 325,248	\$ 28,073,796	\$ 28,399,044
Drinking Water	<u>86,373</u>	<u>5,339,601</u>	<u>5,425,974</u>
	<u>\$ 411,621</u>	<u>\$ 33,413,397</u>	<u>\$ 33,825,018</u>

**STATE REVOLVING FUND LOAN PROGRAMS  
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**NOTE 6 - ARBITRAGE REBATE AND YIELD REDUCTION PAYMENTS TO U.S. TREASURY**

Several series of bonds issued by the Indiana Bond Bank, succeeded by the Authority, in connection with the SRF Programs were the subject of legal opinions as of the date of their issuance to the effect that interest on such bonds was excludable from gross income for purposes of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"). Under the Code, such exclusion is conditioned on continuing compliance with certain tax covenants including payment of certain earnings in excess of the bond yield to the U.S. Treasury as rebate or yield reduction payments. Any estimated liabilities, which were calculated as of January 31, 2022, are recorded in both the general short-term debt group for the current portion and the general long-term debt account group for the long-term portion. With respect to such bonds, as of June 30, 2022, the SRF Programs had the following liabilities:

	<b>Yield Reduction</b>	<b>Due Date</b>
<b>2019C</b>		
Wastewater Fund	\$ 21,584	January 31, 2024
Drinking Water Fund	<u>13,606</u>	January 31, 2024
	<u>\$ 35,190</u>	

**NOTE 7 - BONDS AND NOTES PAYABLE**

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

Bonds and Notes payable at June 30, 2022 and 2021 for bonds issued on behalf of the SRF Programs are summarized as follows:

	<b>2022</b>	<b>2021</b>
<b><u>Wastewater Fund:</u></b>		
<b>Series 2021B Bonds</b> issued November 16, 2021 for the aggregate amount of \$261,325,000 maturing from February 1, 2023 to February 1, 2041 at interest rates from 4.00% to 5.00%. Of this, \$218,140,000 was allocated to the WSRF Program based upon the percentage of the original bond proceeds allocated to each program.	\$ 218,140,000	\$ -

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**STATE REVOLVING FUND LOAN PROGRAMS  
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**NOTE 7 - BONDS AND NOTES PAYABLE (CONTINUED)**

	2022	2021
<b>Series 2021A Bonds</b> issued July 7, 2021 for the aggregate amount of \$81,595,000, maturing from February 1, 2022 to February 1, 2032 at interest rates of 5.00%. Of this, \$70,345,000 was allocated to the WSRF Program based upon the percentage of the original bond proceeds to each program.	\$ 69,675,000	\$ -
<b>Series 2019F Bonds</b> issued November 21, 2019 for the aggregate amount of \$53,445,000, to refund the callable portion of Series of 2010A and 2010C Bonds maturing from February 1, 2021 to February 1, 2022 at an interest rate of 5.00%. Of this, \$45,590,000 was allocated to the WSRF Program based upon the percentage of the original bond proceeds allocated to each program.	-	16,115,000
<b>Series 2019E Bonds</b> issued October 10, 2019 for the aggregate amount of \$215,000,000, maturing from February 1, 2021 to February 1, 2047 at an interest rate of 5.00%. Of this, \$135,820,000 was allocated to the WSRF Program based upon the percentage of the original bond proceeds allocated to each program. In May 2021, \$11,000,000 was cash defeased.	115,675,000	124,820,000
<b>WIFIA 17114IN Loan</b> dated September 6, 2019 for the aggregate amount up to \$436,000,000 maturing from January 15, 2021 to January 15, 2054 at an interest rate of 1.78%. A \$164,000,000 disbursement of funds occurred on October 9, 2019 with the entire amount allocated to the WSRF Program. A \$110,000,000 disbursement occurred on May 19, 2021 with the entire amount allocate to the WSRF Program. A \$50,000,000 disbursement occurred on October 13, 2021 with the entire amount allocated to the WSRF Program.	307,045,800	264,868,900
<b>Series 2019C Bonds</b> issued June 4, 2019 for the aggregate amount of \$81,275,000, maturing from February 1, 2023 to February 1, 2036 at an interest rate of 5.00%. Of this, \$49,850,000 was allocated to the WSRF Program based upon the percentage of the original bond proceeds allocated to each program.	49,850,000	49,850,000

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**STATE REVOLVING FUND LOAN PROGRAMS  
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**NOTE 7 - BONDS AND NOTES PAYABLE (CONTINUED)**

	<b>2022</b>	<b>2021</b>
<p><b>Series 2019A Bonds</b> issued January 24, 2019 for the aggregate amount of \$266,740,000, maturing from February 1, 2026 to February 1, 2039 at an interest rate of 5.00%. The whole amount was allocated to the WSRF Program.</p>	\$ 266,740,000	\$ 266,740,000
<p><b>Series 2018A Bonds</b> issued October 24, 2018 for the aggregate amount of \$153,195,000, maturing from February 1, 2020 to February 1, 2035 at an interest rate of 5.00%. Of this, \$110,000,000 was allocated to the WSRF Program based upon the percentage of the original bond proceeds allocated to each program. In May 2021, \$10,000,000 was cash defeased.</p>	100,000,000	100,000,000
<p><b>Series 2017C Refunding Bonds</b> issued November 1, 2017 for the aggregate amount of \$124,495,000 to refund the callable portion of Series 2010B, 2011A, and 2012B Bonds, maturing from February 1, 2018 to February 1, 2031 at an interest rate of 5.00%. Of this, \$82,415,000 was allocated to the WSRF Program based upon the percentage of the original bond proceeds allocated to each program. In May 2021, \$1,615,000 was cash defeased.</p>	75,805,000	76,820,000
<p><b>Series 2017B Bonds</b> issued November 1, 2017 for the aggregate amount of \$21,045,028, maturing from February 1, 2020 to February 1, 2028 at an interest rate of 5.00%. Of this, \$16,835,000 was allocated to the WSRF Program based upon the percentage of the original bond proceeds allocated to each program.</p>	12,020,000	13,705,000

**STATE REVOLVING FUND LOAN PROGRAMS  
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**NOTE 7 - BONDS AND NOTES PAYABLE (CONTINUED)**

	2022	2021
<p><b>Series 2016E Refunding Bonds</b> issued October 12, 2016 for the aggregate amount of \$85,930,000 to refund the callable portion of Series 2010B and 2012B Bonds, maturing from February 1, 2022 to February 1, 2030 at interest rates ranging from 3.00% to 5.00%. Of this, \$78,400,000 was allocated to the WSRF Program based upon the percentage of the original bond proceeds allocated to each program. In May 2021, \$11,245,000 was cash defeased.</p>	\$ 66,620,000	\$ 67,155,000
<p><b>Series 2016D Refunding Bonds</b> issued October 12, 2016 for the aggregate amount of \$164,445,000, maturing from February 1, 2020 to August 1, 2046 at interest rates ranging from 3.00 % to 5.00%. The whole amount was allocated to the WSRF Program. In May 2021, \$86,070,000 was cash defeased.</p>	66,915,000	71,845,000
<p><b>Series 2016B Refunding Bonds</b> issued April 7, 2016 for the aggregate amount of \$53,115,000 to refund the callable portion of Series 2006B and 2009A Bonds, maturing from February 1, 2020 to February 1, 2028 at an interest rate of 5.00%. Of this, \$48,240,000 was allocated to the WSRF Program based upon the percentage of the original bond proceeds allocated to each program.</p>	26,770,000	34,570,000
<p><b>Series 2016A Bonds</b> issued April 7, 2016 for the aggregate amount of \$62,675,000, maturing from February 1, 2017 to February 1, 2036 at interest rates ranging from 4.00% to 5.00%. Of this, \$56,715,000 was allocated to the WSRF Program based upon the percentage of the original bond proceeds allocated to each program. In May 2021, \$11,855,000 was cash defeased.</p>	38,035,000	39,350,000

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**STATE REVOLVING FUND LOAN PROGRAMS  
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**NOTE 7 - BONDS AND NOTES PAYABLE (CONTINUED)**

	<b>2022</b>	<b>2021</b>
<p><b>Series 2015B Refunding Bonds</b> issued March 19, 2015 for the aggregate amount of \$139,715,000 to refund the callable portion of Series 2007A, 2007B, 2009A, and 2012B Bonds, maturing from February 1, 2016 to February 1, 2025 at interest rates ranging from 2.00% to 5.00%. Of this, \$118,531,184 was allocated to the WSRF Program based upon the percentage of the original bond proceeds allocated to each program.</p>	\$ 80,054,111	\$ 93,572,637
<p><b>Series 2015A Bonds</b> issued February 11, 2015 for the aggregate amount of \$100,000,000, maturing from February 1, 2020 to February 1, 2035 at an interest rate of 5.00%. Of this, \$90,740,692 was allocated to the WSRF Program based upon the percentage of the original bond proceeds allocated to each program. In May 2021, \$24,422,857 was cash defeased.</p>	54,226,638	58,455,154
<p><b>Series 2014B Refunding Bonds</b> issued April 24, 2014 for the aggregate amount of \$68,350,000 to refund the callable portion of Series 2006B, 2007A, and 2007B Bonds, maturing from February 1, 2015 to February 1, 2022 at interest rates ranging from 2.00% to 5.00%. Of this, \$53,790,822 was allocated to the WSRF Program based upon the percentage of the original bond proceeds allocated to each program.</p>	-	7,871,734
<p><b>Series 2013A Refunding Bonds</b> issued February 26, 2013 for the aggregate amount of \$45,090,000 to refund the callable portion of Series 2004B, 2004C, 2005A, 2006A, and 2006B Bonds, maturing from February 1, 2019 to February 1, 2024 at interest rates ranging from 3.00% to 5.00%. Of this, \$32,210,000 was allocated to the WSRF Program based upon the percentage of the original bond proceeds allocated to each program.</p>	7,380,000	7,380,000

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**STATE REVOLVING FUND LOAN PROGRAMS  
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**NOTE 7 - BONDS AND NOTES PAYABLE (CONTINUED)**

	2022	2021
<p><b>Series 2012C Bonds</b> issued December 13, 2012 for the aggregate amount of \$109,595,000, maturing from February 1, 2020 to February 1, 2032 at interest rates ranging from 3.00% to 5.00%. Of this, \$99,415,000 was allocated to the WSRF Program based upon the percentage of original bond proceeds allocated to each program. In April 2019, \$70,875,000 was cash defeased. In May 2021, \$5,125,000 was cash defeased.</p>	\$ 14,965,000	\$ 18,145,000
<p><b>Series 2012B Bonds</b> issued August 30, 2012 for the aggregate amount of \$139,255,000, maturing from February 1, 2013 to February 1, 2031 at interest rates ranging from 1.50% to 5.00%. Of this, \$122,110,000 was allocated to the WSRF Program based upon the percentage of original bond proceeds allocated to each program. In March 2015, \$23,595,000 was refunded. In October 2016, \$43,910,000 was refunded. In November 2017, \$43,035,000 was refunded. In July 2021, \$6,235,000 was refunded.</p>	-	6,235,000
<p><b>Series 2012A Refunding Bonds</b> issued February 8, 2012 for the aggregate amount of \$137,945,000 to refund the callable portion of Series 2001A, 2004B, and 2004C Bonds, maturing from February 1, 2013 to February 1, 2026 at interest rates ranging from 2.00% to 5.00%. Of this, \$126,070,000 was allocated to the WSRF Program based upon the percentage of the original bond proceeds allocated to each program. In April 2019, \$29,565,000 was cash defeased. In November 2021, \$40,210,000 was refunded.</p>	-	58,525,000
<b>Subtotal-Wastewater Fund</b>	<u>\$1,569,916,549</u>	<u>\$1,376,023,425</u>

**STATE REVOLVING FUND LOAN PROGRAMS  
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**NOTE 7 - BONDS AND NOTES PAYABLE (CONTINUED)**

	2022	2021
<b><u>Drinking Water Fund:</u></b>		
<b>Series 2021B Bonds</b> issued November 16, 2021 for the aggregate amount of \$261,325,000 maturing from February 1, 2023 to February 1, 2041 at interest rates from 4.00% to 5.00%. Of this, \$43,185,000 was allocated to the DWSRF Program based upon the percentage of the original bond proceeds allocated to each program.	\$ 43,185,000	\$ -
<b>Series 2021A Bonds</b> issued July 7, 2021 for the aggregate amount of \$81,595,000, maturing from February 1, 2022 to February 1, 2032 at interest rates of 5.00%. Of this, \$11,250,000 was allocated to the DWSRF Program based upon the percentage of the original bond proceeds to each program.	10,925,000	-
<b>Series 2019E Bonds</b> issued October 10, 2019 for the aggregate amount of \$215,000,000 maturing from February 1, 2021 to February 1, 2047 at an interest rate of 5.00%. Of this, \$79,180,000 was allocated to the DWSRF Program based upon the percentage of the original bond proceeds allocated to each program.	72,625,000	78,180,000
<b>Series 2019D Bonds</b> issued June 4, 2019 for the aggregate amount \$18,570,000 maturing from February 1, 2023 to February 1, 2036 at an interest rate of 5.00%. The whole amount was allocated to the DWSRF Program.	18,570,000	18,570,000
<b>Series 2019C Bonds</b> issued June 4, 2019 for the aggregate amount of \$81,275,000 maturing from February 1, 2023 to February 1, 2036 at an interest rate of 5.00%. Of this, \$31,425,000 was allocated to the DWSRF Program based upon the percentage of the original bond proceeds allocated to each program.	31,425,000	31,425,000

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**STATE REVOLVING FUND LOAN PROGRAMS  
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**NOTE 7 - BONDS AND NOTES PAYABLE (CONTINUED)**

	2022	2021
<p><b>Series 2018A Bonds</b> issued October 24, 2018 for the aggregate amount of \$153,195,000 maturing from February 1, 2020 to February 1, 2035 at an interest rate of 5.00%. Of this, \$43,195,000 was allocated to the DWSRF Program based upon the percentage of the original bond proceeds allocated to each program. In May 2021, \$2,305,000 was cash defeased.</p>	\$ 39,990,000	\$ 40,305,000
<p><b>Series 2017C Refunding Bonds</b> issued November 1, 2017 for the aggregate amount of \$124,495,000 to refund the callable portion of Series 2010B, 2011A, and 2012B Bonds, maturing from February 1, 2018 to February 1, 2031 at an interest rate of 5.00%. Of this, \$42,080,000 was allocated to the DWSRF Program based upon the percentage of the original bond proceeds allocated to each program. In May 2021, \$5,180,000 was cash defeased.</p>	35,805,000	35,805,000
<p><b>Series 2017B Bonds</b> issued November 1, 2017 for the aggregate amount of \$21,045,000, maturing from February 1, 2020 to February 1, 2028 at an interest at interest rate of 5.00%. Of this, \$4,210,000 was allocated to the DWSRF Program based upon the percentage of the original bond proceeds allocated to each program.</p>	3,010,000	3,430,000
<p><b>Series 2016E Refunding Bonds</b> issued October 12, 2016 for the aggregate amount of \$85,930,000 to refund the callable portion of the Series 2010B Bonds, maturing from February 1, 2022 to February 1, 2030 at interest rates ranging from 3.00% to 5.00%. Of this, \$7,530,000 was allocated to the DWSRF Program based upon the percentage of the original bond proceeds allocated to each program.</p>	6,470,000	7,530,000

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STATE REVOLVING FUND LOAN PROGRAMS  
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NOTE 7 - BONDS AND NOTES PAYABLE (CONTINUED)

	2022	2021
<p><b>Series 2016B Refunding Bonds</b> issued April 7, 2016 for the aggregate amount of \$53,115,000 to refund the callable portion of Series 2006B and 2009A Bonds, maturing from February 1, 2020 to February 1, 2028 at an interest rate of 5.00%. Of this, \$4,875,000 was allocated to the DWSRF Program based upon the percentage of the original bond proceeds allocated to each program.</p>	\$ 1,415,000	\$ 2,775,000
<p><b>Series 2016A Bonds</b> issued April 7, 2016 for the aggregate amount of \$62,675,000, maturing from February 1, 2017 to February 1, 2036 at interest rates ranging from 4.00% to 5.00%. Of this, \$5,960,000 was allocated to the DWSRF Program based upon the percentage of the original bond proceeds allocated to each program.</p>	2,625,000	3,360,000
<p><b>Series 2015B Refunding Bonds</b> issued March 19, 2015 for the aggregate amount of \$139,715,000 to refund the callable portion of Series 2007A, 2007B, 2009A, and 2012B Bonds, maturing from February 1, 2016 to February 1, 2025 at interest rates ranging from 2.00% to 5.00%. Of this, \$21,183,816 was allocated to the DWSRF Program based upon the percentage of the original bond proceeds allocated to each program.</p>	13,530,889	16,577,363
<p><b>Series 2015A Bonds</b> issued February 11, 2015 for the aggregate amount of \$100,000,000, maturing from February 1, 2020 to February 1, 2035 at an interest rate of 5.00%. Of this, \$9,259,308 was allocated to the DWSRF Program based upon the percentage of the original bond proceeds allocated to each program. In May 2021, \$2,492,143 was cash defeased.</p>	5,533,362	5,964,846

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**STATE REVOLVING FUND LOAN PROGRAMS  
(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)  
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**NOTE 7 - BONDS AND NOTES PAYABLE (CONTINUED)**

	<b>2022</b>	<b>2021</b>
<p><b>Series 2014B Refunding Bonds</b> issued April 24, 2014 for the aggregate amount of \$68,350,000 to refund the callable portion of Series 2006B, 2007A, and 2007B Bonds, maturing from February 1, 2015 to February 1, 2022 at interest rates ranging from 2.00% to 5.00%. Of this, \$14,559,178 was allocated to the DWSRF Program based upon the percentage of the original bond proceeds allocated to each program.</p>	\$ -	\$ 703,266
<p><b>Series 2013A Refunding Bonds</b> issued February 26, 2013 for the aggregate amount of \$45,090,000 to refund the callable portion of Series 2005A, 2006A, and 2006B Bonds, maturing from February 1, 2019 to February 1, 2024 at interest rates ranging from 3.00% to 5.00%. Of this, \$12,880,000 was allocated to the DWSRF Program based upon the percentage of the original bond proceeds allocated to each program.</p>	1,235,000	6,415,000
<p><b>Series 2012C Bonds</b> issued December 13, 2012 for the aggregate amount of \$109,595,000, maturing from February 1, 2021 to February 1, 2032 at interest rates ranging from 4.00% to 5.00%. Of this, \$10,180,000 was allocated to the DWSRF Program based upon the percentage of original bond proceeds allocated to each program. In April 2019, \$6,705,000 was cash defeased.</p>	2,040,000	2,775,000
<p><b>Series 2012A Refunding Bonds</b> issued February 8, 2012 for the aggregate amount of \$137,945,000 to refund the callable portion of Series 2001A, 2004B, and 2004C Bonds, maturing from February 1, 2013 to February 1, 2026 at interest rates ranging from 2.00% to 5.00%. Of this, \$11,875,000 was allocated to the DWSRF Program based upon the percentage of the original bond proceeds allocated to each program. In April 2019, \$150,000 was cash defeased. In November 2021, \$3,685,000 was refunded.</p>	-	5,220,000

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**STATE REVOLVING FUND LOAN PROGRAMS  
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**NOTE 7 - BONDS AND NOTES PAYABLE (CONTINUED)**

	<b>2022</b>	<b>2021</b>
<p><b>Series 2011A Bonds</b> issued October 26, 2011 for the aggregate amount of \$191,385,000, maturing from February 1, 2012 to February 1, 2030 at interest rates ranging from 1.00% to 5.00%. Of this, \$50,870,000 was allocated to the DWSRF Program based upon the percentage of original bond proceeds allocated to each program. In November 2017, \$37,295,000 was refunded.</p>	\$ <u>                  -</u>	\$ <u>  2,240,000</u>
<b>Subtotal-Drinking Water Fund</b>	<u>288,384,251</u>	<u>261,275,475</u>
Total Principal	1,858,300,800	1,637,298,900
Net premium on bonds payable	<u>229,483,112</u>	<u>184,099,423</u>
Total Bonds Payable	2,087,783,912	1,821,398,323
Less: Current portion	<u>120,712,900</u>	<u>120,793,100</u>
Long-term Portion	<u><u>\$1,967,071,012</u></u>	<u><u>\$1,700,605,223</u></u>

In May 2021, the Authority legally cash defeased SRF Bonds from Series 2012C, 2015A, 2016A, 2016D, 2016E, 2017C, 2018A, and 2019E to their respective call dates. The Authority deposited \$206,710,599 with the trustee to fund the escrow to defease a par amount of \$171,310,000 plus additional funds needed until the call dates. This transaction produced a present value savings of \$14,223,493 or 8.3% of the refunded bonds.

The bonds referred to above are considered to have been defeased and have been removed from the combined financial statements and in total the defeased balances outstanding are \$248,890,000 and \$358,395,000 as of June 30, 2022 and 2021, respectively.

**STATE REVOLVING FUND LOAN PROGRAMS**  
**(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**Years Ended June 30, 2022 and 2021**

**NOTE 7 - BONDS AND NOTES PAYABLE (CONTINUED)**

The aggregate debt service requirements and premiums for all bonds and notes allocable to the SRF Programs as of June 30, 2022, are as follows:

	<u>Principal</u>			<u>Interest</u>			<u>Debt Service Total</u>
	<u>Wastewater Fund</u>	<u>Drinking Water Fund</u>	<u>Total</u>	<u>Wastewater Fund</u>	<u>Drinking Water Fund</u>	<u>Total</u>	
2023	\$ 96,182,654	\$ 24,530,246	\$ 120,712,900	\$ 67,644,602	\$ 14,243,663	\$ 81,888,265	\$ 202,601,165
2024	98,982,898	22,902,802	121,885,700	63,323,984	13,062,900	76,386,884	198,272,584
2025	96,453,947	20,526,553	116,980,500	58,639,518	11,917,760	70,557,278	187,537,778
2026	111,709,760	21,189,540	132,899,300	54,065,823	10,903,033	64,968,856	197,868,156
2027	108,449,071	20,535,929	128,985,000	48,766,185	9,847,155	58,613,340	187,598,340
2028-2032	435,516,419	97,772,781	533,289,200	172,486,044	33,714,546	206,200,590	739,489,790
2033-2037	337,623,100	63,436,400	401,059,500	84,424,533	11,737,563	96,162,096	497,221,596
2038-2042	196,884,500	17,490,000	214,374,500	23,114,778	1,843,250	24,958,028	239,332,528
2043-2047	50,902,000	-	50,902,000	6,055,419	-	6,055,419	56,957,419
2048-2052	31,929,300	-	31,929,300	1,857,162	-	1,857,162	33,786,462
2053-2054	5,282,900	-	5,282,900	125,460	-	125,460	5,408,360
	<u>1,569,916,549</u>	<u>288,384,251</u>	<u>1,858,300,800</u>	<u>580,503,508</u>	<u>107,269,870</u>	<u>687,773,378</u>	<u>2,546,074,178</u>
Premium	<u>185,178,345</u>	<u>44,304,767</u>	<u>229,483,112</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>229,483,112</u>
Total	<u>\$1,755,094,894</u>	<u>\$332,689,018</u>	<u>\$2,087,783,912</u>	<u>\$580,503,508</u>	<u>\$107,269,870</u>	<u>\$687,773,378</u>	<u>\$2,775,557,290</u>

**STATE REVOLVING FUND LOAN PROGRAMS  
(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)  
NOTES TO COMBINED FINANCIAL STATEMENTS  
Years Ended June 30, 2022 and 2021**

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**NOTE 7 - BONDS AND NOTES PAYABLE (CONTINUED)**

The following is a summary of total debt service without premiums:

	<b>Interest Rates Ranges</b>	<b>Maturity Range</b>	<b>Annual Principal Payment Range</b>	<b>Principal</b>
Wastewater Fund	1.78% - 5.00%	2023-2054	\$1,765,400 - \$111,709,760	\$1,569,916,549
Drinking Water Fund	3.00% - 5.00%	2023-2041	2,575,000 - 24,530,246	<u>288,384,251</u>
Combined Programs	1.78% - 5.00%	2023-2054	1,765,400 - 132,899,300	1,858,300,800
Less: Current Portion				<u>(120,712,900)</u>
Total Long-term Portion				<u>\$1,737,587,900</u>

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

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

**STATE REVOLVING FUND LOAN PROGRAMS  
(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)  
NOTES TO COMBINED FINANCIAL STATEMENTS  
Years Ended June 30, 2022 and 2021**

**NOTE 8 - LONG-TERM LIABILITIES**

Long-term liability activity for the years ended June 30, 2022 and 2021 was as follows:

	<b>Balance Beginning of Year</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance End of Year</b>	<b>Amounts Due Within One Year</b>	<b>Amounts Due Thereafter</b>
June 30, 2022:						
Amount due to federal government	\$ 197,409	\$ -	\$ (162,219)	\$ 35,190	\$ -	\$ 35,190
Bonds/Notes payable	1,637,298,900	392,920,000	(171,918,100)	1,858,300,800	120,712,900	1,737,587,900
Net premium on bonds payable	<u>184,099,423</u>	<u>82,318,064</u>	<u>(36,934,375)</u>	<u>229,483,112</u>	<u>-</u>	<u>229,483,112</u>
	<u>\$1,821,595,732</u>	<u>\$475,238,064</u>	<u>\$(209,014,694)</u>	<u>\$2,087,819,102</u>	<u>\$ 120,712,900</u>	<u>\$1,967,106,202</u>
June 30, 2021:						
Amount due to federal government	\$ 71,429	\$ 125,980	\$ -	\$ 197,409	\$ 125,263	\$ 72,146
Bonds/Notes payable	1,836,095,000	110,000,000	(308,796,100)	1,637,298,900	120,793,100	1,516,505,800
Net premium on bonds payable	<u>242,103,195</u>	<u>-</u>	<u>(58,003,772)</u>	<u>184,099,423</u>	<u>-</u>	<u>184,099,423</u>
	<u>\$2,078,269,624</u>	<u>\$110,125,980</u>	<u>\$(366,799,872)</u>	<u>\$1,821,595,732</u>	<u>\$ 120,918,363</u>	<u>\$1,700,677,369</u>

**STATE REVOLVING FUND LOAN PROGRAMS  
(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)  
NOTES TO COMBINED FINANCIAL STATEMENTS  
Years Ended June 30, 2022 and 2021**

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**NOTE 9 - FUND TRANSFERS**

Consistent with its Intended Use Plans and EPA's related Policy Statement, the Authority is required to report on transfers between the DWSRF and the WSRF in its combined financial statements. In its Intended Use Plans, the SRF Programs retained the flexibility to make transfers of grants (and other funds) held in or allocable to such funds to the extent permitted by the Clean Water Act and the Safe Drinking Water Act. As of June 30, 2022, an amount up to 33% of the Safe Drinking Water Act grants for Federal Fiscal Years (FFY) 1997 through 2022 could be so transferred on a net cumulative basis between the two SRF Programs funds.

Based on the State's award of Safe Drinking Water Act related funds for FFY 1997 through 2022, to date, the following transfers were made:

2001	\$ 20,464,898
2002	3,120,183

**NOTE 10 - PROGRAM REVENUES**

For the years ended June 30, 2022 and 2021, program revenues consisted of the following:

	<b>2022</b>	<b>2021</b>
Interest and other income	\$ 80,061,113	\$ 80,916,564
Capital contributions (EPA Grants)	<u>53,882,739</u>	<u>31,124,389</u>
	<u>\$133,943,852</u>	<u>\$112,040,953</u>

**NOTE 11 - SUBSEQUENT EVENT**

On September 8, 2022, the Authority issued 2022B SRF Program Bonds for the aggregate amount of \$250,000,000, maturing from February 1, 2028 to February 1, 2047 at interest rates of 5.00%. Of this \$237,955,000 was allocated to the WSRF Program, and \$12,045,000 was allocated to the DWSRF Program, based upon the percentage of original bond proceeds allocated to each program.



## **OTHER SUPPLEMENTARY INFORMATION**

**STATE REVOLVING FUND LOAN PROGRAMS**  
**(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)**  
**COMBINING SCHEDULES - STATEMENTS OF NET POSITION INFORMATION**  
**June 30, 2022 and 2021**

	Wastewater Program		Drinking Water Program		Combined	
	2022	2021	2022	2021	2022	2021
<b>ASSETS</b>						
Current Assets:						
Cash and equivalents	\$ 212,855,101	\$ 129,677,432	\$ 94,183,560	\$ 77,254,737	\$ 307,038,661	\$ 206,932,169
Interest receivable-investments	480,402	325,248	154,042	86,373	634,444	411,621
Interest receivable-loans	29,750,397	28,073,796	5,260,509	5,339,601	35,010,906	33,413,397
Due from EPA	-	-	259,733	65,218	259,733	65,218
Accounts receivable	-	3,000	131,087	-	131,087	3,000
Loans receivable-current, net	129,754,565	109,928,719	30,544,551	32,172,121	160,299,116	142,100,840
Total Current Assets	<u>372,840,465</u>	<u>268,008,195</u>	<u>130,533,482</u>	<u>114,918,050</u>	<u>503,373,947</u>	<u>382,926,245</u>
Noncurrent Assets:						
Investments	14,423,842	26,092,300	4,850,010	11,991,148	19,273,852	38,083,448
Loans receivable, net	2,610,727,185	2,425,174,145	565,915,524	525,997,462	3,176,642,709	2,951,171,607
Equipment, net	105,331	105,792	-	-	105,331	105,792
Total Noncurrent Assets	<u>2,625,256,358</u>	<u>2,451,372,237</u>	<u>570,765,534</u>	<u>537,988,610</u>	<u>3,196,021,892</u>	<u>2,989,360,847</u>
Total Assets	<u>2,998,096,823</u>	<u>2,719,380,432</u>	<u>701,299,016</u>	<u>652,906,660</u>	<u>3,699,395,839</u>	<u>3,372,287,092</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Loss on debt refunding	2,867,295	6,692,782	928,944	1,274,675	3,796,239	7,967,457
Total Deferred Outflows of Resources	<u>2,867,295</u>	<u>6,692,782</u>	<u>928,944</u>	<u>1,274,675</u>	<u>3,796,239</u>	<u>7,967,457</u>
<b>LIABILITIES</b>						
Current Liabilities:						
Interest payable	28,430,792	24,573,786	5,934,860	5,385,429	34,365,652	29,959,215
Accounts payable	579,965	325,640	287,240	68,387	867,205	394,027
Amount due to federal government	-	113,628	-	11,635	-	125,263
Bonds/Loans payable-current, net	96,182,654	97,476,875	24,530,246	23,316,225	120,712,900	120,793,100
Total Current Liabilities	<u>125,193,411</u>	<u>122,489,929</u>	<u>30,752,346</u>	<u>28,781,676</u>	<u>155,945,757</u>	<u>151,271,605</u>
Long-term Liabilities:						
Amount due to federal government	21,584	53,261	13,606	18,885	35,190	72,146
Bonds/Loans payable, net	1,658,912,240	1,424,103,158	308,158,772	276,502,065	1,967,071,012	1,700,605,223
Total Long-term Liabilities	<u>1,658,933,824</u>	<u>1,424,156,419</u>	<u>308,172,378</u>	<u>276,520,950</u>	<u>1,967,106,202</u>	<u>1,700,677,369</u>
Total Liabilities	<u>1,784,127,235</u>	<u>1,546,646,348</u>	<u>338,924,724</u>	<u>305,302,626</u>	<u>2,123,051,959</u>	<u>1,851,948,974</u>
<b>NET POSITION</b>						
Restricted for water pollution and drinking water projects and other related program purposes	<u>\$ 1,216,836,883</u>	<u>\$ 1,179,426,866</u>	<u>\$ 363,303,236</u>	<u>\$ 348,878,709</u>	<u>\$ 1,580,140,119</u>	<u>\$ 1,528,305,575</u>

**STATE REVOLVING FUND LOAN PROGRAMS**  
**(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)**  
**COMBINING SCHEDULES - STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INFORMATION**  
**Years Ended June 30, 2022 and 2021**

	Wastewater Program		Drinking Water Program		Combined	
	2022	2021	2022	2021	2022	2021
<b>OPERATING REVENUE</b>						
Interest income-investments	\$ 1,145,295	\$ 1,036,720	\$ 252,034	\$ 351,390	\$ 1,397,329	\$ 1,388,110
Interest income-loan participants	64,100,733	64,740,048	13,517,620	13,365,806	77,618,353	78,105,854
Administration and premium fees	26,161	27,002	20,615	17,000	46,776	44,002
Other	-	-	998,655	1,378,598	998,655	1,378,598
Total Operating Revenue	<u>65,272,189</u>	<u>65,803,770</u>	<u>14,788,924</u>	<u>15,112,794</u>	<u>80,061,113</u>	<u>80,916,564</u>
<b>OPERATING EXPENSES</b>						
Interest	41,726,113	51,036,477	7,057,073	8,851,029	48,783,186	59,887,506
Bond issuance costs	2,007,343	-	366,118	-	2,373,461	-
Trustee fees	78,900	111,400	1,000	-	79,900	111,400
Other program and administrative	3,074,946	2,746,477	2,125,409	1,879,700	5,200,355	4,626,177
Total Operating Expenses	<u>46,887,302</u>	<u>53,894,354</u>	<u>9,549,600</u>	<u>10,730,729</u>	<u>56,436,902</u>	<u>64,625,083</u>
<b>OPERATING INCOME</b>	18,384,887	11,909,416	5,239,324	4,382,065	23,624,211	16,291,481
<b>NONOPERATING REVENUES AND (EXPENSES)</b>						
Capital contributions (EPA Grants)	38,292,000	19,333,047	15,590,739	11,791,342	53,882,739	31,124,389
Loan forgiveness	(19,266,870)	(16,477,237)	(6,405,536)	(7,251,280)	(25,672,406)	(23,728,517)
Total Nonoperating Revenues and (Expenses)	<u>19,025,130</u>	<u>2,855,810</u>	<u>9,185,203</u>	<u>4,540,062</u>	<u>28,210,333</u>	<u>7,395,872</u>
<b>INCREASE IN NET POSITION</b>	37,410,017	14,765,226	14,424,527	8,922,127	51,834,544	23,687,353
<b>NET POSITION</b>						
Beginning of Year	<u>1,179,426,866</u>	<u>1,164,661,640</u>	<u>348,878,709</u>	<u>339,956,582</u>	<u>1,528,305,575</u>	<u>1,504,618,222</u>
End of Year	<u>\$ 1,216,836,883</u>	<u>\$ 1,179,426,866</u>	<u>\$ 363,303,236</u>	<u>\$ 348,878,709</u>	<u>\$ 1,580,140,119</u>	<u>\$ 1,528,305,575</u>

**STATE REVOLVING FUND LOAN PROGRAMS**  
**(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)**  
**COMBINING SCHEDULES - STATEMENTS OF CASH FLOWS INFORMATION**  
**Years Ended June 30, 2022 and 2021**

	Wastewater Program		Drinking Water Program		Combined	
	2022	2021	2022	2021	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash payments for salaries, administrative and other expenses	\$ (3,041,365)	\$ (2,824,208)	\$ (1,056,902)	\$ (607,280)	\$ (4,098,267)	\$ (3,431,488)
Administration fee	26,161	27,002	20,615	17,000	46,776	44,002
Net Cash Used by Operating Activities	<u>(3,015,204)</u>	<u>(2,797,206)</u>	<u>(1,036,287)</u>	<u>(590,280)</u>	<u>(4,051,491)</u>	<u>(3,387,486)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Maturities of loans to participants	125,156,349	324,572,818	55,267,399	32,312,760	180,423,748	356,885,578
Issuance of loans to participants	(330,535,235)	(321,134,325)	(93,557,891)	(61,617,452)	(424,093,126)	(382,751,777)
Change in investments	11,668,458	20,934,548	7,141,138	6,787,174	18,809,596	27,721,722
Interest received on loans and investments	63,414,273	67,374,717	13,781,077	13,799,231	77,195,350	81,173,948
Net Cash Provided (Used) by Investing Activities	<u>(130,296,155)</u>	<u>91,747,758</u>	<u>(17,368,277)</u>	<u>(8,718,287)</u>	<u>(147,664,432)</u>	<u>83,029,471</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>						
Proceeds from debt issuance	407,540,237	110,000,000	67,697,827	-	475,238,064	110,000,000
Principal payments to reduce indebtedness, including refunding	(145,887,605)	(304,935,982)	(27,372,640)	(36,732,576)	(173,260,245)	(341,668,558)
Payment of debt issuance costs, net of refunding	(2,007,343)	-	(366,118)	-	(2,373,461)	-
Interest paid on debt	(62,181,391)	(72,924,943)	(13,616,370)	(14,723,802)	(75,797,761)	(87,648,745)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>197,463,898</u>	<u>(267,860,925)</u>	<u>26,342,699</u>	<u>(51,456,378)</u>	<u>223,806,597</u>	<u>(319,317,303)</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>						
Capital Contributions (EPA Grants)	38,292,000	19,333,047	15,396,224	11,856,163	53,688,224	31,189,210
Issuance of forgivable loans to participants	(19,266,870)	(16,477,237)	(6,405,536)	(7,251,280)	(25,672,406)	(23,728,517)
Net Cash Provided by Capital Financing Activities	<u>19,025,130</u>	<u>2,855,810</u>	<u>8,990,688</u>	<u>4,604,883</u>	<u>28,015,818</u>	<u>7,460,693</u>
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	<b>83,177,669</b>	<b>(176,054,563)</b>	<b>16,928,823</b>	<b>(56,160,062)</b>	<b>100,106,492</b>	<b>(232,214,625)</b>
<b>CASH AND EQUIVALENTS</b>						
Beginning of Year	<u>129,677,432</u>	<u>305,731,995</u>	<u>77,254,737</u>	<u>133,414,799</u>	<u>206,932,169</u>	<u>439,146,794</u>
End of Year	<u>\$ 212,855,101</u>	<u>\$ 129,677,432</u>	<u>\$ 94,183,560</u>	<u>\$ 77,254,737</u>	<u>\$ 307,038,661</u>	<u>\$ 206,932,169</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES</b>						
Operating income	\$ 18,384,887	\$ 11,909,416	\$ 5,239,324	\$ 4,382,065	\$ 23,624,211	\$ 16,291,481
Adjustments to reconcile operating income to net cash used by operating activities:						
Depreciation	461	461			461	461
Interest income	(65,246,028)	(65,776,768)	(13,769,654)	(13,717,196)	(79,015,682)	(79,493,964)
Interest expense	41,726,113	51,036,477	7,057,073	8,851,029	48,783,186	59,887,506
Bond issuance costs	2,007,343	-	366,118	-	2,373,461	-
Changes in assets and liabilities:						
Accounts receivable	3,000	(3,000)	(131,087)	2,000	(128,087)	(1,000)
Accounts payable	254,325	(78,296)	218,853	(119,654)	473,178	(197,950)
Amount due to federal government	(145,305)	114,504	(16,914)	11,476	(162,219)	125,980
Net Cash Used by Operating Activities	<u>\$ (3,015,204)</u>	<u>\$ (2,797,206)</u>	<u>\$ (1,036,287)</u>	<u>\$ (590,280)</u>	<u>\$ (4,051,491)</u>	<u>\$ (3,387,486)</u>

## **OTHER REPORT**

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

Members of the Indiana Finance Authority  
State Revolving Fund Loan Programs

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of State Revolving Fund Loan Programs (SRF Programs), an enterprise fund of the Indiana Finance Authority, which comprise the combined statement of net position as of June 30, 2022, and the related combined statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the combined financial statements, which collectively comprise SRF Programs' basic combined financial statements, and have issued our report thereon dated September 29, 2022.

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

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

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

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

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the SRF Programs' combined financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the combined financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Katz, Sapper & Miller, LLP*

Indianapolis, Indiana  
September 29, 2022