

# **STATE OF INDIANA**

## **Drinking Water State Revolving Fund Loan Program**



**Annual Report  
State Fiscal Year 2020  
July 1, 2019 – June 30, 2020**

**Drinking Water State Revolving Fund Loan Program  
Annual Report SFY 2020**

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**State of Indiana**  
**Drinking Water State Revolving Fund Loan Program**  
**Annual Report**  
**SFY 2020**

**I. Introduction**

Pursuant to 40 CFR 35.3570, the State of Indiana (State), acting through its Indiana Finance Authority (Authority), submits an Annual Report for the Drinking Water State Revolving Fund Loan Program (DWSRF Loan Program) to the Regional Administrator of the U.S. Environmental Protection Agency (EPA), Region V.

This Annual Report is for State Fiscal Year (SFY) 2020 (July 1, 2019 - June 30, 2020). It is prepared in accordance with Section 1452 of the Safe Drinking Water Act (SDWA), as amended, 42 U.S.C. 300j-12, and with 40 CFR 35.3570.

**II. State Revolving Fund (SRF) Loan Program Management [40 CFR 35.3570(a)(3)(i)]**

Indiana Code 5-1.2-10 and 5-1.2-3 govern the establishment and administration of the DWSRF Loan Program by the Authority.

**III. Goals and Objectives of the SFY 2020 Intended Use Plan [40 CFR 35.3570(a)(1)]**

The purpose of the DWSRF Loan Program is to provide low-cost financial assistance to Indiana utilities to enable the construction of necessary and environmentally sound drinking water infrastructure; facilitate statewide compliance with State and federal drinking water standards; maintain a fiscally self-sufficient program as a continuing source of funding for improvement and protection of public health; and, conduct any other activity permitted by the SDWA.

To accomplish these objectives, the Authority set short-term and long-term goals as part of the SFY 2020 Intended Use Plan (IUP). A description of how the DWSRF Loan Program has achieved these goals, or is working toward them, is in Exhibit A.

In SFY 2020, the Authority chose to continue the Green Project Reserve (GPR) Sustainability Incentive Program, which provides an interest rate break incentive to State Revolving Fund Participants that incorporate green project components into their projects. In SFY 2020, green projects accounted for 80%, or \$13,482,385 of the 2020 Capitalization Grant. Exhibit B, Green Project Reserve in SFY 2020, lists Participants that incorporated GPR projects.

Under the terms and conditions of the 2020 Capitalization Grant, the DWSRF Loan Program is required to use fourteen (14%) percent of funds available in the grant to provide Additional Subsidy to eligible recipients. In addition, the DWSRF Loan Program must provide six (6%) percent and may provide up to thirty-five (35%) percent of its 2020 Capitalization Grant in the form of Additional Subsidization to disadvantaged communities, as required by the Safe Drinking Water Act. Additional Subsidization may be in the form of principal forgiveness, negative interest rate loans, or grants. The 2020 Capitalization Grant was awarded on May 11, 2020 and the DWSRF Loan Program has identified communities that are eligible to receive the Additional Subsidization from the 2020 Capitalization Grant. Exhibit C, Additional Subsidization by

Capitalization Grant Year, lists Participants that received Additional Subsidization in the form of principal forgiveness. As of June 30, 2020 the DWSRF Loan Program has provided a total of \$35.7 million dollars in Additional Subsidization from Capitalization Grants and met the Additional Subsidization goals of the 2010-2018 Capitalization Grants. The DWSRF Loan Program has identified communities that are eligible to receive the Additional Subsidization remaining from the 2019 and 2020 Capitalization Grants. The Authority shall provide the Additional Subsidization as required by the terms and conditions of the Capitalization Grant, which allows Indiana four years in which to allocate the Additional Subsidization. However, every attempt will be made to assign the Additional Subsidization within two years of receiving a Capitalization Grant. Priority for Additional Subsidization was given to disadvantaged communities that could not otherwise afford such projects.

Another requirement of the Capitalization Grant is to document projects that are categorized as Equivalency Projects. The purpose of Equivalency within the SRF programs is to allow states to select a loan or multiple loans, the sum of which is equal to the amount of a Capitalization Grant, to meet specific federal requirements for the program. For the DWSRF Loan Program, these requirements include: meeting cross-cutter requirements, single audit requirements, Federal Funding Accountability and Transparency Act reporting requirements, Disadvantaged Business Enterprise Utilization, and the Signage Requirement. Exhibit D, Equivalency Projects for SFY 2020, lists the Equivalency project and the Equivalency requirements of the program in SFY 2020.

Regionalization, or independent public bodies sharing the responsibility of providing services to residents, can lead to many benefits for communities and the State. Regional solutions to drinking water issues reduce administrative operation and maintenance costs, offer economies of scale, and create environmental benefits such as less excavation. Through incentives and close work with utilities, the Authority has encouraged regionalization through the DWSRF Loan Program and closed five loans in the last five years assisting communities with Regionalization. See Exhibit S for details.

#### **IV. Environmental Review [40 CFR 35.3570(a)(3)(xii-xiii)]**

All projects funded through the DWSRF Loan Program complied with Federal Cross-Cutting Authorities and State Environmental Review Procedures (SERP). A description of each project funded in SFY 2020 is attached in Exhibit E.

#### **V. State Match [40 CFR 35.3165(b)(2)]**

The Authority has fully met its State Match requirements through the end of SFY 2020 by means of depositing the net proceeds from revenue bonds issued by the Authority into the Drinking Water State Revolving Loan Fund (DWSRF Loan Fund). To date, the DWSRF Loan Program State Match has aggregated in excess of 20% of the EPA awarded \$320,446,100 in federal Capitalization Grants, which the Authority was required to match through June 30, 2020.

See Exhibit F for a history of the Capitalization Grants awarded to the DWSRF Loan Program. Exhibit G details State Match deposited in the DWSRF Loan Fund through the end of SFY 2020, the sources of such State Match, and how repayment of revenue bonds providing any

such State Match has been, and will continue to be, managed in a manner consistent with federal and State law.

#### **VI. Binding Commitments Exceed 120% of Grant [40 CFR 35.3165(b)(4)]**

During SFY 2020, the DWSRF Loan Program financed 15 loans, with 12 Participants, totaling \$106,868,400. Since the DWSRF Loan Program's inception in 1997, over 281 loans aggregating over approximately \$987 million dollars have been financed, more than two times the amount of federal Capitalization Grants that have been awarded to the DWSRF Loan Program (\$347,658,100). A summary of all DWSRF Loan Program financings completed in SFY 2020 is presented in Exhibit H.

#### **VII. Expeditious and Timely Use of Funds [40 CFR 35.35.3550(l)]**

The DWSRF Loan Program is a leveraged program and has established itself as a highly rated borrower in the national bond market. The Authority has utilized its Capitalization Grants to leverage multiple series of bonds, aggregating over \$295 million in outstanding principal as of June 30, 2020, a portion of which has funded DWSRF Loan Program loans. A summary of the accounts and associated balances are set forth in Exhibit I: Expeditious and Timely Use of Funds. Future bond issuances are expected to be used to fund new commitments related to new loans in future years. The balance of the bond proceeds not available for loans are used for reserve funds, administrative expenses, and costs of issuance.

##### **A. Interest Rates**

The Authority recognizes the continued need to balance the level of subsidy with the inherent limited capacity of the DWSRF Loan Program to meet demand for loans and participant affordability constraints. This balancing is reflected in the Authority's present interest rate policy.

Interest rates applied to new loans are reset on the first business day of each January, April, July and October using a Base DWSRF Program Interest Rate (Base Rate). The Base Rate is calculated by using 90% of the average 20-year, AAA-rated general obligation bond Municipal Market Data (MMD) composite index for the most recent calendar month. The Base Rate is then discounted further based upon a participant's Median Household Income (MHI) from the 2013-2017 ACS 5-year estimate data, and projected user rates.

In SFY 2020, the DWSRF Loan Program offered interest rates at 2.00% (See Exhibit J).

The DWSRF Loan Program also offers incentive programs which encourage Participants to pursue projects that further improve public and environmental health.. Integrating these project components into DWSRF Loan Program Financing can lead to a reduced interest rate. In the DWSRF Loan Program, up to an additional .50% reduction may be permitted if a project is financed that includes green/sustainable components, including climate resiliency components. The SRF interest rate may also be reduced as low as 0.00% by replacing lead service lines.

In SFY 2020, by completing a financing with the DWSRF Loan Program, as compared to

completing an open market financing, Participants will save over \$31 million in interest expense over the life of the loan repayment period. See the “SRF Savings” column in [Exhibit H](#) for estimated savings provided to each participant.

## B. Terms

Standard DWSRF Loan Program loans closed in SFY 2020 were structured with annual principal repayments that commenced no later than one year after expected completion of the proposed project and a majority of the loans have a final principal payment no later than 20 years after expected completion of the proposed project.

### **Loan Terms That Exceed 20 Years**

The DWSRF Loan Program may offer Participants extended term financing, at its discretion, provided the useful life of the project is equal to or greater than the loan term, focusing on the rehabilitation of aging distribution and transmission systems. An increase in the interest rate may be applied for extended term loans.

- As permitted by the Safe Drinking Water Act, a loan term up to 40 years may be given to a community determined to be disadvantaged, as defined in Section XII of this Report.
- On August 3, 2017, the Authority received EPA approval to offer extended term financings in both CWSRF and DWSRF Loan Programs. A loan term up to 35 years may be given to all Indiana utilities to correct the issue of aging infrastructure for all water and sewer projects having a useful life equal to the loan term. In SFY 2020, the DWSRF Loan Program closed four loans that include loan terms that exceed 20 years.

## C. Other Assistance Provided

As of June 30, 2020, the DWSRF Loan Program has provided a total of \$35,711,000 of Additional Subsidization in the form of principal forgiveness to 31 loan recipients during SFY 2010-2020. [Exhibit C](#), Additional Subsidization by Capitalization Grant Year, lists Participants that received principal forgiveness from recent Capitalization Grants. Priority for Additional Subsidization was given to disadvantaged communities that could not otherwise afford such projects.

The majority of funds required to be given as Additional Subsidization were provided to those communities that have a lower MHI and/or high post-project user rates. This allowed the DWSRF Loan Program to extend financing to communities that could not otherwise afford a DWSRF loan. The DWSRF Loan Program has not set a cap on the amount of Additional Subsidization that a community may receive.

During SFY 2020, the DWSRF Loan Program provided \$73,922,000 in DWSRF Pooled Loan funding to five communities. The DWSRF Pooled Loan program offers eligible Participants the “AAA” interest rate that is available to the DWSRF Loan Program at the time of their loan closing.

In addition to DWSRF Loan Program funds, other federal, State, and local funds are associated with DWSRF Loan Program projects. In SFY 2020 an additional \$2.7 million in funds from other federal programs also assisted SRF loan recipients. Further, an additional \$3.2 million was contributed from non-federal sources. See [Exhibit R](#) for details.

Effective July 1, 2018, Indiana legislation required that all Participants in the SRF Loan Programs that receive a loan or other financial assistance from the SRF Loan Programs certify that the Participant has documentation demonstrating that it has the financial managerial, technical, and legal capability to operate and maintain its water or wastewater system in the form of an Asset Management Program. Along with creating guidance to assist Participants to meet this requirement, the Authority appropriated State funds to assist disadvantaged communities to create Asset Management Programs. In SFY 2020, the DWSRF Loan Program awarded \$200,000 in Asset Management Programs Grants to eight Participants.

#### D. Administrative Expenses and Fees

The cost of financing loans includes the fees and expenses of the SRF Trustee Bank. The Authority may require Participants to offset some of these costs through a Loan Closing Fee, which is \$1,000 per participant. In SFY 2020, the DWSRF Loan Program completed 15 financing with 12 Participants, and collected \$12,000 in Loan Closing Fees.

The non-use fee policy of the DWSRF Loan Program permits the assessment of a non-use fee for DWSRF Loan Program funds that are not used within two years following a Participant's loan closing. Pursuant to the policy, each Participant that does not complete its project and fully expend the funds borrowed within two years after the loan closing, may be assessed a one percent fee on the balance of the funds that remain un-drawn. An additional one percent fee may be assessed each six months following the two year anniversary of the Participant's loan closing, until the loan is fully drawn or closed out. The Authority contacts Participants in advance of the two year anniversary of their loan closing and works with the Participant to spend down the remaining funds to avoid any non-use fee. Thus, no non-use fees were collected by the DWSRF Loan Program during SFY 2020.

As permitted by 40 CFR Part 35 and the EPA Fee Policy, dated October 20, 2005, effective November 13, 2015, the Authority implemented a DWSRF Fee for the DWSRF Loan Program. The DWSRF Fees collected will be deposited in the DWSRF Fee Account, a segregated account that is not designated as part of the accounts comprising the SRF Fund, and separate from the Wastewater Program Fund account, where the CWSRF Fees will be deposited.

The DWSRF Fees accumulated may be used by the Authority on projects, needs, costs, or expenses (which may include the provision of State Match for the DWSRF Fund) that support or further goals, purposes, or objectives of the DWSRF Loan Program and for various water quality activities. Such uses of accumulated DWSRF Fees may also include the purposes of the Supplemental Fund, authorized pursuant to IC 5-1.2-11-6. A detailed summary of the actual use of the DWSRF Fees is provided in [Exhibit K](#) of this report.

The DWSRF Fees charged by the Authority are separately stated from interest charges imposed in respect to financial assistance, structured in the form of a loan; provided however, as set out in its standard forms of the financial assistance agreement, the Authority may adjust the interest rate on the bonds, evidencing any SRF loan to be lowered, with the difference between the amount payable as the original rate on such bonds and the lower rate being deemed an SRF Fee in connection with the DWSRF Loan Program. Any such recharacterization of the otherwise stated interest charges as fees will be accomplished by notice given by the Authority to the Participant prior to the date any scheduled interest payment is due, and prior to deposit of any interest payment in the DWSRF Fund.

The total amount in the DWSRF Fee Account as of June 30, 2020 was \$7,552,421 with an unallocated balance of \$4,817,114. Exhibit K outlines the expenditure of the DWSRF Fee Account in SFY 2020.

E. Transfers [40 CFR 35.3570(a)(3)(x)]

The State permits transfers between the DWSRF Loan Program and the CWSRF Loan Program of Capitalization Grants and other funds held in or allocable to such funds to the extent permitted by the Clean Water Act (CWA) and the SDWA. There were no transfers in SFY 2020. For a historic summary of transfers, see Exhibit L.

F. Cross-collateralization [40 CFR 35.3110(f)]

To the extent permitted by the CWA and the SDWA, the State has cross-collateralized the CWSRF and the DWSRF Loan Programs to optimize capitalization requirements and to better manage the specific funding needs of projects.

Cross-collateralization maximizes the security for bonds issued by the State to capitalize the SRF Loan Programs. The State expects that any such transfers would occur at any time necessary to prevent a default on any such bonds and would be made between accounts established for like purposes and subject to like restrictions. Historically, no cross-collateralizations have been made.

The State expects to retain the flexibility to reimburse, on a cumulative net basis, any cross-collateralization transfers. Because cross-collateralization is a contingent security concept and transfers are not expected or planned to occur, the State does not expect cross-collateralization to negatively affect the funding capacity of the SRF Loan Programs. However, if such transfers occur and are not reimbursed, it may affect the Authority's ability to make additional loans it otherwise might have been able to make.

G. DWSRF Loan Program Financial Statements

The DWSRF Loan Program is audited annually by an independent certified public accounting firm. For SFY 2020, which ended June 30, 2020, the DWSRF Loan Program received an unmodified opinion from an independent auditor, as described in Exhibit M.

The DWSRF Loan Program is audited annually for compliance with the requirements set forth in 2 CFR 200 Subpart F, the Uniform Administrative Requirements, Cost Principals



and Audit Requirements for Federal Awards, effective for non-federal entities on beginning December 26, 2014. For SFY 2020, which ended June 30, 2020, the DWSRF Loan Program was determined to be “in compliance,” as noted in the Schedule of Expenditures of Federal Awards and Independent Auditors’ Reports. The Independent Auditor’s Report is provided as Exhibit N.

H. Federal Requirements

The Authority has fulfilled all applicable federal requirements required by the SDWA including:

- assurances and certifications provided in the IUP have been met;
- closed loans equal more than the required 120% of each quarterly Capitalization Grant payment and were made within one year of receipt of all payments;
- all funds have been used in a timely and expeditious manner; and
- environmental reviews have been conducted in accordance with federal and State law. All loans made during the SFY 2020 had related projects listed on the Authority's Drinking Water Project Priority List (PPL).
- beginning January 17, 2014, the Authority implemented the “American Iron and Steel” requirement as described in the SDWA, as amended October 23, 2018.
- beginning in SFY 2015, the Authority added one point to the SRF scoring system for projects that consider climate resiliency in planning and design.

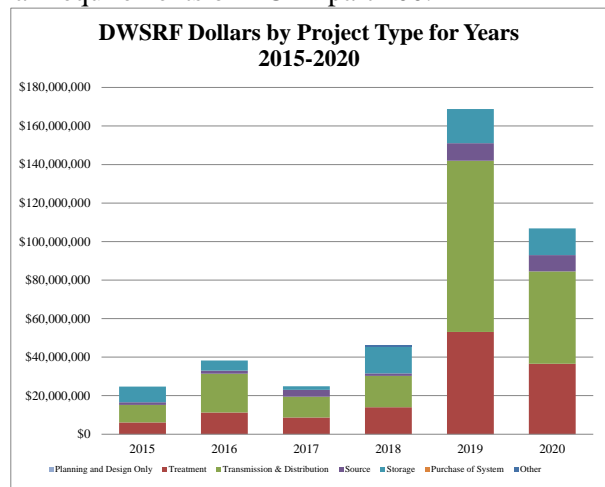
I. Compliance with 2 CFR part 200 [40 CFR 35.3570(a)(3)(xiv)]

The DWSRF Loan Program complied with all requirements of 2 CFR part 200.

**VIII. Projects Funded [40 CFR 35.3570(a)(3)(iv)]**

The scoring and ranking system of the DWSRF Loan Program focuses on those projects with the greatest public health need. A map showing the location of projects funded in SFY 2020 is attached as Exhibit O. A map showing the location of all projects funded since the inception of the DWSRF Loan Program is attached as Exhibit P.

In 2020, the DWSRF continued to experience high demand. Similar to SFY 2019, the majority of funds were utilized for Water Treatment projects (34%) and Transmission and Distribution projects (44%). See *DWSRF Dollars by Project Type for Years 2015-2020*



**IX. Eligibility [40 CFR 35.3570 (a)(3)(v)]**

All projects were reviewed for eligibility. It is the goal of the DWSRF Loan Program to ensure that each project:

- A. allows the Participant to achieve or maintain compliance with the SDWA;
- B. allows the Participant to provide drinking water of adequate quality and quantity to residents;
- C. allows the Participant to achieve or maintain technical, financial, and managerial capacity;
- D. does not cause environmental concerns for the Indiana Department of Environmental Management or other environmental review authorities. Prior to funding, each project was reviewed in accordance with the EPA-approved SERP.

**X. Set-Asides [40 CFR 35.3570(a)(3)(vi)]**

The Authority is responsible for managing the Set-Aside funds.

In SFY 2020, the Authority utilized the State Program Management Set-Aside to complete drinking water goals by:

- Maintaining the Indiana Lead Sampling Program for Public Schools data platform to allow the State and school districts to manage and public notice lead sampling results data.
- Continuing the Indiana Validated Water Loss Audit Program, to conduct trainings and aid utilities in validating their water audits every other year.
- Continuing the 2019-2020 Lead Sampling Program for Child Care Facilities, to develop a lead sampling program for child care facilities, including developing an application, an application ranking matrix, and marketing materials.
- Organizing and conducting four regional water planning meetings, including setting agendas and recruiting speakers, drafting regional boundaries.
- Conducting the Central Indiana Water Study to assess the current water supply in Central Indiana, as well as the future demand and the cost of infrastructure needed to meet the demand for these regions.

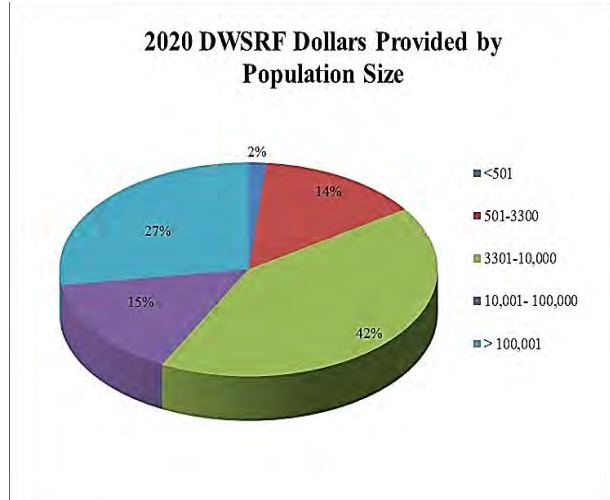
See [Exhibit Q](#) for a summary of Set-Aside activities.

**XI. Assistance to Small Systems [40 CFR 35.3570(a)(3)(vii)]**

Of the total amount available for assistance from the DWSRF Loan Program each year, the Authority must make at least 15% available solely for providing loan assistance to small systems, to the extent such funds can be obligated for eligible projects. The Authority defines a small system as a public water system that regularly serves 10,000 or fewer persons. Furthermore,

when the Authority provides assistance in an amount that is greater than 15% of the available funds in one year, it may credit the excess toward the 15% requirement in future years.

In SFY 2020, 58% of DWSRF funds went to systems serving fewer than 10,000 persons, as shown in *2020 DWSRF Dollars Provided by Population Size*. Cumulatively, the DWSRF Loan Program has provided 40% of its funds to small systems.



**XII. Disadvantaged Communities [40 CFR 35.3570(a)(3)(viii)]**

The Authority defines a disadvantaged Participant as one with:

- A project area with an MHI below \$41,746 (80% of the State MHI), as established by 2013-2017 American Community Five Year Survey;
- An estimated post project user rate greater than \$45.00 per month; or
- An average annual residential post project user rate that would exceed one-percent of the community’s MHI.

These communities are eligible to receive the lowest interest rate the Authority provides to DWSRF Loan Program Participants. See Section VII.A of this Annual Report for a description of the DWSRF Loan Program’s interest rate structure.

During SFY 2020, the Authority provided \$41,675,400 to eight disadvantaged communities. The total disadvantaged population served was 52,573 persons.

## Exhibit A

### Goals and Objectives of the DWSRF Loan Program State Fiscal Year (SFY) 2020 Intended Use Plan

The DWSRF Loan Program sets short- and long-term goals as required by 40 CFR 35.3555(c)(5). Short-term goals and objectives are those the State expects to achieve during State Fiscal Year (SFY) 2020, while long-term goals and objectives are those the State expects to achieve over a longer period.

#### **A. Short-Term Goals and Objectives**

During SFY 2020, the DWSRF Loan Program expects to achieve the following short-term goals and objectives:

ST1 Goal: Seek the immediate award of the Federal Fiscal Year (FFY) 2020 Capitalization Grant. Upon award, continue to disburse loan proceeds such that the 2020 Capitalization Grant can promptly be utilized.

**Result: The FFY 2020 Capitalization Grant was awarded to the Authority on May 11, 2020. The DWSRF Loan Program disbursed sufficient loan proceeds so that the 2020 Capitalization Grant will be fully drawn, other than the amount reserved for Additional Subsidization and set-aside amounts.**

ST1a Goal: Ensure that Additional Subsidization is provided pursuant to the terms and conditions of the current capitalization grant and as described in Section 1452 of the Safe Drinking Water Act (SDWA). Additional Subsidization may be provided in the form of principal forgiveness, negative interest loans or grants.

**Result: The 2020 Capitalization Grant was awarded on May 11, 2020 and the DWSRF Loan Program has identified potential Participants that are eligible to receive the Additional Subsidization from the 2020 Capitalization Grant. As of June 30, 2020, the DWSRF Loan Program has provided a total of \$35.7 million dollars in Additional Subsidization from Capitalization Grants, meeting the Additional Subsidization goals of the 2010-2018 Capitalization Grants. The Authority shall spend the Additional Subsidization as required by the terms and conditions of the Capitalization Grant, however, the Authority shall use its best efforts to spend the Additional Subsidization within two years of receiving the Capitalization Grant. See Exhibit C, Additional Subsidization by Capitalization Grant Year.**

ST1b Goal: Ensure that Davis Bacon Act wage rules apply to all assistance agreements made with funds appropriated under the 2020 Capitalization Grant.

**Result: The DWSRF Loan Program included language in all Financial Assistance Agreements that required Participants to follow Davis Bacon wage rules. Further, each Participant provided the Authority with documentation certifying its compliance with Davis Bacon.**

ST1c Goal: Ensure that all American Iron and Steel requirements (AIS) as set forth in the current Capitalization Grant are met.

**Result: The DWSRF Loan Program included language in all Financial Assistance Agreements that required Participants to meet the requirements of the American Iron and Steel Act and provided guidance on the waiver process and requirements of the Act. Further, American Iron and Steel certifications are reviewed during inspection.**

ST1d Goal: If practical, identify equivalency projects in Exhibit C (of the IUP). List equivalency projects in Annual Report.

**Result: Equivalency projects were projected in the 2020 Intended Use Plan and the selected equivalency projects can be found in Exhibit D of this Annual Report.**

ST1e Goal: Ensure that Participants are developing and implementing an Asset Management Program (AMP) that meets the requirements set forth in the DWSRF Loan Program Guidelines.

**Result: The Authority launched an Asset Management Program on July 1, 2018. Guidance was created and the program was presented to interested parties at conferences and via the SRF Loan Program's newsletter. Further, a grant program, utilizing State funds, was launched to assist small, disadvantaged communities with the cost of completing Asset Management Programs. In SFY 2020, \$200,000 has been awarded to eight Drinking Water Program borrowers through this program. Participants will be required to provide certification of a complete Asset Management Programs at loan closing or prior to their final loan disbursement.**

ST2 Goal: Ensure that all DWSRF Loan Program Participants achieve or maintain compliance with existing or future requirements of the Safe Drinking Water Act.

**Result: In SFY 2020, 98% of DWSRF Loan Program assistance agreements funded projects that assisted compliant systems to maintain compliance with the Safe Drinking Water Act; 1% went to extend service to areas with private wells; and 1%, or \$235,000, went towards projects that assisted non-compliant systems to achieve compliance.**

ST3 Goal: Conduct at least 30 technical, on site and/or virtual inspections between the CWSRF and DWSRF Loan Programs during the construction phase and the post-construction phase to document the construction progress, as well as the appropriate use of SRF funds.

**Result: SRF Loan Programs staff completed 68 inspections (45 clean water and 23 drinking water) in SFY 2020, thus exceeding its goal.**

ST4 Goal: Work diligently with Participants and effectively manage Projects to assist Participants in closing loans and constructing projects in a timely, efficient manner.

**Result: In SFY 2020, the DWSRF Loan Program successfully closed on 15 loans with 12 Participants. The SRF Loan Programs staff diligently worked with Participants by conducting project planning meetings, reviewing Preliminary Engineering Reports, and corresponding with Participants through the closing process. Participants were required to bid prior to loan closing, and provide a timeline, to ensure that Participants will meet the 2-year construction goal implemented by the Authority.**

ST5 Goal: Ensure that EPA funds are accessed when eligible expenses are incurred to minimize un-liquidated obligations.

**Result: The 2020 Capitalization Grant was awarded on May 11, 2020.**

ST6 Goal: Continue implementing and maintaining a software database for staff to reference financial information related to each SRF financing.

**Result: In SFY 2020 The Authority continued the implementation of a software database for financial information related to each SRF financing.**

ST7 Goal: Consider other available funding opportunities from Federal and/or State sources to further achieve the goals of the SRF (i.e. WIFIA, WIIN Grants, State appropriation, etc.).

**Result: On September 6, 2019 the Authority and USEPA entered into a loan agreement securing WIFIA Funding in the amount not to exceed \$436,000,000.**

**The Authority was awarded a WIIN Lead Testing in School and Child Care Program Drinking Water Grant in the amount of \$753,000. The WIIN grant will be used by the Water Resources and Infrastructure Planning Program (WRIPP) section of the Authority to initiate a lead sampling program for child care facilities.**

**On May 28, 2020 the Authority applied to the WIIN Reduction in Lead Exposure Via Drinking Water Grant, in the amount of \$543,928 to assist schools and child care facilities identified through sampling programs to remediate lead in drinking water.**

ST8 Goal: Promote regional solutions for drinking water issues

**Result: The Authority has worked in SFY 2020 to continue to promote regional solutions for drinking water issues in many proactive ways:**

- **Indiana’s Scoring system continues to give additional points to regional solutions and gives deductive points for proposed projects that involve disconnection from an active regional wastewater system.**
- **Preliminary Engineering Report guidance continues to require that projects discuss regionalization potential in their evaluation of alternatives.**
- **A Regionalization Assistance Program was continued to offer State grant funds to communities to investigate the challenges, benefits and implications of regionalization for all entities.**

ST9 Goal: Ensure that Participants take part in regional study area activities as required by IC 5-1.2-11.5

Goal: Ensure that Participants completed non-revenue water audits as required by IC 8-1-30.8 and participate in regional study area activities as required by IC 5-1.2-11.5.

**Result: The Authority is ensuring Participants are aware of the non-revenue water audit requirement and the regional study requirement through Project Planning Meetings and Preliminary Engineering Report response letters. The deadline to submit validated water audits was extended to January 1, 2021 by Executive Order, and the deadline to participate in a regional planning meeting will be March 1, 2021.**

## **B. Long-Term Goals and Objectives**

LT1 Goal: Provide financial assistance to current and future Participants, by providing low-cost financing commensurate with prudent fiscal and credit standards.

**Result: In SFY 2020, 15 DWSRF loans were closed with 12 Participants. See Exhibit H, Summary of Closed Loans for SFY 2020.**

LT2 Goal: Maintain the long-term financial integrity of the DWSRF Loan Program by judiciously managing its assets in order to realize a rate of return that will sustain the DWSRF Loan Program in perpetuity.

**Result: The SRF Loan Programs continue to manage the investment and programmatic use of its funds to maintain its financial integrity. See Exhibit I, Expedient and Timely Use of Funds.**

LT3 Goal: Monitor all outstanding loans and the financial capability of Participants through the use of an in-house monitoring system and, in conjunction with the Bank of New York Mellon Trust Company, ensure the DWSRF Loan Program continues to avoid loan defaults. In particular, review the financial statements for Participants receiving a State Board of Accounts examination report in the current calendar year. Require new

Participants to utilize paying agent agreements and offer all prior Participants the opportunity to enter into a paying agent agreement. Conduct financial on-site visits as warranted.

**Result: The SRF Loan Programs monitor all Participants. For those Participants with a Paying Agent Agreement, the SRF Loan Programs monitor both the debt service reserve accounts and the bond and interest accounts on a monthly basis. For Participants without a Paying Agent Agreement, the SRF Loan Programs annually monitor the reserve balances through its Debt Service Reserve project by requesting the reserve balance and a copy of each Participant's bank statement. If any deficiencies are found, the Authority works with the Participant to correct the deficiencies.**

LT4 Goal: Leverage EPA Capitalization Grants to generate loans that exceed two-times the awarded grant amounts.

**Result: The SRF Loan Programs continue to access the public debt market to leverage EPA Capitalization Grants. This leveraging structure allows the SRF Loan Programs to close loans in an aggregate amount of over two-times the awarded grant amounts.**

LT5 Goal: Monitor Participant's draws of funds to assure loans are being drawn within two years. Assure that un-drawn funds are returned to the DWSRF loan pool and made available to other Participants, to minimize un-liquidated obligations.

**Result: In order to minimize un-liquidated obligations, the SRF Loan Programs continue to monitor Participants' expenditure rate. As loans are closed out and reamortized, unused loan funds are made available to other Participants on the Project Priority List. Participants with funds remaining following substantial completion are contacted to determine if they are interested in using remaining funds to finance a new project, or if they wish to close out their loan. In addition, the Financial Assistance Agreement contains "non-use fee" language which allows the Authority to charge a fee to a Participant who has not drawn their loan funds in a timely manner.**

LT6 Goal: Report all uses of DWSRF Loan Program funds in the Drinking Water Project Benefits Reporting (PBR) database and the Drinking Water SRF National Information Management System (NIMS) as required by the EPA and the Federal Funding Accountability and Transparency Act (FFATA). Submit required reports to EPA in a well-prepared and timely manner.

**Result: The Authority reports uses of DWSRF Loan Program funds in PBR on a monthly basis and NIMS on an annual basis, as required by EPA. Intended Use Plans, Annual Reports, National Infrastructure Management System data, and FFATA reports are well-prepared and submitted to EPA in a timely manner.**

LT7 Goal: Periodically publish an SRF Loan Programs newsletter.

**Result: The SRF Loan Programs published a newsletter in March of 2020.**

LT8 Goal: Continue to look for co-funding opportunities between the Brownfields Program and the SRF Loan Programs. Continue to look for co-funding opportunities between the USDA Rural Development and the SRF Loan Programs.

**Result: The Authority continues to partner with the Brownfields Program to assist communities addressing their brownfield redevelopment needs by pairing Brownfield Loan Program Funds with project components eligible for the DWSRF Loan Program. Although staff discussed potential co-funding opportunities, a co-funded project with the DWSRF Loan Program has not come to fruition. Additionally, the DWSRF Loan Program staff discussed potential projects with the USDA Rural Development staff on a regular basis, but no co-funded projects resulted in SFY 2020.**

LT9 Goal: Ensure that the DWSRF Loan Program and its Participants comply as required with Disadvantaged Business Enterprise fair share objectives, Federal environmental cross cutters and the Single Audit Act.

**Result: Through various reports, audits, and comment periods, the Authority ensures that the DWSRF Loan Program and its Participants comply as required with Disadvantaged Business Enterprise, Federal environmental cross-cutters, and the Single Audit Act (2 CFR 200 Subpart F “Super Circular”).**

LT10 Goal: Provide interest rate breaks to Participants which include the removal of lead service lines, Green components and Climate Resiliency projects.

**Result: The Authority utilizes the Green Project Reserve (GPR) Sustainability Incentive Program to encourage Participants to include green project components in their SRF projects. The GPR Sustainability Incentive Program provides two main benefits:**

- 1) Up to 0.5% interest rate discount over the entire loan, and
- 2) Improved ranking on the SRF Project Priority List.

**In SFY 2020, green projects accounted for 80%, or \$13,482,385, of the 2020 Capitalization Grant. See Exhibit B, Green Project Reserve by Capitalization Grant Year.**

LT11 Goal: Monitor DWSRF Set-Aside uses and activities and reconcile balances to EPA Set-Aside account balances. Continue the transfer of unused balances to the DWSRF Loan Program, thereby increasing the DWSRF Set-Aside spending rate and reducing un-liquidated obligations. Coordinate with the Indiana Department of Environmental Management and/or the IFA Water Resources and Infrastructure Planning Program to develop new Set-Aside programs as needed.

**Result: In order to reduce un-liquidated obligations, the Authority continues to reconcile Set-Aside balances and close out Capitalization Grants when appropriate. The Authority meets with the IDEM Drinking Water Branch as needed to discuss potential Set-Aside programs.**

LT12 Goal: Provide at least 15% of the DWSRF Loan Program to systems serving fewer than 10,000 persons.

**Result: In SFY 2020, 58% of DWSRF Loan Program funds went to systems serving fewer than 10,000 persons. Cumulatively, the DWSRF Loan Program has provided 40% of its funds to small systems.**

LT13 Goal: Complete continuing education courses to ensure that all SRF Loan Programs technical reviewers remain aware of innovations in the wastewater and drinking water industry and can review both wastewater and drinking water projects.

**Result: In SFY 2020, the Authority’s technical reviewers continued with drinking water technical training by conducting on-site inspections of water main installation/replacement projects and water facility improvement projects, attending drinking water technical sessions at the Indiana Section of the American Water Works Association conference and the Indiana Rural Water Association Conference.**

LT14 Goal: Coordinate with the Indiana Department of Environmental Management’s Drinking Water Branch to identify public water systems with Enforcement Targeting Tool (ETT) scores of 11 or greater that may benefit from DWSRF Loan Program funding.

**Result: The Authority coordinates with the IDEM’s Drinking Water Branch and Enforcement Program by soliciting comments on Participants’ applications, approval letters, and DWSRF Loan Program Project Priority Lists. In addition, the DWSRF Loan Program reviews the Drinking Water Branch’s Enforcement Targeting Tool data quarterly and provides input on potential projects as needed.**



LT15 Goal: Ensure that DWSRF Loan Program assistance is provided to public water systems with an ETT score greater than or equal to 11, only when the conditions delineated in the SDWA section 1452(a)(3)(B) and (C) are met.

**Result: The DWSRF Loan Program compares DWSRF applications to data from the Drinking Water Branch's Enforcement Targeting Tool on a quarterly basis to ensure that any DWSRF assistance is provided to public water systems with an ETT score greater than or equal to 11, only when the conditions delineated in the SDWA section 1452(a)(3)(B) and (C) are met.**

**Indiana DWSRF Loan Program**  
**Exhibit B - Green Project Reserve in SFY 2020**

**FY 2020 Capitalization Grant** \$16,830,000  
**SFY 2020 GPR Amount** \$13,482,385 80%

Community	Project Description	Total SRF Loan and Principal Forgiveness Amount	Green Project Description	Category 1: Green Infrastructure	Category 2: Water Efficiency	Category 3: Energy Efficiency	Category 4: Environmentally Innovative	Total Eligible GPR Cost (sum of Categories 1-4 plus engineering)	GPR Memo posted to the IFA website	Closing Date
Fort Wayne	Plant, Storage, Distribution System Improvements	\$ 29,240,000	Parallel Lime sludge force main, new replacement, wells	\$ -	\$ 12,633,195	\$ -	\$ 849,190	\$ <b>13,482,385</b>	12/5/2019	8/8/2019

Indiana DWSRF Loan Program  
Exhibit C - Additional Subsidization by Capitalization Grant

**DWSRF Loan Program 2015 Capitalization Grant =** **\$ 14,253,000**  
 Additional Subsidization Required = \$2,869,600 to \$4,304,400  
 Additional Subsidization Goal = \$ 3,000,000  
 Additional Subsidization Provided = \$ 3,000,000

Participant	Closing Date	SRF Loan Amount	Principal Forgiveness Amount	Total Loan and Principal Forgiveness
Reynolds	\$ 42,152	\$ 498,000	\$ 700,000	\$ 1,198,000
Switz City	\$ 42,340	\$ 540,000	\$ 306,000	\$ 846,000
Hope	\$ 42,341	\$ 1,392,000	\$ 925,000	\$ 2,317,000
Morgantown	\$ 42,368	\$ 982,000	\$ 500,000	\$ 1,482,000
Waynetown	\$ 42,580	\$ 1,582,000	\$ 500,000	\$ 2,082,000
Marshall	\$ 42,719	\$ 193,000	\$ 69,000	\$ 262,000

**2015 Capitalization Grant TOTAL** **\$ 3,000,000**

**DWSRF Loan Program 2016 Capitalization Grant =** **\$ 13,484,000**  
 Additional Subsidization Required = \$2,696,800 to \$6,742,000  
 Additional Subsidization Goal = \$ 4,125,000  
 Additional Subsidization Provided = \$ 4,125,000

Participant	Closing Date	SRF Loan Amount	Principal Forgiveness Amount	Total Loan and Principal Forgiveness
Marshall	12/15/2016	\$ -	\$ 631,000	\$ 631,000
Hillsdale	3/9/2017	\$ 327,000	\$ 814,000	\$ 1,141,000
Atlanta	6/19/2017	\$ -	\$ 941,000	\$ 941,000
Greentown	6/19/2017	\$ 1,160,000	\$ 1,090,000	\$ 2,250,000
Kirklin	12/14/2018	\$ 1,163,000	\$ 649,000	\$ 1,812,000

**2016 Capitalization Grant TOTAL** **\$ 4,125,000**

**DWSRF Loan Program 2017 Capitalization Grant =** **\$ 13,368,000**  
 Additional Subsidization Required = \$ 2,673,600 to \$6,684,000  
 Additional Subsidization Goal = \$ 3,000,000  
 Additional Subsidization Provided = \$ 3,000,000

Participant	Closing Date	SRF Loan Amount	Principal Forgiveness Amount	Total Loan and Principal Forgiveness
Kirklin	12/14/2018	\$ -	\$ 1,906,000	\$ 1,906,000
Walkerton	12/20/2018	\$ 4,334,000	\$ 1,094,000	\$ 5,428,000

**2017 Capitalization Grant TOTAL** **\$ 3,000,000**

**DWSRF Loan Program 2018 Capitalization Grant =** **\$ 16,978,000**  
 Additional Subsidization Required = \$ 3,395,600 to \$8,489,000  
 Additional Subsidization Goal = \$ 3,861,000  
 Additional Subsidization Provided = \$ 3,861,000

Participant	Closing Date	SRF Loan Amount	Principal Forgiveness Amount	Total Loan and Principal Forgiveness
Walkerton	12/20/2018	\$ -	\$ 1,756,000	\$ 1,756,000
Holland	3/29/2019	\$ 352,000	\$ 265,000	\$ 617,000
Glenwood	11/14/2019	\$ 70,000	\$ 165,000	\$ 235,000
Lizton	12/18/2019	\$ -	\$ 1,400,000	\$ 1,400,000
Delphi	12/20/2019	\$ 6,225,000	\$ 275,000	\$ 6,500,000

**2018 Capitalization Grant TOTAL** **\$ 3,861,000**

**DWSRF Loan Program 2019 Capitalization Grant\* =** **\$ 16,819,000**  
 Additional Subsidization Required = \$ 4,372,940 to \$9,250,450  
 Additional Subsidization Goal = \$ 9,000,000  
 Additional Subsidization Provided = \$ 725,000

Participant	Closing Date	SRF Loan Amount	Principal Forgiveness Amount	Total Loan and Principal Forgiveness
Delphi	12/20/2019	\$ -	\$ 725,000	\$ 725,000
<i>to be determined</i>			\$ -	\$ -

**2019 Capitalization Grant TOTAL** **\$ 725,000**

**DWSRF Loan Program 2020 Capitalization Grant\* =** **\$ 16,830,000**  
 Additional Subsidization Required = 3,366,000 to 8,246,700  
 Additional Subsidization Goal = \$ 8,000,000  
 Additional Subsidization Provided = \$ -  
 Additional Subsidization to Disadvantaged Communities = \$ -

Participant	Disadvantaged yes/no	Closing Date	SRF Loan Amount	Principal Forgiveness Amount	Total Loan and Principal Forgiveness
<i>to be determined</i>				\$ -	\$ -

**2020 Capitalization Grant TOTAL** **\$ -**

**TOTAL Additional Subsidization Provided 2010-2020** **\$ 35,711,000**

\* Additional Subsidization goal has not yet been satisfied and will be updated in subsequent Annual Reports until the requirement has been met. The Authority shall spend the Additional Subsidization as required by the terms and conditions of the Capitalization Grant, however, every attempt will be made to spend the Additional Subsidization within two years of receiving the Capitalization Grant. The Authority has identified communities that are eligible to receive Additional Subsidization from the 2019, and 2020 grants.

Indiana Drinking Water SRF Loan Program  
 Exhibit D - Equivalency Projects

**DWSRF Loan Program 2020 Capitalization Grant**

\$16,830,000

Community	Project Description	Total Equivalency Amount	will submit DBE report	complied with federal cross-cutters	will comply with the single audit act 2 CFR 200 Subpart F	complied with signage requirement	reported to FSRS to meet FFATA requirements
Fort Wayne	Plant, Storage, Distribution System Improvements	\$16,830,000	Yes	Yes	Yes	Yes Press Release 8/8/2019	Yes completed 6/30/2020
<b>Equivalency Project Cost Total:</b>		<b>\$16,830,000</b>					

Exhibit E  
SFY 2020 DWSRF Loan Program Project Descriptions

<b>DWSRF Participant: Fort Wayne</b>			
SRF Project #:	DW19020204	DWSRF Traditional Loan A:	\$ 7,500,000
		DWSRF Pooled Loan B:	\$ 21,740,000
DWSRF Loan Closed:	August 8, 2019	Principal Forgiveness:	\$ 0
Affected Population:	250,000	Total Loan and Principle Forgiveness:	\$ 29,240,000
Loan Term A:	30 years	NIMS Categories:	
Loan Term B:	30 years		Treatment:
Interest Rate A:	0.00%	Transmission & Distribution:	\$ 12,407,390
Interest Rate B:	2.97%	Source:	\$ 5,519,615
		Storage:	\$ 1,467,637
Equivalency Amount:	\$ 16,830,000	Estimated SRF Savings:	\$ 10,082,708
This Project: Assists a compliant system to maintain compliance.			
<p><b>Project Description:</b>            The City of Fort Wayne’s existing Three Rivers Filtration Plant has many components which required rehabilitation due to age. The City has also acknowledged the need to supplement their surface water supply with new ground water source for additional resiliency in the system. The City has identified several areas that experience a number of water main breaks, all water main in these areas is past useful life, some approaching 100 years old. Some select zones in the distribution system also experience pressure and quality issues due to dead ends. The aging distribution system is also expected to include lead service lines.</p> <p>To correct these issues, the City of Fort Wayne’s project includes:</p> <ul style="list-style-type: none"> <li>• Improvements at the Three Rivers Filtration Plant and the St. Joe Dam facilities to replace equipment at the end of its useful life and provide imperative upgrades to the existing equipment and systems to improve operations and increase efficiency;</li> <li>• Installation of a lime sludge force main to convey lime sludge to the bio-solids facility and relocate water main in conflict with the new lime sludge force main;</li> <li>• Removal of an estimated 1,381 lead service lines;</li> <li>• Replacement of aged, failing water main including some main installed in the 1920s;</li> <li>• Installation of water main to loop the distribution system in three areas;</li> <li>• Rehabilitation of the West Tank and the Southwest Tank;</li> <li>• Installation of two new groundwater wells; and</li> <li>• Inspection, cleaning, and televising of the two raw water mains and associated valves that supply water from the St Joe Dam to the Three Rivers Filtration Plant to determine critical areas that need rehabilitation.</li> </ul> <p>The project will improve operations throughout Fort Wayne’s water system by removing aging infrastructure, eliminating potential sources of lead in the distribution system, improving water pressure and quality by removing dead-ends in the system, maintaining storage capacities, and creating a source to allow for groundwater blending with the current surface water supply at times when taste and odor concerns require attention. The project includes Green components including an environmentally innovative Parallel Lime Sludge Force Main, water main replacements leading to additional water efficiency, and extreme weather resiliency components by installing new ground water wells.</p>			

**DWSRF Participant: Crown Point**

SRF Project #:	DW18044501	DWSRF Traditional Loan A:	\$ 5,400,000
		DWSRF Traditional Loan B:	\$ 1,226,400
DWSRF Loan Closed:	November 1, 2019	Principal Forgiveness:	\$ 0
Affected Population:	30,000	Total Loan and Principle Forgiveness:	\$ 6,626,400
Loan Term A:	20 years	NIMS Categories:	
		Treatment	\$ 826,730
Interest Rate:	0.00 %	Transmission & Distribution:	\$ 1,226,400
		Storage:	\$ 4,573,270
Equivalency Amount:	\$ 0	Estimated SRF Savings:	\$ 2,910,593

This Project: Assists a compliant system to maintain compliance.

**Project Description:**

The City of Crown Point's Drinking Water system suffered from insufficient storage, lack of ice prevention in current storage, inefficiencies at the pumping station at 96<sup>th</sup> street, dead ends in the system leading to lower water quality, areas with water main too small to meet fire flow capacity, isolated areas with limited supply lines, and older areas of the city with service lines that likely contain lead or copper.

To correct these issues the City is implementing a project which includes the following improvements to storage, treatment, and distribution systems:

- Upsizing of water main identified as undersized;
- Installation of new water main to eliminate dead ends in the distribution system;
- Replacement of lead/copper service lines in the project areas;
- Replacement of all associated hydrants, valves, sampling stations and related appurtenances to water main projects;
- Rehabilitation of five existing water storage tanks;
- Installation of mechanical mixers in water storage tanks;
- Construction of a new 3.0 MG water storage tank, and a new 1.0 MG water storage tank;
- Upgrades to existing booster stations, installation of twenty sampling stations;

The purpose of this project is to increase the reliability of the City's water system by replacing lead lines, increasing pressure, preventing freezing and generally providing increased efficiency and redundancy of the water system for the customers of the City of Crown Point.

<b>DWSRF Participant: Batesville</b>			
SRF Project #:	DW17056901	DWSRF Pooled Loan:	\$ 18,770,000
DWSRF Loan Closed:	November 12, 2019	Principal Forgiveness:	\$ 0
Affected Population:	6,600	Total Loan and Principle Forgiveness:	\$ 18,770,000
Loan Term:	35 years	NIMS Categories:	
		Treatment:	\$ 6,053,911
Interest Rate:	3.22%	Transmission & Distribution:	\$ 10,569,578
		Source:	\$ 2,146,510
Equivalency Amount:	\$ 0	Estimated SRF Savings:	\$ 4,837,676
<b>This Project:</b> Assists a compliant system to maintain compliance.			
<b>Project Description:</b>			
<p>The Batesville Water Utility relied on four reservoirs for water, which left the Town reliant on rainfall for a water supply. There was concern that sufficient supply would not be available to the community in the event of a long term drought.</p> <p>To address this concern, the Batesville Water Utility project includes:</p> <ul style="list-style-type: none"> <li>• Construction of a new water supply well field with three new wells;</li> <li>• Construction of a new water softening treatment plant, including chemical feed components, and all necessary site work and buildings; and</li> <li>• Construction of approximately 16 miles of new raw water transmission main from the proposed wellfield to the proposed water treatment plant.</li> </ul> <p>The proposed project provides additional supply and improves the climate resiliency of the Batesville Water Utility.</p> <p>This project includes raw water transmission main, which have a long useful life. These factors meet the policy guidelines of the Indiana Extended Term Program, and qualifies for a loan term of 35 years.</p>			

**DWSRF Participant: Glenwood**

SRF Project #:	DW18167002	DWSRF Traditional Loan:	\$ 70,000
DWSRF Loan Closed:	November 12, 2019	Principal Forgiveness:	\$ 165,000
Affected Population:	305	Total Loan and Principle Forgiveness:	\$ 235,000
Loan Term A:	20 years	NIMS Categories:	
Interest Rate:	2.00%	Treatment:	\$ 146,589
		Source:	\$ 88,411
Equivalency Amount:	\$ 0	Estimated SRF Savings:	\$ 252,602

This Project: Assists a noncompliant system to achieve compliance.

**Project Description:**

The Town of Glenwood operates a distribution system and well, originally installed in 1939. In 1970, the Town added a second well and iron removal plant. In 2012, some portions of the distribution were upgraded and the original water tank was replaced. The remaining components were at the end of their useful life and in need of rehabilitation. The Town is under an Agreed Order with the Indiana Department of Environmental Management due to disinfection byproduct exceedances.

The Glenwood Water Utility Improvements Project includes:

- Construction of a new building to house chemical feed, electrical, laboratory, and storage functions at the Water Treatment Plant;
- Installation of a mixer in the elevated storage tank;
- Rehabilitation of the existing filters; and
- Construction of a new well.

The proposed project will substantially reduce the amount of disinfection byproducts being produced and allow the utility to come into compliance with the regulations.



With annual rates higher than 1% of the community’s MHI, the Town of Glenwood qualifies as a disadvantaged community and received additional subsidization in an effort to keep rates as low as possible, while meeting the needs of the system.



<b>DWSRF Participant: Chandler</b>			
SRF Project #:	DW18198702	DWSRF Pooled Loan:	\$ 9,500,000
DWSRF Loan Closed:	December 17, 2019	Principal Forgiveness:	\$ 0
Affected Population:	19,295	Total Loan and Principle Forgiveness:	\$ 9,500,000
Loan Term:	20 years	NIMS Categories:	
Interest Rate:	2.70%	Transmission & Distribution:	\$ 9,500,000
Equivalency Amount:	\$ 0	Estimated SRF Savings:	\$ 1,253,400
<b>This Project:</b> Assists a compliant system to maintain compliance.			
<b>Project Description:</b>			
<p>The Town of Chandler’s distribution system has many aged cast iron pipes which routinely experience breaks, causing service disruptions to residents. Outside of Chandler town limits, the distribution system is newer and in better condition, however, many mains needs to be relocated due to new road construction. There are also areas of the distribution system which lack redundancy, particularly in the medical development area. At the water treatment plant, the system is forced to operate at approximately 50% capacity due to insufficient water storage in the distribution system.</p> <p>The Town of Chandler project includes:</p> <ul style="list-style-type: none"> <li>• Bell Road water main relocation, which includes the installation of 4,900 linear feet of 8-inch and 3,700 linear feet of 10-inch water main, along with associated hydrants, valves, and other appurtenances.</li> <li>• Replacement of approximately 13,000 linear feet of 6-inch water main and 10,400 linear feet of 8-inch water main along with associated hydrants, valves, and other appurtenances in the downtown area of Chandler.</li> <li>• Planning and design costs for installation of a transmission line from the water treatment facility to the Paradise Tower. To address redundancy, increase capacity, and provide additional flow from the high-pressure zone to the low-pressure zone, a transmission line from the water treatment facility to the Paradise tower will be installed.</li> </ul> <p>The Bell Road water main relocation project is required to relocate water main to accommodate a road widening project by the Indiana Department of Transportation. The water main replacement project will upgrade aged water mains and reduce the incidence of water main breaks and service interruptions to customers. Finally, the Paradise Tower project will allow the community to properly plan and design a project that will address redundancy, increase capacity of the system and allow better flow between high-pressure and low-pressure zones.</p>			

**DWSRF Participant: Huntingburg**

SRF Project #:	DW18151902	DWSRF Pooled Loan:	\$ 8,000,000
DWSRF Loan Closed:	December 17, 2019	Principal Forgiveness:	\$ 0
Affected Population:	6,100	Total Loan and Principle Forgiveness:	\$ 8,000,000
Loan Term:	20 years	NIMS Categories:	
Interest Rate:	2.59%	Treatment:	\$ 6,386,113
		Transmission & Distribution:	\$ 1,613,887
Equivalency Amount:	\$ 0	Estimated SRF Savings:	\$ 1,162,937

This Project: Assists a compliant system to maintain compliance.

**Project Description:**

Portions of Huntingburg’s distribution system are approximately 100 years old and are known to include lead joints. The aging water mains were prone to breaks and impacted the reliability of the overall water distribution system. Most service lines off these aging mains potentially contained lead. The City’s water treatment plant also struggled to meet peak day flow requirements.

The Water System Improvements Project includes the replacement of 6,200 linear feet of water main, gate valves, hydrants, service lines and meters; the installation of a new control pressure valve vault and appurtenances; expansion and improvement of the existing water treatment plant, including relocation of the existing raw water pump station, installation of the second bank of treatment (solids contact tank and filters), the replacement of media and actuating valves in the existing filters, replacement of the existing exhaust fan, re-work/renovation of the existing potassium permanganate and sodium permanganate feed systems, upgrade of the onsite generation system for the sodium hypochlorite feed system, relocation of the existing fluoride feed system, removal/renovation of the lime and carbon feed equipment, separation of the clearwell chemical feed zones, expansion of the backwash holding/blowdown tanks, construction of new sludge drying beds and dried sludge storage facilities, upgrade of the electrical/HVAC systems, SCADA system improvements/replacement, replacement of the security system, and upgrade of the existing gravel drive to concrete. The project also includes the installation of solar energy panels at the water treatment plant to generate power to reduce energy costs at the plant.

Upgrading the distribution system in areas of concern reduces the risk of lead exposure and improves the overall operation of the system by reducing water loss. The water treatment plant improvements increase capacity and allows the system to meet peak day flow requirements, helps maintain low water costs, and reduces reliability on purchased drinking water supply from Patoka Lake Regional Water and Sewer District and Huntingburg Lake.

<b>DWSRF Participant: Lizton</b>			
SRF Project #:	DW18063201	DWSRF Traditional Loan:	\$ 0
DWSRF Loan Closed:	December 18, 2019	Principal Forgiveness:	\$ 1,400,000
Affected Population:	3,200	Total Loan and Principle Forgiveness:	\$ 1,400,000
Loan Term:	n/a	NIMS Categories:	
Interest Rate:	0 %	Transmission & Distribution:	\$ 1,400,000
Equivalency Amount:	\$ 0	Estimated SRF Savings:	\$ 2,014,939
This Project: Provides citizens with reliable drinking water supply, not compliance related.			
<p>Project Description:</p> <p>The Town of Lizton did not have a municipal water system, and all residents and businesses were served by individual water wells. The Town wished to establish a water utility and deliver clean, safe, potable water to the homes and businesses in town. Additionally, the Indiana Department of Transportation (INDOT) operates a rest area west of town along I-74 which suffered from regular chronic well problems and wanted water piped to this facility, in addition to extending water up to the INDOT Highway Garage at SR 39 and I-74.</p> <p>The Town of Lizton intends to establish a water utility in order to provide drinking water to the community. The Lizton Water Utility Project includes a master meter connecting to the Citizens Water Authority's existing system, approximately 20,000 lf of 6- and 12-inch diameter water main, bored crossing, hydrants, valves, and miscellaneous appurtenances associated with the project.</p> <p>The project allows the Town to address the needs for safe drinking water to the community and the nearby INDOT facilities.</p> <p>With annual rates higher than 1% of the community's MHI, the Town of Lizton qualifies as a disadvantaged community and received additional subsidization.</p>			

<b>DWSRF Participant: Delphi</b>			
SRF Project #:	DW18170802	DWSRF Pooled Loan:	\$ 5,225,000
DWSRF Loan Closed:	December 20, 2019	Principal Forgiveness:	\$ 1,000,000
		Principal Forgiveness (Fee):	\$ 1,000,000
Affected Population:	3,200	Total Loan and Principle Forgiveness:	\$ 7,225,000
Loan Term:	20 years	NIMS Categories:	
Interest Rate:	2.42 %	Transmission & Distribution:	\$ 2,943,968
		Storage:	\$ 4,281,032
Equivalency Amount:	\$ 0	Estimated SRF Savings:	\$ 3,745,700
This Project: Assists a compliant system to maintain compliance.			
<p><b>Project Description:</b></p> <p>The City of Delphi was in need of increased firm capacity to meet the demands of users. The City only has the ability to maintain its current level of service and cannot take its existing water storage tanks out of service in order to perform necessary maintenance and repairs.</p> <p>Phase II of the City of Delphi’s Capital Drinking Water Improvements project includes the installation of approximately 6,100 feet of transmission water main (“Prince William Loop”); the construction of a new booster station (“Armory Road”), with three (3) medium pressure zone pumps with a capacity of 400 gallon per minutes each and two (2) high pressure zone pumps with a capacity of 800 gallons per minute each; the construction of a new 750,000 gallon ground water storage tank; and the rehabilitation of the existing Armory Road Ground Storage Tank and the existing Hill Top and Deer Creek elevated storage tanks, which includes restoration of coatings and repairs to structural deficiencies.</p> <p>The project adds redundancies in the system such that the City can rehabilitate their water storage tanks, protect the distribution system, and continue to provide safe service to customers.</p> <p>With annual rates higher than 1% of the community’s MHI, the Town of Delphi qualifies as a disadvantaged community and received additional subsidization, in an effort to keep rates as low as possible, while meeting the needs of the system.</p>			

**DWSRF Participant: Bluffton**

SRF Project #:	DW19089001	DWSRF Traditional Loan:	\$ 7,500,000
		DWSRF Pooled Loan:	\$ 6,289,000
DWSRF Loan Closed:	January 27, 2020	Principal Forgiveness:	\$ 0
Affected Population:	9,980	Total Loan and Principle Forgiveness:	\$ 13,789,000
Loan Term:	20 years	NIMS Categories:	
		Treatment:	\$ 9,747,108
Interest Rate:	2.44%	Transmission & Distribution:	\$ 2,184,622
		Storage:	\$ 1,857,270
Equivalency Amount:	\$ 0	Estimated SRF Savings:	\$ 1,813,791

This Project: Assists a compliant system to maintain compliance.

**Project Description:**

The City of Bluffton’s existing water treatment plant is over 50 years old and has reached the end of its useful life. The proposed City of Bluffton Water System Improvements project includes:

- Installation of a new groundwater well and construction of a new well house;
- Construction of a new water treatment plant building and a maintenance building;
- Installation of horizontal pressure filters;
- Installation of an induced draft aerator and detention tank;
- Installation of an ion exchange softening system;
- Installation of a sodium hypochlorite disinfection system;
- Construction of a backwash holding tank;
- Installation of three high service pumps;
- Installation of approximately 380 lineal feet of 12-inch and 3,800 lineal feet of 18-inch raw water transmission main;
- Installation of approximately 4,100 lineal feet of 12-inch, finished water transmission main;
- Installation of a new 500,000 gallon elevated tank;
- Installation of a 10-inch water main extension in Harvest Road;
- Installation of a 16-inch water main extension in South Adams Street;
- SCADA improvements at existing booster station;
- Installation of a standby electrical generator for the existing booster station;
- Purchase of a new vacuum truck for waste handling; and
- Fill material for abandonment of waste lagoons at existing plant.

The proposed project allows the City to replace aging infrastructure and produce and distribute safe drinking water to nearly 10,000 customers. The new water treatment plant will enable the City to continue meeting Safe Drinking Water Act water quality requirements. SCADA and instrumentation improvements ensure that the new plant is reliably operated and monitored, and that processes are properly controlled. Distribution system improvements provide system redundancy, provide good circulation, and reduce system head loss in the vicinity of the proposed water treatment plant. The new water storage tank provides drinking water at adequate quantity and pressure to meet current and future demand.

<b>DWSRF Participant: Prince's Lakes</b>			
SRF Project #:	DW18180301	DWSRF Pooled Loan:	\$ 4,398,000
DWSRF Loan Closed:	January 29, 2020	Principal Forgiveness:	\$ 0
Affected Population:	3,945	Total Loan and Principle Forgiveness:	\$ 4,398,000
Loan Term:	20 years	NIMS Categories:	
Interest Rate:	2.50 %	Transmission & Distribution:	\$ 2,784,567
		Storage:	\$ 1,613,433
Equivalency Amount:	\$ 0	Estimated SRF Savings:	\$ 546,579
This Project: Assists a compliant system to maintain compliance.			
Project Description:			
<p>The Town of Prince's Lakes' distribution system suffered from pressure problems in the northwestern area caused by inappropriately sized water main, insufficient water storage, need for redundancies to assure adequate service, and a High Service Pump that was not providing adequate flow the booster station.</p> <p>The Water System Improvements Project for Prince's Lakes includes the installation of approximately 9,400 lineal feet of transmission main with crossings at Driftwood River and US Highway 31, approximately 14 gate and tapping valves, the construction of a new 400,000 gallon elevated water storage tank, the replacement of a variable frequency drive service pump and controls, the installation of approximately 2,100 lineal feet of water distribution main, four new hydrant assemblies, four pressure relief valves, residential pressure reducing valves, and one altitude valve at each of the two existing elevated water tanks.</p> <p>The project allows the Town to maintain adequate system pressure and flow, as well as increases the efficiency of the system.</p>			

DWSRF Participant: Centerville			
SRF Project #:	DW19068903	DWSRF Traditional Loan:	\$ 3,285,000
DWSRF Loan Closed:	April 28, 2020	Principal Forgiveness:	\$ 0
Affected Population:	2,533	Total Loan and Principle Forgiveness:	\$ 3,285,000
Loan Term:	35 years	NIMS Categories:	
Interest Rate:	0.93%	Transmission & Distribution:	\$ 3,285,000
Equivalency Amount:	\$ 0	Estimated SRF Savings:	\$ 2,296,348
This Project: Assists a compliant system to maintain compliance.			
<p>Project Description:</p> <p>The Town of Centerville has had multiple issues in their distribution system, including a significant number of water main breaks, due to aging infrastructure, and areas of dead end water main. Both issues can lead to public health concerns, pressure issues, expensive repairs, and additional operation and maintenance costs. The Town also had need of automatic read meters (AMRs) in its drinking water system to add efficiency and sustainability to the system.</p> <p>The project is comprised of the replacement of water mains, the installation of a new water main to loop the distribution system, the installation of new hydrants, the installation of automatic water meters, and the replacement of lead service lines in six areas of the Town's water distribution including the areas described as School Street, Morton Street, Fourth Street, Main Street, Plum Street, and Chestnut Way to Elm Drive. The project also includes replacing existing water meters with automatic reading meters throughout the Town's distribution system.</p> <p>The replacement of failing and leaking pipes reduces service disruptions and repair costs, improve operational efficiency, maintain adequate water pressure in the system, and minimize the potential of contamination, thereby protecting public health.</p> <p>This project includes replacing failing transmission main, which have a long useful life. These factors meet the policy guidelines of the Indiana Extended Term Program, and qualifies for a loan term of 35 years.</p>			

DWSRF Participant: Peru Grissom			
SRF Project #:	DW19135203	DWSRF Traditional Loan:	\$ 4,400,000
DWSRF Loan Closed:	May 14, 2020	Principal Forgiveness:	\$ 0
Affected Population:	2,500	Total Loan and Principle Forgiveness:	\$ 4,400,000
Loan Term A:	20 years	NIMS Categories:	
		Treatment	\$ 3,550,777
		Transmission & Distribution:	\$ 67,464
Interest Rate:	2.00%	Source	\$ 649,517
		Storage	\$ 132,242
Equivalency Amount:	\$ 0	Estimated SRF Savings:	\$ 950,873
This Project: Assists a compliant system to maintain compliance.			
Project Description:			
<p>The Peru Grissom Water System has a Water Treatment Plants owned and operated by the City of Peru. The existing plant had various structural issues in need of rehabilitation. The WTP gravity filter media was more than 20 years old and many components were no longer functioning properly. The SCADA equipment was well beyond its useful life and maintenance of the system was difficult due to limited availability of parts, and the SCADA system could not be accessed via the Peru SCADA network. While the existing wells are in good condition, they were rated well above the average day demand, resulting in short runtimes, premature pump and motor wear, and inefficient energy consumption. Electrical and SCADA components were outdated, corroding, and difficult to maintain. The well houses also experienced various deficiencies, and were no longer watertight.</p> <p>The Grissom Water System Improvements for Peru Utilities include:</p> <ul style="list-style-type: none"> <li>• Installation of Variable Frequency Drives (VFDs) and new pump motors on all well pumps and high service pumps;</li> <li>• Replacing High Service Pump No. 4;</li> <li>• Installation of flow meters on Well Pump Nos. 2 and 4, and at each filter;</li> <li>• Installation of a new emergency generator at Well No. 4 and expanded site fencing;</li> <li>• Replacement of filter media, process piping, and valves, and installation of new filter actuators;</li> <li>• Rehabilitation of the Finished Water Clearwell;</li> <li>• Rehabilitation of the water treatment plant building and well houses including roof rehabilitation;</li> <li>• Replacement of the pump bases on the high service pumps and surface wash pumps;</li> <li>• Addition of flow pacing on the chlorination equipment;</li> <li>• Piping rehabilitation throughout the water treatment plant and at the booster station;</li> <li>• Rehabilitation of both of the elevated storage tanks;</li> <li>• Installation of a new SCADA system throughout the Grissom system, and associated electrical components, computers and software.</li> </ul> <p>The proposed project simplifies operation and maintenance of the utility, extends the life of the assets as a result of the structural rehabilitation, and improves the ability of the facility to operate in emergency conditions.</p>			



Exhibit F  
Cumulative History of Federal DWSRF Capitalization Grants

FFY 1997 Federal Capitalization Grant	\$ 25,371,806
FFY 1998 Federal Capitalization Grant	\$ 8,687,500
FFY 1999 Federal Capitalization Grant	\$ 9,105,300
FFY 2000 Federal Capitalization Grant	\$ 8,989,850
FFY 2001 Federal Capitalization Grant	\$ 9,159,460
FFY 2002 Federal Capitalization Grant	\$ 8,955,100
FFY 2003 Federal Capitalization Grant	\$ 9,398,200
FFY 2004 Federal Capitalization Grant	\$ 9,749,300
FFY 2005 Federal Capitalization Grant	\$ 11,201,850
FFY 2006 Federal Capitalization Grant	\$ 12,166,734
FFY 2007 Federal Capitalization Grant	\$ 11,484,000
FFY 2008 Federal Capitalization Grant	\$ 11,367,000
FFY 2009 Federal Capitalization Grant	\$ 11,367,000
American Recovery and Reinvestment Act of 2009 Grant	\$ 27,212,000
FFY 2010 Federal Capitalization Grant	\$ 22,638,000
FFY 2011 Federal Capitalization Grant	\$ 15,709,000
FFY 2012 Federal Capitalization Grant	\$ 14,970,000
FFY 2013 Federal Capitalization Grant	\$ 14,046,000
FFY 2014 Federal Capitalization Grant	\$ 14,348,000
FFY 2015 Federal Capitalization Grant	\$ 14,253,000
FFY 2016 Federal Capitalization Grant	\$ 13,484,000
FFY 2017 Federal Capitalization Grant	\$ 13,368,000
FFY 2018 Federal Capitalization Grant	\$ 16,978,000
FFY 2019 Federal Capitalization Grant	\$ 16,819,000
FFY 2020 Federal Capitalization Grant	\$ 16,830,000
TOTAL GRANTS	\$ 347,658,100
TOTAL GRANTS REQUIRED TO MATCH	\$ 320,446,100

Exhibit G  
Cumulative History of the State Match

The State deposited approximately \$7 million of State Match in the DWSRF Loan Program during SFY 2020. To date, the DWSRF State Match has aggregated in excess of 20 percent of the awarded \$320,446,100 Capitalization Grants the State is required to match through June 30, 2020, as demonstrated in the table below:

\$6,860,000	State Revolving Fund Program Bond, Subordinate Series 1, net proceeds representing a State Match (September 1999)*
5,640,000	State Revolving Fund Program Bond, Subordinate Series 2, net proceeds representing a State Match (December 2001)*
3,823,000	Series 2001A State Revolving Fund Program Bond net proceeds representing a State Match allocation (November 2001 & July 2002)
1,949,860	Series 2004B State Revolving Fund Program Bond net proceeds representing a State Match allocation (April 2004)
2,000,000	Series 2004B State Revolving Fund Program Bond net proceeds representing a State Match allocation (February 2005)
2,100,000	Series 2006A State Revolving Fund Program Bond net proceeds representing a State Match allocation (April 2006)
2,493,109	Series 2006B State Revolving Fund Program Bond net proceeds representing a State Match allocation (December 2006)
2,400,000	Series 2007B State Revolving Fund Program Bond net proceeds representing a State Match allocation (December 2007)
7,000,000	Series 2009A State Revolving Fund Program Bond net proceeds representing a State Match allocation (November 2009)
4,437,000	Series 2010B State Revolving Fund Program Bond net proceeds representing a State Match allocation (October 2010)
1,567,051	Series 2011A State Revolving Fund Program Bond net proceeds representing a State Match allocation (October 2011)
2,788,000	Series 2012B State Revolving Fund Program Bond net proceeds representing a State Match allocation (August 2012)
5,554,400	Series 2014A State Revolving Fund Program Bond net proceeds representing a State Match allocation (April 2014)
7,000,000	Series 2016A State Revolving Fund Program Bond net proceeds representing a State Match allocation (April 2016)
5,000,000	Series 2017B State Revolving Fund Program Bond net proceeds representing a State Match allocation (November 2017)
7,001,090	Series 2019E State Revolving Fund Program Bond net proceeds representing a State Match allocation (October 2019)
<b>\$67,613,510</b>	<b>TOTAL</b>

\* Source restructured in SFY 2002 vis-à-vis Series 2001A State Revolving Fund Program Bond net proceeds representing a State Match allocation (November 2001)

As a result of the foregoing, the State has deposited State Match in excess of that required based on grants awarded as of the end of SFY 2020 by \$3,524,290 (also known as over-match), which is banked toward future capitalization grants that are expected to be awarded in SFY 2021. This over-match is intended to permit, and will allow, the State to immediately begin to convert its next capitalization grant (upon award expected in SFY 2021) to cash (and deposit it in the DWSRF) based upon incurred costs paid by Program Participants.

State Match has been provided from State Revolving Fund Program Bonds, the net proceeds of which are allocated between 4 distinct purposes – (1) DWSRF’s State Match; (2) DWSRF’s leveraged loans; (3) Wastewater (WW) SRF’s State Match; and (4) WWSRF’s leveraged loans. These bonds are repaid semi-annually and at the time of each payment the State tracks, allocates, and records their payment *first* between WWSRF and DWSRF purposes (with the percentage paid from DWSRF being equal to the proportion of the net bond proceeds originally deposited in DWSRF from those bonds as compared to their total net bond proceeds) and *second* between State Match and leveraged loans purposes (with the payment allocated as a State Match repayment computed and tracked to be no more than the amount of the total DWSRF earnings applied on each payment date toward that bond payment). Set forth in the attached Exhibit G-1 is the principal amount of the State Revolving Fund Program Bonds allocated to State Match purposes for the DWSRF and the principal amount repaid as of the end SFY 2020.

The State annually designates whether principal maturities of the State Revolving Fund Program Bonds retired in a State Fiscal Year relate to State Match or leveraged bonds. Generally, it anticipates retiring State Match related bonds first, leaving primarily program bonds allocated to the leveraged loans purposes outstanding. Once all State Revolving Fund Program Bonds allocated to the DWSRF State Match purposes are retired (and/or the number of series with outstanding State Match bonds are reduced), this policy will simplify the tracking of funds, reporting, bond disclosure, and allocation of semi-annual debt service.

Exhibit G - Schedule-1

<b><i>DRINKING WATER</i></b>									
Revenue Bonds	Original Par Amount of Bonds Designated as State Match	Par Amount retired during SFY Ending June 30						All Prior SFYs	Remaining Par Amount of Bonds Designated as State Match
		2020	2019	2018	2017	2016			
2001A	\$ 15,680,000							15,680,000	\$ -
2004B	3,625,835							3,625,835	-
2006A	1,988,671							1,988,671	-
2006B	2,359,076							2,359,076	-
2007B	2,087,648							2,087,648	-
2009A	6,610,905		900,000	710,000	680,000	665,000		3,655,905	-
2010B	4,083,672							4,083,672	-
2011A	1,413,300						93,300	1,320,000	-
2012B	2,390,013		1,620,013					770,000	-
2014A	5,520,000							5,520,000	-
2015B $\Delta$	785,000	785,000							-
2016A	5,960,000	670,000	455,000	435,000	340,000				4,060,000
2017B	4,210,000	380,000							3,830,000
2019E	5,810,000								5,810,000
<b>Total</b>	<b>\$ 62,524,120</b>	<b>\$ 1,835,000</b>	<b>\$ 2,975,013</b>	<b>\$ 1,145,000</b>	<b>\$ 1,020,000</b>	<b>\$ 758,300</b>	<b>\$ 41,090,807</b>	<b>\$</b>	<b>13,700,000</b>

**Notes:**

$\Delta$  2015B refinanced a portion of the 2009A Bonds; only the part retired before issuance of 2015B (together with the unrefunded February 1, 2016 maturity of the 2009A Bonds) are shown under 2009A heading.

Indiana DWSRF Loan Program  
Exhibit H - Summary of DWSRF Loan Program Loans Closed in SFY 2020

Participant Name	Closing Date	Term	Loan Amount	Principal Forgiveness Amount	Total Loan & Principal Forgiveness	SRF Interest Rate	SRF P&I	Estimated Open Market Interest Rate	Estimated Open Market P&I	SRF Savings
Fort Wayne	08/08/2019	30	\$ 7,500,000	\$ -	\$ 7,500,000	0.00%	\$ 7,500,000	4.00%	\$ 13,011,772	\$ 5,511,772
Fort Wayne	08/08/2019	30	\$ 21,740,000	\$ -	\$ 21,740,000	2.97%	\$ 33,145,855	4.00%	\$ 37,716,791	\$ 4,570,936
Crown Point	11/01/2019	20	\$ 5,400,000	\$ -	\$ 5,400,000	0.00%	\$ 5,400,000	3.75%	\$ 7,771,907	\$ 2,371,907
Crown Point	11/01/2019	20	\$ 1,226,400	\$ -	\$ 1,226,400	0.00%	\$ 1,226,400	3.75%	\$ 1,765,086	\$ 538,686
Batesville	11/12/2019	35	\$ 18,770,000	\$ -	\$ 18,770,000	3.22%	\$ 31,563,915	4.25%	\$ 36,401,591	\$ 4,837,676
Glenwood	11/14/2019	20	\$ 70,000	\$ 165,000	\$ 235,000	2.00%	\$ 85,619	3.75%	\$ 338,222	\$ 252,602
Chandler	12/17/2019	20	\$ 9,500,000	\$ -	\$ 9,500,000	2.70%	\$ 12,419,398	3.75%	\$ 13,672,798	\$ 1,253,400
Huntingburg	12/17/2019	20	\$ 8,000,000	\$ -	\$ 8,000,000	2.59%	\$ 10,350,999	3.75%	\$ 11,513,936	\$ 1,162,937
Lizton	12/18/2019	20	\$ -	\$ 1,400,000	\$ 1,400,000	0.00%	\$ -	3.75%	\$ 2,014,939	\$ 2,014,939
Delphi	12/20/2019	20	\$ 5,225,000	\$ 2,000,000	\$ 7,225,000	2.42%	\$ 6,652,823	3.75%	\$ 10,398,523	\$ 3,745,700
Bluffton	01/27/2020	20	\$ 7,500,000	\$ -	\$ 7,500,000	2.44%	\$ 9,567,619	3.50%	\$ 10,554,162	\$ 986,543
Bluffton	01/27/2020	20	\$ 6,289,000	\$ -	\$ 6,289,000	2.44%	\$ 8,022,767	3.50%	\$ 8,850,016	\$ 827,249
Prince's Lakes	01/29/2020	20	\$ 4,398,000	\$ -	\$ 4,398,000	2.50%	\$ 5,642,381	3.50%	\$ 6,188,960	\$ 546,579
Centerville	04/28/2020	35	\$ 3,285,000	\$ -	\$ 3,285,000	0.93%	\$ 3,863,705	4.00%	\$ 6,160,053	\$ 2,296,348
Peru	05/14/2020	20	\$ 4,400,000	\$ -	\$ 4,400,000	2.00%	\$ 5,381,791	3.75%	\$ 6,332,665	\$ 950,873
<b>DWSRF Loan Totals SFY 2020:</b>		<b>14</b>	<b>\$ 103,303,400</b>	<b>\$ 3,565,000</b>	<b>\$ 106,868,400</b>				<b>DWSRF Savings SFY 2020:</b>	<b>\$ 31,868,147</b>

Exhibit I  
Expeditious and Timely Use of Funds

This Exhibit identifies the intended uses of the funds held in various accounts of the DWSRF, and how those uses support the goals of the DWSRF. This Exhibit also demonstrates how the Authority meets the requirements of 40 CFR 35.3550(1) by using all of the funds in the DWSRF in an expeditious and timely manner.

**Sources, Uses and Available Balances in SRF Accounts**

The following accounts have been created and exist under the Authority's Drinking Water Trust Indenture and comprise its DWSRF. Set forth on the attached Schedule 1 (the "Use Schedule") is detail on what funds are held in the DWSRF and how they were expeditiously and timely used in SFY 2020 and will continue to be in perpetuity.

**Drinking Water Purchase Account**

*Sources of Funds:* Funds held in this account<sup>1</sup> come from proceeds of Program Bonds<sup>2</sup> issued by the Authority. The Authority expects to cause additional Program Bonds to be issued at times and in amounts sufficient to meet the funding requirements for loans presently closed as of the end of the SFY 2020 as well as loans anticipated to be closed in SFY 2020 and after.

*Uses of Funds:* These funds are used to make loans for qualified Proposed Projects as permitted by 40 CFR 35.3525(a). This use directly furthers the primary purpose of the DWSRF Loan Program by financing qualified Proposed Projects that facilitate compliance with the Safe Drinking Water Act and protect public health.

*Available Balance:* As of July 1, 2020, the aggregate amount of closed and committed loans exceeded the balance in this account ("Excess Commitments"). As additional loans are closed in SFY 2020, such committed amounts will contribute to additional Excess Commitments. The aggregate amount held in this account as of July 1, 2020 is shown in the Use Schedule. Accordingly, none of the funds presently on deposit in this account are available for other SRF Loan Program purposes except to finance closed and committed loans related to qualified Proposed Projects.

<sup>1</sup> Pursuant to SRF Indenture modification, the former State Match Loan Account was consolidated into this Account effective May 30, 2007.

<sup>2</sup> These bonds are revenue bonds within the meaning of 40 CFR 35.3525(e), the net proceeds of which were deposited in the DWSRF. To date, the Authority (or its predecessor issuer) has issued multiple series of bonds including several refunding series (the "Program Bonds"), a portion of which are issued for the DWSRF. An allocated portion of the Program Bonds were deposited in the Purchase Account (with such bonds being referred to as the "Guarantee Revenue Bonds" in this Report) to make loans from the DWSRF and a further allocated portion of the Program Bonds were deposited in the Purchase Account (or the former State Match Loan Account) as State Match (with such bonds being referred to as the "State Match Revenue Bonds" in this Report) to make loans or for other permitted purposes; their proceeds (together with other match sources) have matched all capitalization grants awarded to date as well as the not-yet-available FFY 2021 (FFY refers to the Federal Fiscal Year ending September 30 of the year listed) grant by reason of over-match.

### **Drinking Water Participant Loan Principal Account**

*Sources of Funds:* Funds held in this account come from principal payments on loans made from the Purchase Account and the former State Match Loan Account.

*Uses of Funds:* These funds are used to make payments on the outstanding Guarantee Revenue Bonds as permitted by 40 CFR 35.3525(e) and the Authority's Operating Agreement with EPA. This use indirectly furthers the primary purpose of the SRF by making loan proceeds available to finance qualified Proposed Projects that facilitate compliance with the Safe Drinking Water Act and protect public health.

*Available Balance:* Approximately annually, this account is fully depleted to make payments on Program Bonds. Accordingly, none of the funds presently on deposit in this account are available for other SRF purposes.

### **Drinking Water Participant Loan Interest Account**

*Sources of Funds:* Funds held in this account come from interest payments on loans made from the Purchase Account and the former State Match Loan Account.

*Uses of Funds:* These funds are used to make payments on the outstanding Guarantee Revenue Bonds and outstanding State Match Revenue Bonds as permitted by 40 CFR 35.3525(e) and 40 CFR 35.3550(g)(3), respectively. This use indirectly furthers the primary purpose of the SRF by making loan proceeds available to finance qualified Proposed Projects that facilitate compliance with the Safe Drinking Water Act and protect public health.

*Available Balance:* Approximately annually, this account is fully depleted to make payments on Program Bonds. Accordingly, none of the funds presently on deposit in this account are available for other SRF purposes.

**DRINKING WATER RESERVE**<sup>3</sup> contains the following accounts:

### **Drinking Water Reserve Earnings Account**

*Sources of Funds:* Funds held in this account come from interest payments on loans made from the Purchase Account and the State Match Loan Account together with other earnings on invested Reserve accounts.

*Uses of Funds:* These funds are *first* used to make payments on the outstanding Guarantee Revenue Bonds and outstanding State Match Revenue Bonds as permitted by 40 CFR

<sup>3</sup> Pursuant to SRF Indenture modification, effective May 30, 2007, the following Reserve accounts are pledged to particular series of Program Bonds by means of subaccounts therein. Such pledged accounts serve as the Reserve for only one Series of Program Bonds (a "Series Reserve") and are held at a fixed amount (a "Series Reserve Requirement") subject to annual reductions as principal on such Series of Program Bonds are repaid as required by the SRF indenture. While not labeled under this Reserve group of accounts, amounts held in Equity serve as security for the payment of Program Bonds, and thus, are part of the "reserve" for the purposes of this Report and the federal Safe Drinking Water Act, as amended.

35.3525(e) and 40 CFR 35.3550(g)(3), respectively, and *secondly* transferred to the Reserve Deficiency Account, as described below.

*Available Balance:* Approximately annually, this account is fully depleted to make payments on Program Bonds, with any excess available balances to be transferred to the Reserve Deficiency Account. Accordingly, none of the funds presently on deposit<sup>4</sup> in this account are available for other SRF purposes.

### **Drinking Water Reserve Grant Account**

*Sources of Funds:* Funds held in this account<sup>5</sup> come from federal capitalization grants drawn when funds are loaned, up to the amount therein (and in the Equity Grant Account) that equals the perpetuity amount, and any amounts in excess thereof come from State Match.<sup>6</sup>

*Uses of Funds:* These funds are used (i) as security<sup>7</sup> for outstanding Guarantee Revenue Bonds as permitted by 40 CFR 35.3525(e) and (ii) as a source of payment for the outstanding Guarantee Revenue Bonds and outstanding State Match Revenue Bonds as permitted by 40 CFR 35.3525(e) and 40 CFR 35.3550(g)(3), respectively. This use both directly and indirectly furthers the primary purpose of the DWSRF Loan Program by making financing for qualified Proposed Projects that facilitate compliance with the Safe Drinking Water Act and protect public health.

*Available Balance:* The aggregate amount held in this account (as of July 1, 2020 and as anticipated in SFY 2020) is shown in the Use Schedule.<sup>8</sup> In furtherance of these purposes, the funds in this account are invested with certain short-term investments, State and Local Government Series (SLGS) securities, and treasury and/or agencies obligations.

### **Drinking Water Reserve Deficiency Account**

*Sources of Funds:* Funds held in this account, if any, will come from other Reserve accounts discussed above when the amounts held in the group of accounts serving as the Reserve any

<sup>4</sup> And before any transfers to the CWSRF as discussed elsewhere in this Exhibit.

<sup>5</sup> Pursuant to SRF Indenture modification, the former State Match Account was consolidated into this Account effective May 30, 2007.

<sup>6</sup> State Match in this account came from State Match Revenue Bonds, and is from principal on loan repayments funded from such proceeds. As of July 1, 2020, such amounts related to State Match on deposit in this account have not been applied to Guarantee Revenue Bonds but may be so applied to make any regularly scheduled payments on the outstanding Guarantee Revenue Bonds as permitted by 40 CFR 35.3525(e) and the Authority's Operating Agreement with EPA.

<sup>7</sup> Pursuant to the financing indentures related to the cross-collateralized outstanding Program Bonds, the Authority is presently required to maintain reserves of at least \$94.4 million, which is to be held in the Reserve accounts and is not anticipated to be used to make loans to Participants. A portion of the reserves have been allocated to the DWSRF for purpose of this Annual Report (as shown in the amount set out in the Use Schedule). This is a minimum invested funds requirement. However, the Authority views invested amounts in excess of the foregoing minimum requirement as security and as a source of payment for the outstanding Program Bonds. Further, the Authority expects that the foregoing minimum requirement will increase as additional Program Bonds are issued in SFY 2021 and beyond. Such excess purposes are served by the Equity accounts to the extent that they are not anticipated to be used to make loans to Participants.

<sup>8</sup> And before any transfers to the CWSRF as discussed elsewhere in this Exhibit.



Series of Program Bonds (a “Series Reserve”) exceeds its Series Reserve Requirement.

*Uses of Funds:* These funds are used to fund each Series Reserve by immediately transferring them as necessary (the *first* possible use) to each Series Reserve that is below its Series Reserve Requirement on each February 1 and August 1 and secondly (if not required for such *first* use) shall be transferred to an Equity account (the *secondary* use; which is expected to occur). Any such transfer is either made to a Grant Account or Earnings Account depending on the source of the funds transferred to the Reserve Deficiency Account.

*Available Balance:* No amounts were held in this account as of July 1, 2020 nor are any so anticipated in SFY 2021.

**DRINKING WATER EQUITY**<sup>9</sup> contains the following accounts:

**Drinking Water Equity Grant Account**

*Sources of Funds:* Funds held in this account come from federal capitalization grants drawn when funds are loaned, up to the amount therein (and in the Reserve Grant Account) that equals the perpetuity amount, and any amounts in excess thereof come from State Match.

*Uses of Funds:* These funds are used (i) as security<sup>10</sup> and as a source of payment for the outstanding Guarantee Revenue Bonds as permitted by 40 CFR 35.3525(e), (ii) to fund any transfers to the Authority's CWSRF as permitted by law including Section 302 of the Safe Drinking Water Act, and (iii) to fund that portion of any loans closed but not presently on deposit in the Purchase Account<sup>11</sup> in the event additional leveraged Guarantee Revenue Bonds could not be issued for any reason to meet such commitments. This use both directly and indirectly furthers the primary purpose of the DWSRF Loan Program by making financing for qualified Proposed Projects that facilitate compliance with the Safe Drinking Water Act and protect public health.

<sup>9</sup> While funds held in these Equity accounts are not pledged to the payment of Program Bonds, the SRF Program Representative may, but is not required to, direct that they be used to pay Program Bonds. Further, the Authority would expect such to occur if it was necessary to pay such bonds and, thus, while not labeled under as Reserve in this Report, the DWSRF treats it as part of the “reserve” for the purposes of this Report and the federal Safe Drinking Water Act, as amended.

<sup>10</sup> Pursuant to the financing indentures, the Authority may use these funds if the Reserve Grant Account were insufficient to pay outstanding Program Bonds. Further, the Authority expects that the foregoing minimum requirement of Reserve accounts will increase as additional Program Bonds are issued in SFY 2021 and will result in a transfer of any uncommitted amounts in the Equity Grant Account to the Reserve Grant Account inclusive of any Capitalization Grants drawn into the SRF after July 1, 2020.

<sup>11</sup> In addition to meeting any Excess Commitments as of July 1, 2020, additional Excess Commitments will occur before additional Guarantee Revenue Bonds are issued. This will result from closing new loans for qualified Proposed Projects with (a) approved preliminary engineering reports (PERs) as of July 1, 2020, (b) PERs submitted and under review by the DWSRF as of July 1, 2020 and (c) additional PERs to be submitted (including as set in the new PPL in SFY 2021), each as detailed in the Use Schedule.

*Available Balance:* The aggregate amount held in this account (as of July 1, 2020 and as anticipated in SFY 2020) is shown in the Use Schedule.<sup>12</sup> In furtherance of these purposes, the funds in this account are invested with certain short-term investments and State and Local Government Series (SLGS) securities.

### **Drinking Water Equity Earnings Account**

*Sources of Funds:* Funds held in this account come from (a) transfers from the Reserve Earnings Account and the Participant Loan Interest Account undertaken approximately annually or at the time of an issuance of additional Program Bonds and (b) earnings on amounts invested in the Equity accounts.

*Uses of Funds:* These funds are used (i) as security and as a source of payment for the outstanding Guarantee Revenue Bonds and outstanding State Match Revenue Bonds as permitted by 40 CFR 35.3525(e) and 40 CFR 35.3550(g)(3), respectively, like the Equity Grant Account and (ii) to fund that portion of any loans closed but not on deposit in the Purchase Account in the event additional leveraged Guarantee Revenue Bonds could not be issued for any reason to meet such commitments. This use both directly and indirectly furthers the primary purpose of the SRF by making financing for qualified Proposed Projects that facilitate compliance with the Safe Drinking Water Act and protect public health.

*Available Balance:* The aggregate amount held in this account as of July 1, 2020 is shown in the Use Schedule.<sup>13</sup>

### **Additional Information Concerning Expected Uses of SRF Funds**

**Use of Available Balances to Meet Closed Loan Commitments.** Under its existing practices, the Authority closes DWSRF loans with Participants without the necessity of having available balances in its Purchase Account to fully fund those loan commitments on the date a DWSRF loan is closed. As of July 1, 2020, there were Excess Commitments. By closing new loans for qualified Proposed Projects with (a) approved PERs as of July 1, 2020, (b) PERs submitted and under review by the DWSRF as of July 1, 2020 and (c) additional PERs to be submitted (including as set in the new PPL in SFY 2020), the aggregate amount of Excess Commitments would become as shown in the Use Schedule.

The Authority expects to cause additional Program Bonds to be issued at times and in amounts sufficient to meet the funding requirements for loans presently closed and those anticipated to be closed in SFY 2021. Additionally, certain amounts held in the Equity Grant Account and Equity Earnings Account are available and would be used to meet a portion of the projected funding requirements for loans presently closed (and those anticipated to be closed in SFY 2020) in the event additional Guarantee Revenue Bonds could not be issued.

<sup>12</sup> And before any transfers to the CWSRF as discussed elsewhere in this Exhibit.

<sup>13</sup> And before any transfers to the CWSRF as discussed elsewhere in this Exhibit.

**Use of Available Balances as a Reserve and Source of Payment for Guarantee Revenue Bonds.** Amounts held in the Reserve Deficiency Account, Equity Grant Account, Reserve Grant Account Reserve Earnings Account and Equity Earnings Account secure, and are a source of payment, for Guarantee Revenue Bonds as permitted by 40 CFR 35.3525(e). In addition to this use, a portion of these funds are also held to meet (a) Excess Commitments in SFY 2020 in the event additional Guarantee Revenue Bonds could not to be issued and (b) any transfers to the CWSRF as permitted by law.

**Use of Available Balances as a Source of Payment for State Match Revenue Bonds.** All SRF earnings including amounts held in the Reserve Earnings Account and Equity Earnings Account secure, and are a source of payment, for State Match Revenue Bonds as permitted by 40 CFR 35.3550(g)(3). In addition to this use, a portion of these funds are held to meet (a) Excess Commitments in SFY 2020 in the event additional Guarantee Revenue Bonds could not to be issued and (b) any transfers to the CWSRF as permitted by law.

**Use of Available Balances to Possibly Transfer Funds to the Wastewater SRF.** As of July 1, 2020, about \$23.6 million has been transferred to DWSRF. As of July 1, 2020, the cumulative transfer amount available for additional transfers from CWSRF to the DWSRF could result in up to approximately \$105.8 million of allowable transfers which includes 33% of the FFY 2020 grant. The full amount of any such potential transfers is banked.

Further, transfers can be made from DWSRF to the CWSRF up to the cumulative amount made from CWSRF to DWSRF to date, together with an amount equal to 33 percent of aggregate Drinking Water Capitalization Grants awarded. The full amount of any such potential transfers is banked.

Since the inception of the DWSRF, the Authority (or its predecessor) has banked transfers up to maximum permitted limit and continues to do so; funds held in the Equity Grant Account might be used for this purpose. Such transfer may be effectuated by a transfer of an invested balance from one or more of the Authority's investments. These invested funds would then be used to support the issuance of Guarantee Revenue Bonds, the proceeds of which would be used to make Program loans. Any such determination would be based on whether the DWSRF or CWSRF program is more in need of funds (when considering their respective priorities) than the other. While a transfer from DWSRF to the CWSRF is not expected, it is also banked to reserve the Authority's discretion.

Exhibit I-Schedule 1

	Account Balances*	
	30-Jun-2020 (Actual)	Future Deposits in SFY
<b><u>A. Funds Committed to Projects by DWSRF</u></b>		
Purchase Account	\$ 21,900,000	\$ -
	<u>\$ 21,900,000</u>	<u>\$ -</u>
<b><u>B. Other Funds Held in DWSRF</u></b>		
Reserve Grant Account	\$ 9,500,000	\$ -
Reserve Earnings Account	-	-
Reserve Support Account	-	-
Reserve Deficiency Account	-	-
Equity Grant Account	80,800,000	\$ 25,800,000
Equity Earnings Account	18,300,000	-
	<u>\$ 108,600,000</u>	<u>\$ 25,800,000</u>
<b>Total Available Funds (A. and B. above)</b>	<u><u>\$ 130,500,000</u></u>	<u><u>\$ 25,800,000</u></u>

**Proof of Timely & Expedious Use of Above Funds Held in DWSRF\***

Closed Loan (Undrawn loan amounts covered by on-hand Purchase A/C Funds)	\$ 21,900,000
Closed Loan Excess Commitments (after Application of above Purchase A/C **)	12,400,000
Closed Loan to be funded directly from Equity (undrawn portion of loan)	400,000
PERs In-house (approved & under-review) Awaiting Loan Closing	344,800,000
Other Projects on new SFY's PPL, Requesting Loan Funding	6,500,000
1. Use: to cover Loan Demand***	386,000,000
2. Use: to cover Series Reserve Requirement	8,700,000
<b>Possible Uses of Funds</b> (1 & 2 above without considering other secondary purposes for holding them in the DWSRF) # are as follows:	<u>\$ 394,700,000</u>

<b>Uses of Funds (1 &amp; 2 above):</b>	\$ 394,700,000
<b>Less: Total Available Funds (A. and B. above)</b>	156,300,000
<b>Amount by which "Possible Uses of Funds" EXCEED "Total Available Funds"</b>	<u><u>\$ 238,400,000</u></u>

Notes:

- \* Amounts are approximate & rounded to nearest \$100,000
- \*\* This amount is a net unfunded amount of closed loans after application of the June 30th on-hand balance.
- \*\*\* While use will likely be met with future Program Bonds, possible that on-hand funds could be used. When covered by issuance of Program Bonds used to make subsidized loan, a reserve of 40% to 50% is funded from Equity and additional Program Bonds are used to make pooled loan at a market rate. Such Program Bonds would not be sufficient to meet all needs.

Exhibit J  
SFY 2020 DWSRF Loan Program Quarterly Interest Rates<sup>1</sup>

State Fiscal Year (SFY) By Quarter (Qtr)	User Rates (Over \$45)	User Rates (\$25 to \$45)	User Rates (Under \$25)
Tier III (Median Household Income <sup>2</sup> : under \$41,746)			
1 <sup>st</sup> Qtr SFY 2020	2.00%	2.00%	2.00%
2 <sup>nd</sup> Qtr SFY 2020	2.00%	2.00%	2.00%
3 <sup>rd</sup> Qtr SFY 2020	2.00%	2.00%	2.00%
4 <sup>th</sup> Qtr SFY 2020	2.00%	2.00%	2.00%
Tier II (Median Household Income: \$41,747 to \$52,181)			
1 <sup>st</sup> Qtr SFY 2020	2.00%	2.00%	2.00%
2 <sup>nd</sup> Qtr SFY 2020	2.00%	2.00%	2.00%
3 <sup>rd</sup> Qtr SFY 2020	2.00%	2.00%	2.00%
4 <sup>th</sup> Qtr SFY 2020	2.00%	2.00%	2.00%
Tier I (Median Household Income: over \$52,182)			
1 <sup>st</sup> Qtr SFY 2020	2.00%	2.00%	2.00%
2 <sup>nd</sup> Qtr SFY 2020	2.00%	2.00%	2.00%
3 <sup>rd</sup> Qtr SFY 2020	2.00%	2.00%	2.00%
4 <sup>th</sup> Qtr SFY 2020	2.00%	2.00%	2.00%

<sup>1</sup> Up to an additional .50 percent reduction is possible if a project is financed that includes green/sustainable, including climate resiliency, components. The SRF interest rate may also be reduced if a project includes lead line replacement.

<sup>2</sup> Median Household Income reflected in the 2013-2017 ACS 5-year Estimate data.

Exhibit K

Summary of Drinking Water Program Fee Sources and Uses

<b><u>Total Fees Collected</u></b> \$ 11,000,000
---

<b>Participant/ Project</b>	<b>Description</b>	<b>Allocated Amount</b>	<b>Expenses</b>	<b>Participant/ Project Balance</b>		
<b>WhyFi Water Admin</b>	Senate Enrolled Act No. 347 (Act) requires all public water utilities in the State of Indiana to provide to the Indiana Finance Authority (IFA) a Non-Revenue Water Audit as identified in the American Water Works Association Manual of Water Supply Practices M-36.	495,270	(495,270)	-		
<b>Jonesboro</b>	To provide the Town of Jonesboro funding to purchase remote water metering equipment. Original loan amount was \$129,000; undrawn balance re-amortized on 2/27/20.	88,936	(88,936)	-		
<b>Lebanon</b>	Installing water main, a raw water main, and electrical improvements at the Sugar Creek WTP. In tandem with SRF funds (BAN returned)	-	-	-		
<b>Lead Sampling Program</b>	To complete the public health goal of ensuring safe drinking water for Indiana public schools, the Authority will implement a lead sampling program. The goal of the program is to fund a voluntary lead sampling program for interested public schools in the state. The program will offer drinking water sampling and testing of Indiana public school buildings to ensure Indiana's public schools are aware of any lead exceedances.  The Authority will work with IDEM and any necessary third party contractors who can assist in the development, implementation, training, sampling, and reporting of data.	5,000,000	(3,264,693)	1,735,307		
<b>Delphi</b>	Installing water main, a raw water main, a new booster station, a new ground storage tank, and rehabilitation of two other storage tanks. In tandem with SRF funds.	1,000,000	-	1,000,000		
<b>TOTAL</b>		<b>6,584,206</b>	<b>(3,848,899)</b>	<b>2,735,307</b>		
<b>Loan Repayments</b>				52,430		
<b>Interest Earned</b>				348,890		
		<table border="1"> <tr> <td align="center"> <b><u>Unallocated Funds</u></b>                      \$ 4,817,114                 </td> </tr> </table>	<b><u>Unallocated Funds</u></b> \$ 4,817,114		<table border="1"> <tr> <td align="center"> <b><u>Account Balance</u></b>                      \$ 7,552,421                 </td> </tr> </table>	<b><u>Account Balance</u></b> \$ 7,552,421
<b><u>Unallocated Funds</u></b> \$ 4,817,114						
<b><u>Account Balance</u></b> \$ 7,552,421						

Exhibit L  
Summary of DWSRF Transfers

Consistent with its Intended Use Plans and EPA Policy Statement (FRL-6884-7, 65 FR 199, 10/13/00, pg. 60940), the State is reporting on transfers between the CWSRF and the DWSRF. In its Intended Use Plans, the State 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, 2020, an amount of up to 33 percent of the Safe Drinking Water Act grants for FFYs 1997 through 2020 could be so transferred on a net cumulative basis. Based on the State's award of Safe Drinking Water Act related funds for FFY 1997 through 2020, to date, approximately \$23.6 million has been transferred to the DWSRF from the CWSRF. The following transfers were made from the 1998 Restricted Subaccount of the Wastewater Equity Account held under the Wastewater Indenture, which represents federal grants previously converted to cash and deposited in that account, to the Drinking Water Trustee for deposit in the 1998 Restricted Subaccount of the Drinking Water Equity Account held under the Drinking Water Indenture:

<u>Transfer Dates</u>	<u>Transfer Amounts</u>
August 25, 2000	\$17,479,407
February 15, 2001	2,985,491
May 1, 2002	<u>3,120,183</u>
<b>Total</b>	<b>\$23,585,081</b>

Such transfers did not negatively affect the capacity of the CWSRF to finance proposed projects during SFY 2020.



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

COMBINED FINANCIAL STATEMENTS

June 30, 2020 and 2019



**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 Financial Statements**

We have audited the accompanying 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, 2020 and 2019, 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.

### ***Management's Responsibility 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; this includes 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Uniform Compliance Guidelines for Audit of State and Local Governments by Authorized Independent Public Accountants*, issued by the Indiana State Board of Accounts. Those standards and guidelines require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

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

1.

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

### ***Opinion***

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of State Revolving Fund Loan Programs at June 30, 2020 and 2019, and the changes in their net position and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 be presented to supplement the basic combined financial statements. Such information, 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.

### **Report on Other Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the basic combined financial statements as a whole. The supplementary 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 30, 2020, 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 30, 2020

## **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, 2020**

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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, 2020. All amounts, unless otherwise indicated, are expressed in thousands of dollars and are approximate.

**Financial Highlights:** The SRF Programs' total net position increased by \$80.8 million during the current fiscal year from \$1,423.8 million to \$1,504.6 million. Nonoperating revenues consisted of \$76.4 million of capital contributions (grants) from the U.S. Environmental Protection Agency (EPA) during fiscal year 2020. 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 \$278.7 million. The primary increase in liabilities is a result of scheduled principal payments and refunding bonds, net of issuing \$432 million in new bonds/loans. The SRF Programs issued 2019F Bonds, 2019E Bonds, and WIFIA (Water Infrastructure Finance and Innovation Act) Loan Series 1 for \$432 million. The SRF Programs refunded \$54.8 million of the partial Series 2010A and 2010C bonds.

The SRF Programs disbursed \$707 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 a comprehensive annual 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, 2020**

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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 12-37 of this report.

In addition to the basic combined financial statements and accompanying notes, this report also presents other supplementary information on pages 38-40. 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, 2020**

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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 \$1,504.6 million at the close of the most recent fiscal year.

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

	2020	June 30, 2019	2018
Current assets	\$ 709,361	\$ 701,215	\$ 619,442
Noncurrent assets	<u>2,898,741</u>	<u>2,543,212</u>	<u>2,239,265</u>
Total Assets	<u>3,608,102</u>	<u>3,244,427</u>	<u>2,858,707</u>
 Deferred Outflows of Resources	 <u>10,969</u>	 <u>15,138</u>	 <u>21,272</u>
 Current liabilities	 170,883	 152,023	 149,158
Long-term liabilities	<u>1,943,570</u>	<u>1,683,732</u>	<u>1,373,388</u>
Total Liabilities	<u>2,114,453</u>	<u>1,835,755</u>	<u>1,522,546</u>
 Net Position			
Restricted	<u>1,504,618</u>	<u>1,423,810</u>	<u>1,357,433</u>
 Total Net Position	 <u>\$1,504,618</u>	 <u>\$1,423,810</u>	 <u>\$1,357,433</u>

Total assets have increased over the years as the SRF Programs continue to mature, manage new and existing projects, and receive new grants. Typically 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 2020, participant needs were met with EPA grants, new bond issuances, 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, 2020**

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

	Years Ended June 30,		
	2020	2019	2018
Operating Revenues			
Interest income-investments	\$ 13,495	\$ 18,906	\$ 7,202
Interest income-participants	75,249	60,461	56,104
Other	<u>1,754</u>	<u>803</u>	<u>1,590</u>
Total operating revenues	<u>90,498</u>	<u>80,170</u>	<u>64,896</u>
Operating Expenses			
Interest	53,056	45,262	47,521
Bond issuance costs	2,102	3,505	1,255
Trustee fees	93	74	84
Other program and administrative	<u>6,836</u>	<u>4,490</u>	<u>5,101</u>
Total operating expenses	<u>62,087</u>	<u>53,331</u>	<u>53,961</u>
Operating Income	28,411	26,839	10,935
Nonoperating Revenues and (Expenses)			
Capital contributions (EPA Grants)	76,420	54,619	43,585
Loan forgiveness	<u>(24,023)</u>	<u>(15,081)</u>	<u>(6,272)</u>
Total nonoperating revenues and (expenses)	<u>52,397</u>	<u>39,538</u>	<u>37,313</u>
Increase in Net Position	80,808	66,377	48,248
Net Position:			
Beginning of Year	<u>1,423,810</u>	<u>1,357,433</u>	<u>1,309,185</u>
End of Year	<u>\$1,504,618</u>	<u>\$1,423,810</u>	<u>\$1,357,433</u>

The SRF Programs' net position increased by \$80.8 million during the current fiscal year. Key elements of this increase are as follows:

- The SRF Programs received \$76.4 million in capital contributions (grants) from the EPA for qualified drinking water projects and related program purposes.
- Operating revenues exceeded operating expenses by \$28.4 million.
- The SRF Programs had \$24 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, 2020**

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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)

	2020	2019	2018
Net Bond Indebtedness	<u>\$2,078,198</u>	<u>\$1,803,942</u>	<u>\$1,494,373</u>

During the current fiscal year, the SRF Programs' debt increased by \$274 million. The primary increase in liabilities is a result of scheduled principal payments and refunding bonds, net of issuing \$432 million in new bonds/loans. The SRF Programs issued 2019F Bonds, 2019E Bonds, and WIFIA Loan Series 1 for \$432 million. The SRF Programs refunded \$54.8 million of the partial Series 2010A, and 2010C bonds.

Additional information on the SRF Programs' long-term debt can be found in Notes 7 and 8 to the combined financial statements on pages 23-36 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, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Current Assets:		
Cash and equivalents	\$ 439,146,794	\$ 527,560,673
Interest receivable	35,505,002	30,588,648
Due from EPA	130,039	384,502
Accounts receivable	2,000	33,500
Loans receivable-current, net	234,577,160	142,647,483
Total Current Assets	<u>709,360,995</u>	<u>701,214,806</u>
Noncurrent Assets:		
Investments	65,805,170	105,492,679
Loans receivable, net	2,832,829,088	2,437,612,328
Equipment, net	106,253	106,714
Total Noncurrent Assets	<u>2,898,740,511</u>	<u>2,543,211,721</u>
Total Assets	<u>3,608,101,506</u>	<u>3,244,426,527</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Loss on debt refunding	10,969,366	15,138,221
Total Deferred Outflows of Resources	<u>10,969,366</u>	<u>15,138,221</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Interest payable	35,591,049	30,746,843
Accounts payable	591,977	1,066,288
Bonds/Loans payable-current, net	134,700,300	120,210,000
Total Current Liabilities	<u>170,883,326</u>	<u>152,023,131</u>
Long-term Liabilities:		
Amount due to federal government	71,429	-
Bonds/Loans payable, net	1,943,497,895	1,683,731,542
Total Long-term Liabilities	<u>1,943,569,324</u>	<u>1,683,731,542</u>
Total Liabilities	<u>2,114,452,650</u>	<u>1,835,754,673</u>
<b>NET POSITION</b>		
Restricted for water pollution and drinking water projects and other related program purposes	<u>\$ 1,504,618,222</u>	<u>\$ 1,423,810,075</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, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>OPERATING REVENUES</b>		
Interest income-investments	\$ 13,495,005	\$ 18,906,464
Interest income-loan participants	75,248,860	60,460,832
Administration and premium fees	48,663	60,135
Other	<u>1,706,063</u>	<u>743,170</u>
<b>Total Operating Revenues</b>	<u><b>90,498,591</b></u>	<u><b>80,170,601</b></u>
<b>OPERATING EXPENSES</b>		
Interest	53,055,666	45,262,498
Bond issuance costs	2,102,446	3,504,627
Trustee fees	92,900	73,850
Other program and administrative	<u>6,836,047</u>	<u>4,490,261</u>
<b>Total Operating Expenses</b>	<u><b>62,087,059</b></u>	<u><b>53,331,236</b></u>
<b>OPERATING INCOME</b>	28,411,532	26,839,365
<b>NONOPERATING REVENUES AND (EXPENSES)</b>		
Capital contributions (EPA Grants)	76,419,893	54,618,855
Loan forgiveness	<u>(24,023,278)</u>	<u>(15,081,437)</u>
<b>Total Nonoperating Revenues and (Expenses)</b>	<u><b>52,396,615</b></u>	<u><b>39,537,418</b></u>
<b>INCREASE IN NET POSITION</b>	80,808,147	66,376,783
<b>NET POSITION</b>		
Beginning of Year	<u>1,423,810,075</u>	<u>1,357,433,292</u>
End of Year	<u><b>\$ 1,504,618,222</b></u>	<u><b>\$ 1,423,810,075</b></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, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash payments for salaries, administrative and other expenses	\$ (5,593,805)	\$ (4,081,757)
Administration fee	48,663	60,135
Net Cash Used by Operating Activities	<u>(5,545,142)</u>	<u>(4,021,622)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Maturities of loans to participants	219,900,208	131,562,326
Issuance of loans to participants	(707,046,645)	(571,562,512)
Change in investments	39,687,509	120,668,067
Interest received on loans and investments	83,827,511	74,411,089
Net Cash Used by Investing Activities	<u>(363,631,417)</u>	<u>(244,921,030)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Proceeds from debt issuance	485,607,143	615,661,794
Principal payments to reduce indebtedness including refunding	(175,390,578)	(273,133,720)
Payment of debt issuance costs, net of refunding	(2,102,446)	(3,504,627)
Interest paid on debt	(80,002,517)	(68,218,832)
Net Cash Provided by Non-Capital Financing Activities	<u>228,111,602</u>	<u>270,804,615</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Capital contributions (EPA grants)	76,674,356	54,442,630
Issuance of forgivable loans to participants	(24,023,278)	(15,081,437)
Net Cash Provided by Capital Financing Activities	<u>52,651,078</u>	<u>39,361,193</u>
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	(88,413,879)	61,223,156
<b>CASH AND EQUIVALENTS</b>		
Beginning of Year	<u>527,560,673</u>	<u>466,337,517</u>
End of Year	<u>\$ 439,146,794</u>	<u>\$ 527,560,673</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 28,411,532	\$ 26,839,365
Adjustments to reconcile operating income to net cash used by operating activities:		
Depreciation	461	461
Interest income	(88,743,865)	(79,367,296)
Interest expense	53,055,666	45,262,498
Bond issuance costs	2,102,446	3,504,627
Changes in assets and liabilities:		
Accounts receivable	31,500	(32,500)
Accounts payable	(474,311)	387,273
Amount due to federal government	71,429	(616,050)
Net Cash Used by Operating Activities	<u>\$ (5,545,142)</u>	<u>\$ (4,021,622)</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, 2020 and 2019**

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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 a comprehensive annual 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, 2020 and 2019**

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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 2004B, 2006A, 2009A, 2010A, 2010B, 2010C, 2011A, 2012A, 2012B, 2012C, 2013A, 2014B, 2015A, 2015B, 2016A, 2016B, 2016D, 2016E, 2017B, 2017C, 2018A, 2019A, 2019C, 2019D, 2019E, 2019F 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**  
**(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**Years Ended June 30, 2020 and 2019**

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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 \$46,084,313 and \$29,349,848 at June 30, 2020 and 2019, 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 30, 2020, the date the combined financial statements were available to be issued.

**STATE REVOLVING FUND LOAN PROGRAMS  
(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)  
NOTES TO COMBINED FINANCIAL STATEMENTS  
Years Ended June 30, 2020 and 2019**

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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, 2020 and 2019 follows:

	<u>2020</u>		
	<u>Wastewater</u>	<u>Drinking Water</u>	<u>Total</u>
Money market funds	\$ 231,108,713	\$ 98,619,075	\$ 329,727,788
Government obligations	<u>121,650,130</u>	<u>53,574,046</u>	<u>175,224,176</u>
	<u>\$ 352,758,843</u>	<u>\$ 152,193,121</u>	<u>\$ 504,951,964</u>
	<u>2019</u>		
	<u>Wastewater</u>	<u>Drinking Water</u>	<u>Total</u>
Money market funds	\$ 188,689,073	\$ 43,463,028	\$ 232,152,101
Bank deposits	136,017,538	33,248,732	169,266,270
Government obligations	<u>183,930,062</u>	<u>47,704,919</u>	<u>231,634,981</u>
	<u>\$ 508,636,673</u>	<u>\$ 124,416,679</u>	<u>\$ 633,053,352</u>

**STATE REVOLVING FUND LOAN PROGRAMS  
(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)  
NOTES TO COMBINED FINANCIAL STATEMENTS  
Years Ended June 30, 2020 and 2019**

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

Investment Type and Interest Rate Risk Disclosure: As of June 30, 2020, the SRF Programs had the following investments and maturities (amounts are in thousands):

	<b>Wastewater</b>				
	<b>Investment Maturities (in years)</b>				
Fair Value	< 1	1 - < 5	5 - < 10	> 10	
Money market funds	\$231,109	\$ 231,109	\$ -	\$ -	\$ -
Government obligations	<u>121,650</u>	<u>74,623</u>	<u>36,372</u>	<u>10,655</u>	<u>-</u>
	<u>\$352,759</u>	<u>\$ 305,732</u>	<u>\$ 36,372</u>	<u>\$ 10,655</u>	<u>\$ -</u>

	<b>Drinking Water</b>				
	<b>Investment Maturities (in years)</b>				
Fair Value	< 1	1 - < 5	5 - < 10	> 10	
Money market funds	\$ 98,619	\$ 98,619	\$ -	\$ -	\$ -
Government obligations	<u>53,574</u>	<u>34,796</u>	<u>16,654</u>	<u>2,124</u>	<u>-</u>
	<u>\$ 152,193</u>	<u>\$ 133,415</u>	<u>\$ 16,654</u>	<u>\$ 2,124</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, 2020:

	<b>S&amp;P</b>	<b>Fitch</b>	<b>Moody's</b>	<b>Fair Value</b>
Money market funds	AAAm	N/A	Aaa-mf	\$ 329,728
Government obligations	AA+	AAA	Aaa	<u>175,224</u>
Total Rated Investments				<u>\$ 504,952</u>

**STATE REVOLVING FUND LOAN PROGRAMS**  
**(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**Years Ended June 30, 2020 and 2019**

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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, 2020:

Blackrock Government	45%
Federal Governmental Agency Debt	18%
US Treasury	17%
Dreyfus Government	15%
Goldman FS Government	5%

**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.

*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.

**STATE REVOLVING FUND LOAN PROGRAMS**  
**(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**Years Ended June 30, 2020 and 2019**

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

*Level 3* - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. In situations where there is little or no market activity for the asset or liability, the 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, 2020 and 2019.

*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.

*Bank Deposits:* Determined by discounting the related cash flows on current yields of similar investments with comparable durations considering the credit-worthiness of the issuer.

*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  
(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)  
NOTES TO COMBINED FINANCIAL STATEMENTS  
Years Ended June 30, 2020 and 2019**

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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, 2020 and 2019:

<b>2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
<b>Assets</b>			
Cash Equivalents:			
Money Market Fund Shares	\$329,727,788	\$ -	\$329,727,788
Government Obligations	-	109,419,006	109,419,006
Investments:			
Government Obligations	<u>-</u>	<u>65,805,170</u>	<u>65,805,170</u>
Total Assets at Fair Value	<u>\$329,727,788</u>	<u>\$175,224,176</u>	<u>\$504,951,964</u>
<b>2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
<b>Assets</b>			
Cash Equivalents:			
Money Market Fund Shares	\$232,152,101	\$ -	\$232,152,101
Bank Deposits	-	169,266,270	169,266,270
Government Obligations	-	126,142,302	126,142,302
Investments:			
Government Obligations	<u>-</u>	<u>105,492,679</u>	<u>105,492,679</u>
Total Assets at Fair Value	<u>\$232,152,101</u>	<u>\$400,901,251</u>	<u>\$633,053,352</u>

At June 30, 2020 and 2019, 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  
(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)  
NOTES TO COMBINED FINANCIAL STATEMENTS  
Years Ended June 30, 2020 and 2019**

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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, 2020 and 2019 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, 2020</b>	<b>Loans Receivable as of June 30, 2019</b>	<b>Actual Loan Available Less Principal Repayments as of June 30, 2020</b>
Wastewater Fund	\$2,538,541,357	\$2,115,391,312	\$2,703,330,741
Drinking Water Fund	<u>528,864,891</u>	<u>464,868,499</u>	<u>555,292,322</u>
Total All Loans	<u>\$3,067,406,248</u>	<u>\$2,580,259,811</u>	<u>\$3,258,623,063</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 \$234,577,160 at June 30, 2020 and \$142,647,483 at June 30, 2019.

**STATE REVOLVING FUND LOAN PROGRAMS**  
**(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**Years Ended June 30, 2020 and 2019**

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**NOTE 4 - LOANS RECEIVABLE (CONTINUED)**

As of June 30, 2020, 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, 2020</b>	<b>Loans Receivable as of June 30, 2019</b>	<b>Actual Loan Available Less Principal Repayments as of June 30, 2020</b>
<b>Wastewater Fund</b>			
Citizens Water Authority	\$ 348,616,713	\$ 171,757,389	\$ 348,616,713
City of Evansville	329,716,251	258,221,934	332,264,000
City of Fort Wayne	312,855,342	275,132,564	389,282,984
City of Terre Haute	193,748,000	202,015,000	193,748,000
City of Indianapolis (escrow)	149,886,750	168,512,000	149,886,750
<b>Drinking Water Fund</b>			
City of Evansville	\$ 77,220,000	\$ 77,220,000	\$ 77,220,000
City of Fort Wayne	49,524,508	29,911,000	55,250,000
City of East Chicago	40,291,722	42,373,234	40,648,000
City of Greensburg	29,214,623	30,659,273	29,214,623
City of Batesville	18,770,000	-	18,770,000
Town of Bargersville	14,620,000	15,275,000	14,620,000
City of Bluffton	13,789,000	-	13,789,000
City of Mishawaka	13,000,000	13,000,000	13,000,000
City of Delphi	12,552,000	7,420,000	12,552,000



**STATE REVOLVING FUND LOAN PROGRAMS  
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**NOTE 5 - INTEREST RECEIVABLE**

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

	<b>Investments</b>	<b>Loans</b>	<b>Total</b>
Interest receivable at June 30, 2020:			
Wastewater	\$ 373,881	\$ 29,623,112	\$ 29,996,993
Drinking Water	<u>106,390</u>	<u>5,401,619</u>	<u>5,508,009</u>
	<u>\$ 480,271</u>	<u>\$ 35,024,731</u>	<u>\$ 35,505,002</u>
Interest receivable at June 30, 2019:			
Wastewater	\$ 1,109,085	\$ 24,331,365	\$ 25,440,450
Drinking Water	<u>288,207</u>	<u>4,859,991</u>	<u>5,148,198</u>
	<u>\$ 1,397,292</u>	<u>\$ 29,191,356</u>	<u>\$ 30,588,648</u>

**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, 2020, 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, 2020, the SRF Programs had the following liabilities:

	<b>Yield Reduction</b>	<b>Due Date</b>
<b>2019C</b>		
Wastewater Fund	\$21,870	January 31, 2024
Drinking Water Fund	<u>13,786</u>	January 31, 2024
	<u>\$35,656</u>	
<b>2019F</b>		
Wastewater Fund	\$30,515	January 31, 2024
Drinking Water Fund	<u>5,258</u>	January 31, 2024
	<u>\$35,773</u>	

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**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, 2020 and 2019 for bonds issued on behalf of the SRF Programs are summarized as follows:

	2020	2019
<b><u>Wastewater Fund:</u></b>		
<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.	\$ 45,590,000	\$ -
<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.	135,820,000	-
<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.	164,000,000	-

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

	2020	2019
<p><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</p>	\$ 49,850,000	\$ 49,850,000
<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.</p>	110,000,000	110,000,000
<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.</p>	81,765,000	81,765,000
<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>	15,310,000	16,835,000

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

	2020	2019
<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.</p>	\$ 78,400,000	\$ 78,400,000
<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.</p>	161,440,000	164,445,000
<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>	41,660,000	48,240,000
<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.</p>	52,455,000	53,645,000
<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, \$118,531,184 was allocated to the WSRF Program based upon the percentage of the original bond proceeds allocated to each program.</p>	101,006,522	104,653,244

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

	2020	2019
<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.</p>	\$ 86,906,898	\$ 90,740,692
<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>	20,500,671	35,844,929
<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>	20,160,000	32,210,000
<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.</p>	26,185,000	28,540,000

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

	2020	2019
<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.</p>	\$ 6,655,000	\$ 6,655,000
<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.</p>	75,845,000	76,815,000
<p><b>Series 2010C Refunding Bonds</b> issued October 20, 2010 for the aggregate amount of \$64,925,000 to refund the callable portion of Series 2001A, 2002B, and 2004B Bonds, maturing from February 1, 2020 to February 1, 2023 at an interest rate of 5.00%. Of this, \$57,370,000 was allocated to the WSRF Program based upon the percentage of the original bond proceeds allocated to each program. In April 2019, \$9,080,000 was cash defeased. In November 2019, \$42,075,000 was refunded.</p>	-	48,290,000
<p><b>Series 2010B Bonds</b> issued October 20, 2010 for the aggregate amount of \$100,000,000, maturing from February 1, 2011 to February 1, 2030 at interest rates ranging from 1.50% to 5.00%. Of this, \$80,000,000 was allocated to the WSRF Program based upon the percentage of original bond proceeds allocated to each program. In October 2016, \$42,325,000 was refunded. In November 2017, \$5,175,000 was refunded.</p>	-	7,775,000

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

	2020	2019
<p><b>Series 2010A Refunding Bonds</b> issued February 2, 2010 for the aggregate amount of \$288,970,000 to refund the callable portion of Series 2000B, 2001A, 2002B, 2004B, and 2004C Bonds, maturing from February 1, 2011 to February 1, 2024 at interest rates ranging from 2.00% to 5.00%. Of this, \$246,735,000 was allocated to the WSRF Program based upon the percentage of original bond proceeds allocated to each program. In April 2019, \$13,375,000 was cash defeased. In November 2019, \$4,780,000 was refunded.</p>	\$ -	\$ 37,990,000
<b>Subtotal-Wastewater Fund</b>	<u>\$1,540,289,091</u>	<u>\$ 1,339,433,865</u>
<b><u>Drinking Water Fund:</u></b>		
<p><b>Series 2019F Bonds</b> issued November 21, 2019 for the aggregate amount of \$53,445,000 to refund the callable portion of Series 2010A and 2010C Bonds maturing from February 1, 2021 to February 1, 2022 at an interest rate of 5.00%. Of this, \$7,855,000 was allocated to the DWSRF Program based upon the percentage of the original bond proceeds allocated to each program.</p>	\$ 7,855,000	\$ -
<p><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.</p>	79,180,000	-
<p><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.</p>	18,570,000	18,570,000

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

	2020	2019
<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
<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.	42,910,000	43,195,000
<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.	41,700,000	41,700,000
<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 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.	3,830,000	4,210,000
<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.	7,530,000	7,530,000

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

	2020	2019
<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>	\$ 3,910,000	\$ 4,875,000
<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>	4,060,000	4,730,000
<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>	18,553,478	18,941,756
<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.</p>	8,868,102	9,259,308

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

	2020	2019
<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>	\$ 4,079,329	\$ 8,880,071
<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>	8,965,000	11,315,000
<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>	3,475,000	3,475,000
<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, \$17,145,000 was allocated to the DWSRF Program based upon the percentage of original bond proceeds allocated to each program. In March 2015, \$6,085,000 was refunded. In November 2017, \$5,695,000 was refunded.</p>	75,000	75,000

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

	2020	2019
<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.</p>	\$ 6,685,000	\$ 6,815,000
<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>	4,135,000	5,905,000
<p><b>Series 2010C Refunding Bonds</b> issued October 20, 2010 for the aggregate amount of \$64,925,000 to refund the callable portion of Series 2001A, 2002B, and 2004B Bonds, maturing from February 1, 2020 to February 1, 2023 at an interest rate of 5.00%. Of this, \$7,555,000 was allocated to the DWSRF Program based upon the percentage of the original bond proceeds allocated to each program. In November 2019, \$6,455,000 was refunded.</p>	-	7,555,000
<p><b>Series 2010B Bonds</b> issued October 20, 2010 for the aggregate amount of \$100,000,000, maturing from February 1, 2011 to February 1, 2030 at interest rates ranging from 1.50% to 5.00%. Of this, \$20,000,000 was allocated to the DWSRF Program based upon the percentage of original bond proceeds allocated to each program. In October 2016, \$8,205,000 was refunded. In November 2017, \$2,560,000 was refunded.</p>	-	2,570,000

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

	<b>2020</b>	<b>2019</b>
<p><b>Series 2010A Refunding Bonds</b> issued February 2, 2010 for the aggregate amount of \$288,970,000 to refund the callable portion of Series 2000B, 2001A, 2002B, 2004B, and 2004C Bonds, maturing from February 1, 2011 to February 1, 2024 at interest rates ranging from 2.00% to 5.00%. Of this, \$42,235,000 was allocated to the DWSRF Program based upon the percentage of original bond proceeds allocated to each program. In April 2019, \$12,310,000 was cash defeased. In November 2019, \$1,515,000 was refunded.</p>	\$ -	\$ 8,225,000
<b>Subtotal-Drinking Water Fund</b>	<u>295,805,909</u>	<u>239,251,135</u>
Total Principal	1,836,095,000	1,578,685,000
Net premium on bonds payable	<u>242,103,195</u>	<u>225,256,542</u>
Total Bonds Payable	2,078,198,195	1,803,941,542
Less: Current portion	<u>134,700,300</u>	<u>120,210,000</u>
Long-term Portion	<u>\$1,943,497,895</u>	<u>\$ 1,683,731,542</u>

In November 2019, the Authority issued \$53,445,000 Series 2019F Refunding Bonds. The bonds were sold at a premium and refunded \$54,825,000 par amount of prior debt. The refunding debt was used to refund callable portion of Series 2010A and 2010C Bonds. The cash flow savings was \$2,300,799 with a present value savings of \$2,308,502.

In April 2019, the Authority legally cash defeased SRF Bonds from Series 2010A, 2010C, 2012A, and 2012C to their respective call dates. The Authority deposited \$153,796,930 with the trustee to defease a par amount of \$142,060,000, producing present value savings of \$19,975,655 or 14.06% 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 \$279,725,000 and \$372,755,000 as of June 30, 2020 and 2019, respectively.

**STATE REVOLVING FUND LOAN PROGRAMS**  
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**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, 2020, 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>	
2021	\$ 110,147,010	\$ 24,553,290	\$ 134,700,300	\$ 70,556,648	\$ 14,563,946	\$ 85,120,594	\$ 219,820,894
2022	93,426,975	23,316,225	116,743,200	65,606,266	13,423,881	79,030,147	195,773,347
2023	87,684,054	22,805,246	110,489,300	61,149,114	12,324,270	73,473,384	183,962,684
2024	90,382,799	21,107,801	111,490,600	56,894,298	11,217,057	68,111,355	179,601,955
2025	86,725,747	19,071,553	105,797,300	52,533,469	10,178,767	62,712,236	168,509,536
2026-2030	463,761,336	92,668,164	556,429,500	194,092,234	36,802,879	230,895,113	787,324,613
2031-2035	299,015,870	75,218,630	374,234,500	101,536,046	15,247,554	116,783,600	491,018,100
2036-2040	204,133,200	17,065,000	221,198,200	37,357,611	2,146,250	39,503,861	260,702,061
2041-2045	65,163,000	-	65,163,000	10,621,697	-	10,621,697	75,784,697
2046-2050	33,654,500	-	33,654,500	2,178,921	-	2,178,921	35,833,421
2051-2054	6,194,600	-	6,194,600	252,466	-	252,466	6,447,066
	<u>1,540,289,091</u>	<u>295,805,909</u>	<u>1,836,095,000</u>	<u>652,778,770</u>	<u>115,904,604</u>	<u>768,683,374</u>	<u>2,604,778,374</u>
Premium	<u>195,655,431</u>	<u>46,447,764</u>	<u>242,103,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>242,103,195</u>
Total	<u>\$1,735,944,522</u>	<u>\$342,253,673</u>	<u>\$2,078,198,195</u>	<u>\$652,778,770</u>	<u>\$115,904,604</u>	<u>\$768,683,374</u>	<u>\$2,846,881,569</u>

**STATE REVOLVING FUND LOAN PROGRAMS  
(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)  
NOTES TO COMBINED FINANCIAL STATEMENTS  
Years Ended June 30, 2020 and 2019**

**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%	2021-2054	\$ 888,400 - \$110,147,010	\$1,540,289,091
Drinking Water Fund	3.00% - 5.00%	2021-2040	2,315,000 - 24,553,290	<u>295,805,909</u>
Combined Programs	1.78% - 5.00%	2021-2054	888,400 - 134,700,300	1,836,095,000
Less: Current Portion				<u>(134,700,300)</u>
Total Long-term Portion				<u>\$1,701,394,700</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, 2020 and 2019**

**NOTE 8 - LONG-TERM LIABILITIES**

Long-term liability activity for the years ended June 30, 2020 and 2019 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, 2020:						
Amount due to federal government	\$ -	\$ 71,429	\$ -	\$ 71,429	\$ -	\$ 71,429
Bonds/Notes payable	1,578,685,000	432,445,000	(175,035,000)	1,836,095,000	134,700,300	1,701,394,700
Net premium on bonds payable	<u>225,256,542</u>	<u>53,162,143</u>	<u>(36,315,490)</u>	<u>242,103,195</u>	<u>-</u>	<u>242,103,195</u>
	<u>\$1,803,941,542</u>	<u>\$485,678,572</u>	<u>\$(211,350,490)</u>	<u>\$2,078,269,624</u>	<u>\$134,700,300</u>	<u>\$1,943,569,324</u>
June 30, 2019:						
Amount due to federal government	\$ 616,050	\$ -	\$ (616,050)	\$ -	\$ -	\$ -
Bonds/Notes payable	1,321,950,000	519,780,000	(263,045,000)	1,578,685,000	120,210,000	1,458,475,000
Net premium on bonds payable	<u>172,423,225</u>	<u>95,881,794</u>	<u>(43,048,477)</u>	<u>225,256,542</u>	<u>-</u>	<u>225,256,542</u>
	<u>\$1,494,989,275</u>	<u>\$615,661,794</u>	<u>\$(306,709,527)</u>	<u>\$1,803,941,542</u>	<u>\$120,210,000</u>	<u>\$1,683,731,542</u>

**STATE REVOLVING FUND LOAN PROGRAMS  
(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)  
NOTES TO COMBINED FINANCIAL STATEMENTS  
Years Ended June 30, 2020 and 2019**

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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, 2020, an amount up to 33% of the Safe Drinking Water Act grants for Federal Fiscal Years (FFY) 1997 through 2020 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 2020, to date, the following transfers were made:

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

**NOTE 10 - PROGRAM REVENUE**

For the years ended June 30, 2020 and 2019, program revenues consisted of the following:

	<b>2020</b>	<b>2019</b>
Interest and other income	\$ 90,498,591	\$ 80,170,601
Capital contributions (EPA Grants)	<u>76,419,893</u>	<u>54,618,855</u>
	<u><b>\$166,918,484</b></u>	<u><b>\$134,789,456</b></u>

**NOTE 11 - UNCERTAINTY RELATED TO CORONAVIRUS**

On January 30, 2020, the World Health Organization declared a global health emergency over the novel coronavirus known as COVID-19. The SRF Programs haven't seen a significant impact to date. The ultimate impact of the outbreak to the SRF Programs' financial results and operations cannot be determined at this time; however, management is taking actions to mitigate the impact of the outbreak to the SRF Programs.



## **OTHER SUPPLEMENTARY INFORMATION**

**STATE REVOLVING FUND LOAN PROGRAMS  
(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)  
COMBINING SCHEDULES - STATEMENTS OF NET POSITION INFORMATION  
June 30, 2020 and 2019**

**STATE REVOLVING FUND PROGRAMS  
(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)  
COMBINING SCHEDULES - STATEMENTS OF NET POSITION INFORMATION  
June 30, 2020 and 2019**

	Wastewater Program		Drinking Water Program		Combined	
	2020	2019	2020	2019	2020	2019
<b>ASSETS</b>						
Current Assets:						
Cash and equivalents	\$ 305,731,995	\$ 430,741,102	\$ 133,414,799	\$ 96,819,571	\$ 439,146,794	\$ 527,560,673
Interest receivable-investments	373,881	1,109,085	106,390	288,207	480,271	1,397,292
Interest receivable-loans	29,623,112	24,331,365	5,401,619	4,859,991	35,024,731	29,191,356
Due from EPA	-	-	130,039	384,502	130,039	384,502
Accounts receivable	-	33,500	2,000	-	2,000	33,500
Loans receivable-current, net	204,386,689	115,256,746	30,190,471	27,390,737	234,577,160	142,647,483
Total Current Assets	<u>540,115,677</u>	<u>571,471,798</u>	<u>169,245,318</u>	<u>129,743,008</u>	<u>709,360,995</u>	<u>701,214,806</u>
Noncurrent Assets:						
Investments	47,026,848	77,895,571	18,778,322	27,597,108	65,805,170	105,492,679
Loans receivable, net	2,334,154,668	2,000,134,566	498,674,420	437,477,762	2,832,829,088	2,437,612,328
Equipment, net	106,253	106,714	-	-	106,253	106,714
Total Noncurrent Assets	<u>2,381,287,769</u>	<u>2,078,136,851</u>	<u>517,452,742</u>	<u>465,074,870</u>	<u>2,898,740,511</u>	<u>2,543,211,721</u>
Total Assets	<u>2,921,403,446</u>	<u>2,649,608,649</u>	<u>686,698,060</u>	<u>594,817,878</u>	<u>3,608,101,506</u>	<u>3,244,426,527</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Loss on debt refunding	9,181,775	12,759,124	1,787,591	2,379,097	10,969,366	15,138,221
Total Deferred Outflows of Resources	<u>9,181,775</u>	<u>12,759,124</u>	<u>1,787,591</u>	<u>2,379,097</u>	<u>10,969,366</u>	<u>15,138,221</u>
<b>LIABILITIES</b>						
Current Liabilities:						
Interest payable	29,522,738	26,738,734	6,068,311	4,008,109	35,591,049	30,746,843
Accounts payable	403,936	499,383	188,041	566,905	591,977	1,066,288
Bonds/Loans payable-current, net	110,147,010	97,699,774	24,553,290	22,510,226	134,700,300	120,210,000
Total Current Liabilities	<u>140,073,684</u>	<u>124,937,891</u>	<u>30,809,642</u>	<u>27,085,240</u>	<u>170,883,326</u>	<u>152,023,131</u>
Long-term Liabilities:						
Amount due to federal government	52,385	-	19,044	-	71,429	-
Bonds/Loans payable, net	1,625,797,512	1,432,866,948	317,700,383	250,864,594	1,943,497,895	1,683,731,542
Total Long-term Liabilities	<u>1,625,849,897</u>	<u>1,432,866,948</u>	<u>317,719,427</u>	<u>250,864,594</u>	<u>1,943,569,324</u>	<u>1,683,731,542</u>
Total Liabilities	<u>1,765,923,581</u>	<u>1,557,804,839</u>	<u>348,529,069</u>	<u>277,949,834</u>	<u>2,114,452,650</u>	<u>1,835,754,673</u>
<b>NET POSITION</b>						
Restricted for water pollution and drinking water projects and other related program purposes	<u>\$ 1,164,661,640</u>	<u>\$ 1,104,562,934</u>	<u>\$ 339,956,582</u>	<u>\$ 319,247,141</u>	<u>\$ 1,504,618,222</u>	<u>\$ 1,423,810,075</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, 2020 and 2019**

**STATE REVOLVING FUND PROGRAMS  
(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)  
COMBINING SCHEDULES - STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INFORMATION  
Years Ended June 30, 2020 and 2019**

	Wastewater Program		Drinking Water Program		Combined	
	2020	2019	2020	2019	2020	2019
<b>OPERATING REVENUE</b>						
Interest income-investments	\$ 10,359,090	\$ 14,928,427	\$ 3,135,915	\$ 3,978,037	\$ 13,495,005	\$ 18,906,464
Interest income-loan participants	61,585,596	50,422,467	13,663,264	10,038,365	75,248,860	60,460,832
Administration and premium fees	34,663	44,134	14,000	16,001	48,663	60,135
Other	-	-	1,706,063	743,170	1,706,063	743,170
Total Operating Revenue	<u>71,979,349</u>	<u>65,395,028</u>	<u>18,519,242</u>	<u>14,775,573</u>	<u>90,498,591</u>	<u>80,170,601</u>
<b>OPERATING EXPENSES</b>						
Interest	45,058,838	39,324,122	7,996,828	5,938,376	53,055,666	45,262,498
Bond issuance costs	1,402,708	2,807,955	699,738	696,672	2,102,446	3,504,627
Trustee fees	92,900	73,850	-	-	92,900	73,850
Other program and administrative	3,399,033	2,374,456	3,437,014	2,115,805	6,836,047	4,490,261
Total Operating Expenses	<u>49,953,479</u>	<u>44,580,383</u>	<u>12,133,580</u>	<u>8,750,853</u>	<u>62,087,059</u>	<u>53,331,236</u>
<b>OPERATING INCOME</b>	22,025,870	20,814,645	6,385,662	6,024,720	28,411,532	26,839,365
<b>NONOPERATING REVENUES AND (EXPENSES)</b>						
Capital contributions (EPA Grants)	57,256,953	38,681,000	19,162,940	15,937,855	76,419,893	54,618,855
Loan forgiveness	(19,184,117)	(13,419,277)	(4,839,161)	(1,662,160)	(24,023,278)	(15,081,437)
Total Nonoperating Revenues and (Expenses)	<u>38,072,836</u>	<u>25,261,723</u>	<u>14,323,779</u>	<u>14,275,695</u>	<u>52,396,615</u>	<u>39,537,418</u>
<b>INCREASE IN NET POSITION</b>	60,098,706	46,076,368	20,709,441	20,300,415	80,808,147	66,376,783
<b>NET POSITION</b>						
Beginning of Year	<u>1,104,562,934</u>	<u>1,058,486,566</u>	<u>319,247,141</u>	<u>298,946,726</u>	<u>1,423,810,075</u>	<u>1,357,433,292</u>
End of Year	<u>\$ 1,164,661,640</u>	<u>\$ 1,104,562,934</u>	<u>\$ 339,956,582</u>	<u>\$ 319,247,141</u>	<u>\$ 1,504,618,222</u>	<u>\$ 1,423,810,075</u>

**STATE REVOLVING FUND LOAN PROGRAMS  
(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)  
COMBINING SCHEDULES - STATEMENTS OF CASH FLOWS INFORMATION  
Years Ended June 30, 2020 and 2019**

**STATE REVOLVING FUND PROGRAMS  
(ENTERPRISE FUND OF THE INDIANA FINANCE AUTHORITY)  
COMBINING SCHEDULES-STATEMENTS OF CASH FLOWS INFORMATION  
Years Ended June 30, 2020 and 2019**

	Wastewater Program		Drinking Water Program		Combined	
	2020	2019	2020	2019	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash payments for salaries, administrative and other expenses	\$ (3,501,034)	\$ (2,804,281)	\$ (2,092,771)	\$ (1,277,476)	\$ (5,593,805)	\$ (4,081,757)
Administration fee	34,663	44,134	14,000	16,001	48,663	60,135
Net Cash Used by Operating Activities	<u>(3,466,371)</u>	<u>(2,760,147)</u>	<u>(2,078,771)</u>	<u>(1,261,475)</u>	<u>(5,545,142)</u>	<u>(4,021,622)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Maturities of loans to participants	172,469,680	99,855,212	47,430,528	31,707,114	219,900,208	131,562,326
Issuance of loans to participants	(595,619,725)	(422,524,864)	(111,426,920)	(149,037,648)	(707,046,645)	(571,562,512)
Change in investments	30,868,723	101,883,363	8,818,786	18,784,704	39,687,509	120,668,067
Interest received on loans and investments	67,388,143	61,916,095	16,439,368	12,494,994	83,827,511	74,411,089
Net Cash Used by Investing Activities	<u>(324,893,179)</u>	<u>(158,870,194)</u>	<u>(38,738,238)</u>	<u>(86,050,836)</u>	<u>(363,631,417)</u>	<u>(244,921,030)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>						
Proceeds from debt issuance	379,483,571	504,678,859	106,123,572	110,982,935	485,607,143	615,661,794
Principal payments to reduce indebtedness, including refunding	(144,858,664)	(233,303,759)	(3,053,114)	(39,829,961)	(175,390,578)	(273,133,720)
Payment of debt issuance costs, net of refunding	(1,402,708)	(2,807,955)	(699,738)	(696,672)	(2,102,446)	(3,504,627)
Interest paid on debt	(67,944,592)	(58,517,192)	(12,057,925)	(9,701,640)	(80,002,517)	(68,218,832)
Net Cash Provided by Non-Capital Financing Activities	<u>165,277,607</u>	<u>210,049,953</u>	<u>62,833,995</u>	<u>60,754,662</u>	<u>228,111,602</u>	<u>270,804,615</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>						
Capital Contributions (EPA Grants)	57,256,953	38,681,000	19,417,403	15,761,630	76,674,356	54,442,630
Issuance of forgivable loans to participants	(19,184,117)	(13,419,277)	(4,839,161)	(1,662,160)	(24,023,278)	(15,081,437)
Net Cash Provided by Capital Financing Activities	<u>38,072,836</u>	<u>25,261,723</u>	<u>14,578,242</u>	<u>14,099,470</u>	<u>52,651,078</u>	<u>39,361,193</u>
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	<b>(125,009,107)</b>	<b>73,681,335</b>	<b>36,595,228</b>	<b>(12,458,179)</b>	<b>(88,413,879)</b>	<b>61,223,156</b>
<b>CASH AND EQUIVALENTS</b>						
Beginning of Year	<u>430,741,102</u>	<u>357,059,767</u>	<u>96,819,571</u>	<u>109,277,750</u>	<u>527,560,673</u>	<u>466,337,517</u>
End of Year	<u>\$ 305,731,995</u>	<u>\$ 430,741,102</u>	<u>\$ 133,414,799</u>	<u>\$ 96,819,571</u>	<u>\$ 439,146,794</u>	<u>\$ 527,560,673</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES</b>						
Operating income	\$ 22,025,870	\$ 20,814,645	\$ 6,385,662	\$ 6,024,720	\$ 28,411,532	\$ 26,839,365
Adjustments to reconcile operating income to net cash used by operating activities:						
Depreciation	461	461	-	-	461	461
Interest income	(71,944,686)	(65,350,894)	(16,799,179)	(14,016,402)	(88,743,865)	(79,367,296)
Interest expense	45,058,838	39,324,122	7,996,828	5,938,376	53,055,666	45,262,498
Bond issuance costs	1,402,708	2,807,955	699,738	696,672	2,102,446	3,504,627
Changes in assets and liabilities:						
Accounts receivable	33,500	(33,500)	(2,000)	1,000	31,500	(32,500)
Accounts payable	(95,447)	214,418	(378,864)	172,855	(474,311)	387,273
Amount due to federal government	52,385	(537,354)	19,044	(78,696)	71,429	(616,050)
Net Cash Used by Operating Activities	<u>\$ (3,466,371)</u>	<u>\$ (2,760,147)</u>	<u>\$ (2,078,771)</u>	<u>\$ (1,261,475)</u>	<u>\$ (5,545,142)</u>	<u>\$ (4,021,622)</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, 2020, 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, and have issued our report thereon dated September 30, 2020.

### **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 may exist that have not been identified.

## 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 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 30, 2020

# INDIANA FINANCE AUTHORITY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND INDEPENDENT AUDITORS' REPORTS

June 30, 2020



# INDIANA FINANCE AUTHORITY

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*Independent Auditors' Report on Compliance For  
Each Major Federal Program,  
on Internal Control Over Compliance,  
and on the Schedule of Expenditures of Federal Awards  
as Required by Uniform Guidance*

Members of Indiana Finance Authority

### **Report on Compliance for Each Major Federal Program**

We have audited Indiana Finance Authority's, a component unit of the State of Indiana, compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Indiana Finance Authority's major federal programs for the year ended June 30, 2020. Indiana Finance Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Indiana Finance Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Indiana Finance Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Indiana Finance Authority's compliance.

## ***Opinion on Each Major Federal Program***

In our opinion, Indiana Finance Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

## **Report on Internal Control Over Compliance**

Management of Indiana Finance Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Indiana Finance Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Indiana Finance Authority's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Indiana Finance Authority, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Indiana Finance Authority's basic financial statements. We issued our report thereon dated October 15, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Katy, Sapper & Miller, LLP*

Indianapolis, Indiana  
February 11, 2021

**INDIANA FINANCE AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2020**

	Federal CFDA Number	Grant Number	Program or Award Amount	Federal Expenditures	Amount Provided to Subrecipients
<b>U.S. DEPARTMENT OF TRANSPORTATION:</b>					
Transportation Infrastructure Finance and Innovation Act (TIFIA) Program	20.223	None noted	\$ 162,000,000	\$ 138,410,327	
<b>U.S. DEPARTMENT OF TREASURY</b>					
COVID-19 - Coronavirus Relief Fund	21.019	None noted	\$ 300,000,000	891,066	\$ 891,066
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY:</b>					
Clean Water State Revolving Fund Cluster:					
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS18000119	38,292,000	38,292,000	38,292,000
	66.458	CS18000120	38,298,000	18,964,953	18,964,953
				<u>57,256,953</u>	<u>57,256,953</u>
Drinking Water State Revolving Fund Cluster:					
Capitalization Grants for Drinking Water State Revolving Funds	66.468	FS98548618-0 DD	679,120	130,763	
	66.468	FS98548618-0 DF	500,000	255,310	
	66.468	FS98548619-0 DA	14,464,340	14,464,340	14,464,340
	66.468	FS98548619-0 DD	672,760	672,760	
	66.468	FS98548619-0 DF	1,681,900	1,015,871	
	66.468	FS98548620-0 DA	14,473,800	3,156,729	3,156,729
	66.468	FS98548620-0 DD	673,200	170,773	
	66.468	FS98548620-0 DF	1,683,000	363,257	
				<u>20,229,803</u>	<u>17,621,069</u>
Brownfields 128(a) Cooperative Agreement State and Tribal Program Response Grants					
	66.817	RP00E14612-0	787,518	380,795	
	66.817	RP00E14613-0	787,518	461,327	
				<u>842,122</u>	
Brownfields Assessment and Cleanup Cooperative Agreement					
	66.818	BF00E48101-C	6,109,204	1,959,813	1,959,813
Brownfields 128(a) MPG Site Remediation Cooperative Agreement					
	66.204	AA00E02780-0	71,865	3,387	3,387
Lead Testing in School and Child Care Program Drinking Water Grant Program					
	66.444	M100E02762-0	753,000	639,200	
Water Infrastructure Finance and Innovation Act (WIFIA) Program					
	66.958	WIFIA-2019-N17114IN	436,000,000	164,000,000	164,000,000
				<u>\$ 384,232,671</u>	<u>\$ 241,732,288</u>

See accompanying notes to schedule of expenditures of federal awards.

# INDIANA FINANCE AUTHORITY

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2020

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Indiana Finance Authority (IFA). The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR), *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Expenditures** reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, or when not applicable the specific federal award agreement, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

### NOTE 2 - INDIRECT COST RATE

IFA has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

### NOTE 3 - LOAN PROGRAM

The accompanying schedule of expenditures of federal awards includes two federal loans each disbursed under the Transportation Infrastructure Finance and Innovation Act (TIFIA) and Water Infrastructure Finance and Innovation Act (WIFIA), respectively. The loan agreements for TIFIA and WIFIA provide for continuing compliance requirements through debt maturity, and therefore, IFA reports the prior year loan balances, plus any additional draws, on the schedule of expenditures of federal awards.

TIFIA funds were used to finance the East End Crossing, a component of the Ohio River Bridges Project. The bridge opened to the public in December 2016. There were no expenditures for the year ended June 30, 2019. For the year ended June 30, 2020, the TIFIA loan balance outstanding was \$129,019,511.

WIFIA funds were used to finance two projects: the DigIndy Tunnel System (DigIndy) project and the Integrated Overflow Control Plan (IOCP) project being completed by CWA Authority, Inc. and Evansville Water and Sewer Utility, respectively. The DigIndy project was substantially completed in June 2019, and the IOCP project was in progress at June 30, 2020. WIFIA expenditures and loan balance outstanding were \$164,000,000 as of and for the year ended June 30, 2020.

# INDIANA FINANCE AUTHORITY

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2020

### Summary of Auditors' Results

#### *Financial Statements*

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_✓ no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_✓ none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes \_\_\_\_\_✓ no

#### *Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_✓ no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_✓ none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? \_\_\_\_\_ yes \_\_\_\_\_✓ no

#### Identification of major programs:

CFDA Number	Agency	Title
21.019	U.S Department of Treasury	Coronavirus Relief Fund
66.958	U.S Environmental Protection Agency	Water Infrastructure Finance and Innovation Act (WIFA) Program

**INDIANA FINANCE AUTHORITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2020**

**Summary of Auditors' Results (Continued)**

Dollar threshold used to distinguish between  
type A and type B programs:

\$3,000,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes        ✓   no

**Financial Statement Findings**

None

**Federal Award Findings and Questioned Costs**

None





Exhibit O

**Indiana Finance Authority  
State Revolving Fund Loan Programs**

**Drinking Water Projects Closed State Fiscal Year 2020**

- **Drinking Water  
2020 Projects**  
\$106.9 Million  
15 Loans  
with 12 participants

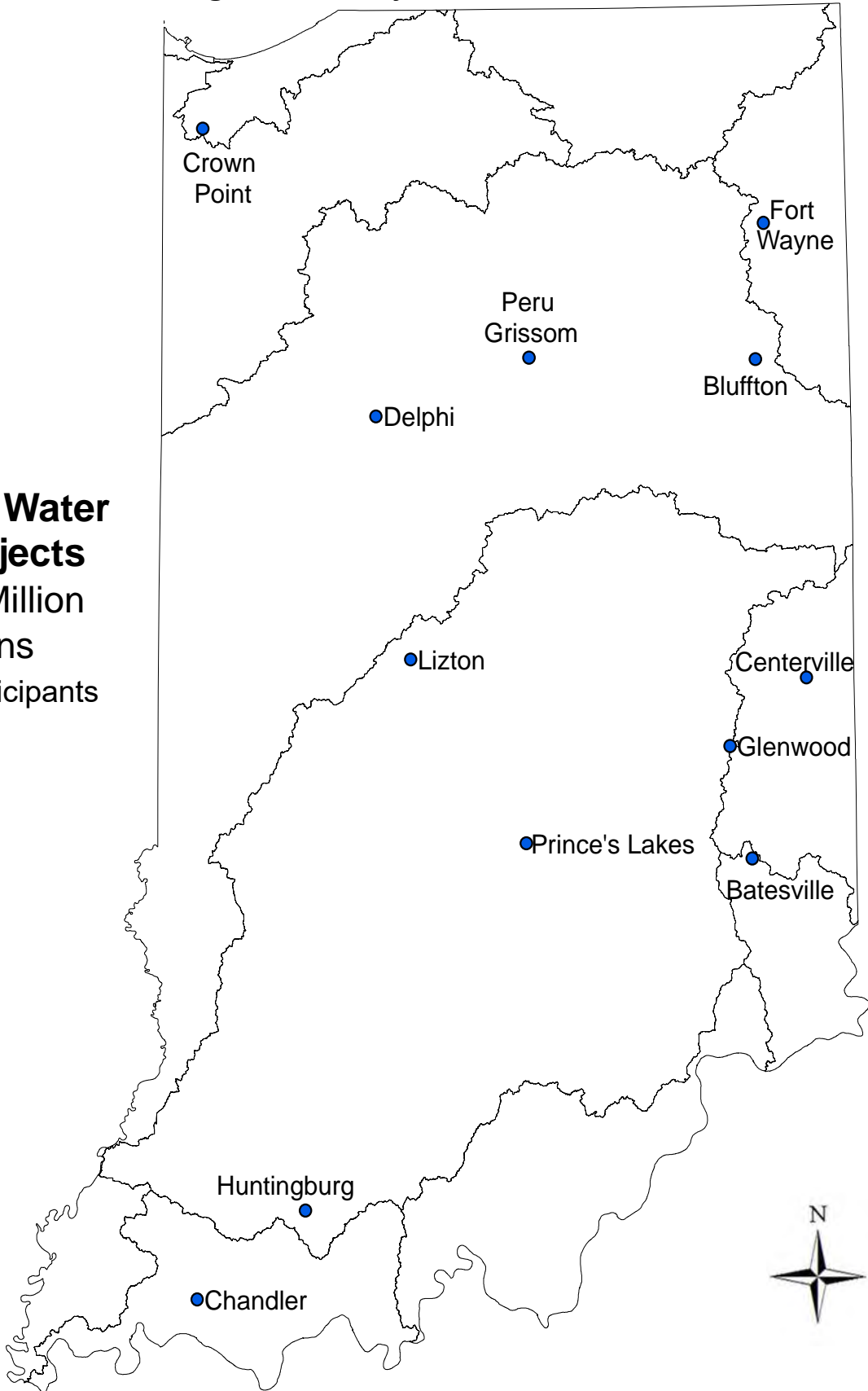


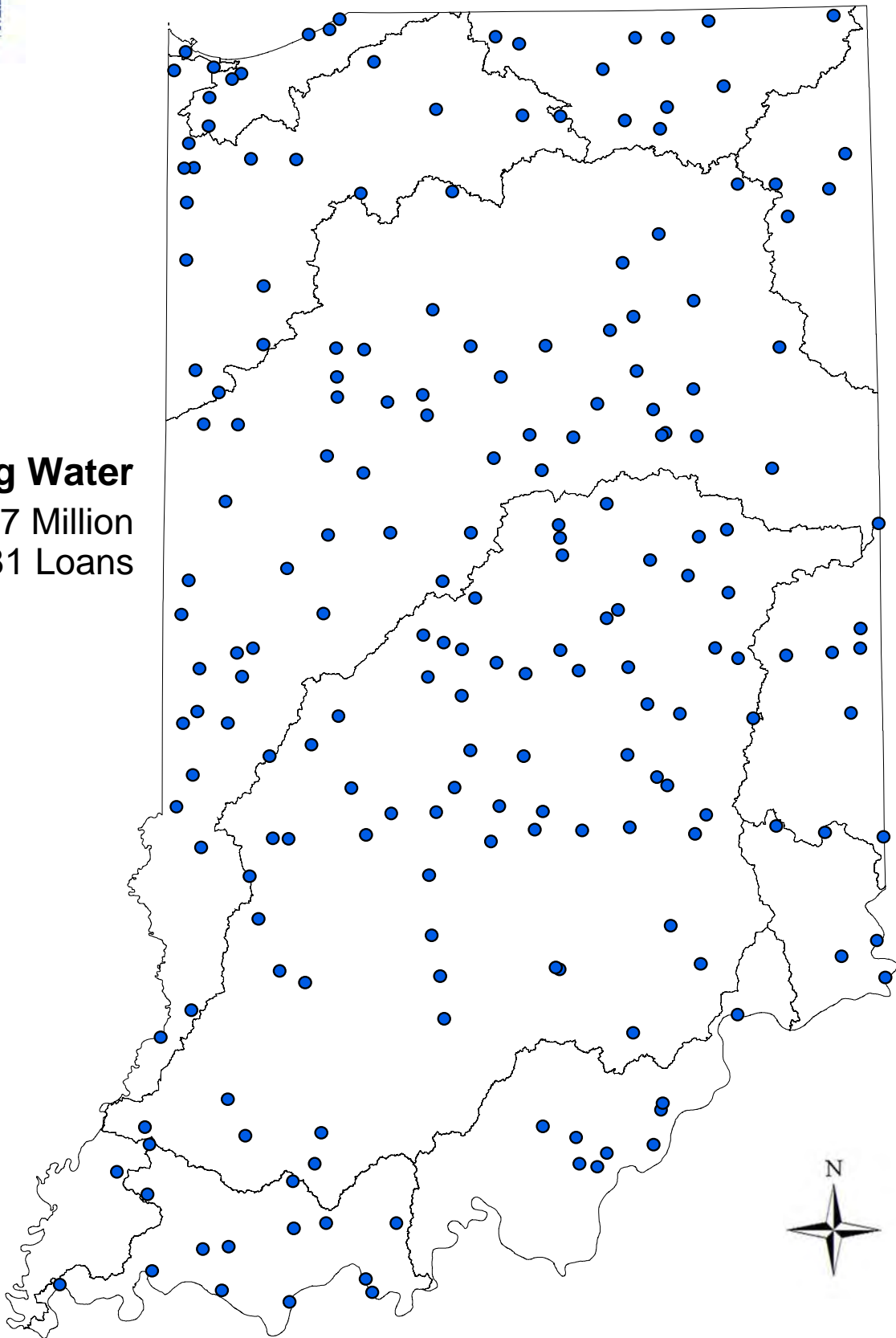


Exhibit P

**Indiana Finance Authority  
State Revolving Fund Loan Programs**

**All Drinking Water Projects Closed Since 1999**

● **Drinking Water**  
\$987 Million  
281 Loans



Indiana DWSRF Loan Program  
Exhibit Q - Summary of Set-Aside Funds in SFY 2020

Capitalization Grant Year	Set-Aside	Award Amount	Balance on 7/1/2019	ASAP Activity Date (in SFY 2020)	Activity Amount	Description	Balance 7/1/2020
2018	Administrative	679,120.00	144,112.88	9/30/2019	144,112.88	Administration	-
	State Program Management <sup>1</sup>	500,000.00	329,087.18	9/30/2019	178,068.98	Central IN Water Study	151,018.20
				12/26/2019	151,018.20	Central IN Water Study	-
2019	Administrative	672,760.00	672,760.00	9/30/2019	308,148.05	Administrative	364,611.95
	State Program Management <sup>2</sup>	1,681,900.00	1,681,900.00	12/26/2019	188,746.33	Administrative	175,865.62
				3/31/2020	175,865.62	Administrative	-
				9/30/2019	297,375.00	Lead Platform Software	1,384,525.00
				12/26/2019	301,133.66	Central IN Water Study	1,083,391.34
				3/31/2020	214,500.00	Lead Platform Software Configuration	868,891.34
				3/31/2020	174,720.14	Water Loss Phase I & II	694,171.20
				3/31/2020	224,529.17	Central IN Water Study Phase I & III	469,642.03
				6/29/2020	42,300.00	Lead Sampling in Child Care Facilities	427,342.03
				6/29/2020	55,448.00	Central IN Water Study Phase I & III	371,894.03
				6/29/2020	3,240.00	Central IN Water Study	<b>368,654.03</b>
2020	Administrative	673,200.00	-	6/29/2020	164,523.69	Administrative	<b>508,676.31</b>
	State Program Management <sup>3</sup>	1,683,000.00	-	6/29/2020	239,467.50	Central Water IN Study Phase I & III	<b>1,443,532.50</b>
<b>Total Set-Aside Balance 7/1/2020: \$</b>							<b>2,320,862.84</b>

1 - Southeast and Central Indiana Water Supply Studies

2 - Public School Lead Sampling Program, Central IN Water Supply Study, Water Loss, & Daycare Lead Testing.

3 - Central Indiana Water Supply Study and Water Loss

### Summary of Activities Completed Under the State Program Management Set-Aside

1. **Name of program:** 2019-2020 Lead Sampling Program for Public Schools and Child Care Facilities
  - a. **Capitalization Grant Year:** 2019
  - b. **Purpose:** to help Indiana public schools and child care facilities assess if there is a presence of lead in drinking water within their facilities
  - c. **Agency Responsibilities:** per the eligibility requirements of the WIIN Act Section 2107, *Lead Testing in School and Child Care Program Drinking Water Grant*, the Authority will develop and initiate a lead sampling program for child care facilities, including developing an application, an application ranking matrix, and marketing materials. The Authority will work with IDEM to develop a sampling protocol and will engage a third party contractor to help manage laboratory coordination and data management. The Authority has been allocated \$753,000 from the WIIN Act Section 2107 for FY 2018 and FY 2019.
  - d. **Achievements:** Third party contractors were engaged August 2019. The IFA accepted applications from November 2019 – January 2020. In February 2020 105 facilities were accepted into the program, and the first cohort of participants began their training webinars. Only ten facilities were able to collect samples before COVID-19 closures halted school operations and collections. The IFA reopened applications from June 2020 – August 2020. Training webinars for the next cohort will begin in September 2020. In total, the Authority estimates taking 44,000 samples at approximately 500 public school and child care facilities. More information can be found at: <https://www.in.gov/ifa/2998.htm>
  
2. **Name of program:** Indiana Validated Water Loss Audit Program
  - a. **Capitalization Grant Year:** 2019 and 2020
  - b. **Purpose:** to help water utilities better understand the amount of non-revenue water in their systems and help address potential issues
  - c. **Agency Responsibilities:** the Authority will engage a third party contractor to conduct trainings and aid utilities in completing a water audit. In addition, the Authority will also engage the same third party contractor to conduct trainings to train validators, who will aid utilities in completing a validated water audit. For more information see: <https://www.in.gov/ifa/3013.htm>

**Achievements:** Contractors were engaged August 2019. Seven training sessions were held from November 2019 – March 2020 until COVID-19 closures and travel restrictions impacted the ability of utilities to attend in-person training. In June 2020, the training programs were revised to a virtual format. Six virtual and socially-distanced in-person trainings will be held June – September 2020. At a future date, recordings of the workshops will also be available. While the deadline to submit a validated audit to IFA was extended from August 1, 2020 to January 1, 2021, already five utilities have submitted their audits, and approximately 90 persons have completed the validator workshop, passed the exam, and filed for a Certified Validator license.
  
3. **Name of program:** Regional Water Planning Meetings
  - a. **Capitalization Grant Year:** 2019
  - b. **Purpose:** the goal of the program is to increase communication and improve collaboration among utilities and other water users in local regions across the State. For more information see: <https://www.in.gov/ifa/3035.htm>

- c. **Agency Responsibilities:** the Authority will organize and conduct regional meetings, including setting the agendas and recruiting speakers, drafting region boundaries and invitation lists, and finding suitable regional locations for meetings. The Authority may engage a third party contractor to assist with the implementation of this program.
- d. **Achievements:** The IFA was able to conduct two Regional Water Planning Meetings before COVID-19 closures and travel restrictions impacted the ability of utilities to attend in-person meetings. Currently, the meeting format has been converted to a virtual platform and seven virtual and socially-distanced, in-person meetings are planned through the remainder of CY 2020.

4. **Name of program:** Central Indiana Water Study

- a. **Capitalization Grant Year:** 2018, 2019, and 2020
- b. **Purpose:** goal of the study is to assess the current water supply in Central Indiana, as well as the future demand and the cost of infrastructure needed to meet the demand for the region. For more information see: <https://www.in.gov/ifa/3006.htm>
- c. **Agency Responsibilities:** the Authority will lead the planning effort, including drafting study scopes, engaging third party contractors, and conducting public meetings.
- d. **Achievements:** the Central Indiana Water Study will consist of five phases, which are:
  - i. Phase I - Regional Demand
  - ii. Phase II - Regional Supply
  - iii. Phase III - Water Availability Modeling and Optimization
  - iv. Phase IV - Infrastructure and Cost Analysis
  - v. Phase V - Public Education and Outreach

The IFA hosted a public meeting on April 29, 2019 to kick-off the study with elected officials, utility personnel, and other interested parties.

Contracts have been secured with third party contractors and work is underway to assess regional demand, regional supply, build the water availability model, and create public outreach materials.

Just recently, the Phase I report titled, *Central Indiana Water-Supply Needs, 50 Year Forecast* was published and is available for review at: <https://www.in.gov/ifa/3006.htm>. A public presentation of the report will occur on August 12, 2020. Efforts are ongoing on Phases II, III, and V. Phase IV will begin fall 2020.

Indiana DW SRF Loan Program  
Exhibit R - Summary of All Associated Funds in SFY 2020

<b>Applicant Name</b>	<b>Closing Date</b>	<b>SRF Funding*</b>	<b>Office of Community and Rural Affairs Grant</b>	<b>Supplemental Funds (State)</b>	<b>Local Funds</b>
Fort Wayne	8/8/2019	\$ 29,240,000	\$ -	\$ -	\$ -
Crown Point	11/1/2019	\$ 6,626,400	\$ -	\$ -	\$ -
Batesville	11/12/2019	\$ 18,770,000	\$ -	\$ 25,000	\$ -
Glenwood	11/14/2019	\$ 235,000	\$ 600,000	\$ 25,000	\$ -
Chandler	12/17/2019	\$ 9,500,000	\$ -	\$ -	\$ -
Huntingburg	12/17/2019	\$ 8,000,000	\$ -	\$ 25,000	\$ -
Lizton	12/18/2019	\$ 1,400,000	\$ 700,000	\$ 25,000	\$ 2,000,000
Delphi	12/20/2019	\$ 7,225,000	\$ -	\$ -	\$ 1,002,000
Bluffton	1/27/2020	\$ 13,789,000	\$ -	\$ 25,000	\$ 1,000
Prince's Lakes	1/29/2020	\$ 4,398,000	\$ 700,000	\$ 25,000	\$ -
Centerville	4/28/2020	\$ 3,285,000	\$ 700,000	\$ 25,000	\$ -
Peru	5/14/2020	\$ 4,400,000	\$ -	\$ 25,000	\$ -

\*Includes Traditional, Additional Subsidy, Pooled and Fee Account

**Non-Federal Total:       \$               3,203,000**

**Indiana DW SRF Loan Program**

**Exhibit S - Summary of Drinking Water Projects with a Regional Solution SFY 2016-2020**

<u>Closing Date</u>	<u>Community</u>	<u>Loan Amount</u>	<u>Project</u>
12/18/2019	Lizton	\$ 1,400,000	The Water Main extension project will extend drinking water service from the existing Citizens Water Authority utility to the Town of Lizton and surrounding areas.
8/16/2018	Jackson County	\$ 6,680,000	The Water Main extension project will extend drinking water service from the existing Jackson County Water utility to approximate 573 households and businesses.
3/30/2017	LaGrange Regional Utility District	\$ 4,195,000	The State of Indiana constructed a non-transient/ noncommunity water system at the Howe/Lagrange Travel Plaza in the 1950s. The water system has a capacity of 150 gpm and consists of two wells, a three-cell pressure filtration system and two hydropneumatic tanks with a combined capacity of 12,000 gallons. The system is currently operated and maintained by the Indiana Toll Road Concession Company, who desires to retire the plant. The existing facility is at the end of useful life and would require expensive upgrades to continue to meet the needs of the system. The proposed project will install water main and associated hydrants and valves to the existing Fawn River Crossing water system, a pressure booster station with chlorine injection system, hydropneumatic tank with telemetry interconnections and a standby power generator. The proposed project will install water main and associated hydrants and valves to the existing Fawn River Crossing water system, a pressure booster station with chlorine injection system, hydropneumatic tank with telemetry interconnections and a standby power generator. The project will connect Travel Plaza #7 to the existing Fawn River Crossing water treatment plant, within the LaGrange County Regional Utility District. The Fawn River Crossing plant is in good condition and has sufficient capacity to meet the needs of the Travel Plaza and existing customers.
2/15/2017	Cayuga	\$ 777,000	North Vermillion Community School Corporation is not currently connected to Cayuga's water system and had been operating an underground drinking water well system, located on school property. The school ceased utilizing the wells for drinking water, when the wells started having water quality issues with increasing levels of nitrate. To protect the health of the students, the North Vermillion School Corporation began using bottled water. In April 2016, the North Vermillion Community School Corporation and the Indiana Department of Environmental Management (IDEM) entered into an Agreed Order to bring the nitrate levels down to below the maximum contaminant level (MCL). The project connected the School Corp to the existing Cayuga system
12/3/2015	Switz City	\$ 846,000	The purpose for the project is to address an Agreed Order from the Indiana Department of Environmental Management regarding the illegal discharge of the town's water treatment plant's (WTP) backwash water into a field. In addition, the town's WTP has exceeded its useful service life and would have to be replaced in the near future. The town evaluated their options and decided that it was more cost effective to abandon their WTP and supply wells and connect to Linton.