

HoosierFund

Independent Auditor's Reports and Financial Statements

December 31, 2023

HoosierFund
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Independent Auditor's Report

Board of Representatives and Participants
Hoosier Fund
Indianapolis, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of HoosierFund, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise HoosierFund's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of HoosierFund, as of December 31, 2023, and the respective changes in net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about HoosierFund's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of HoosierFund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about HoosierFund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who consider it to be an essential part of financial reporting for placing the basic financial statements in the appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2024, on our consideration of HoosierFund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of HoosierFund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HoosierFund's internal control over financial reporting and compliance.

Forvis Mazars, LLP

**Indianapolis, Indiana
December 11, 2024**

HoosierFund
Statement of Net Position
December 31, 2023

	Par Value	Fair Value
Assets		
Cash		\$ 204,646,617
Cash Equivalents		
Money Market Mutual Funds		
First American Government Obligation Fund	\$ 6,280,877	6,280,877
Certificates of Deposit		
Merchants Bank of Indiana - January 5, 2024 maturity	31,528,284	31,528,284
Merchants Bank of Indiana - August 3, 2024 maturity	30,582,105	30,582,105
Other Assets - interest receivable		<u>1,324,436</u>
Total Assets		<u>274,362,319</u>
Liabilities		
Distribution and investment payable		1,258,975
Accrued expenses		<u>89,214</u>
Total Liabilities		<u>1,348,189</u>
Net Position - unrestricted		<u><u>\$ 273,014,130</u></u>

HoosierFund

Statement of Changes in Net Position For the Year Ended December 31, 2023

	<u>2023</u>
Operating Revenues - Investment Income	
Interest income	\$ 14,922,019
Realized and unrealized gains	13,266
Total investment income	<u>14,935,285</u>
Operating Expenses	
Administrative fees, portfolio management fees, marketing expenses and custodial, transfer agent and fund accounting fees	638,136
Accrued administrative fees	89,369
Total expenses	<u>727,505</u>
Net Investment Gain	14,207,780
Capital Transactions	
Contributions	57,727,768
Withdrawals	<u>(82,978,989)</u>
Decrease in Net Position	(11,043,441)
Net Position - Unrestricted, Beginning of Year	<u>284,057,571</u>
Net Position - Unrestricted, End of Year	<u><u>\$ 273,014,130</u></u>

HoosierFund

Notes to Financial Statements

December 31, 2023

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

HoosierFund was established in October 2006 pursuant to Indiana Code §36-1-7, the *Interlocal Cooperation Act*, and commenced operations April 1, 2009, and is governed by a Board of Representatives made up of representatives from each Participant. HoosierFund provides a voluntary investment pool for political subdivisions or other legislatively created quasi-governmental entities or bodies corporate and politic (collectively, Participants). HoosierFund invests Participants' funds in a legal, prudent and suitable fashion, maintaining safety of principal, allowing daily liquidity, providing competitive interest rates and delivering a high level of service.

HoosierFund's portfolio follows the investment criteria set forth in Indiana Code §5-13-9.

Measurement Focus and Basis of Accounting and Presentation

HoosierFund prepares its financial statements in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. HoosierFund is reported as a special-purpose government and the accompanying financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash is held in various financial institutions in depository accounts. HoosierFund considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2023, cash equivalents consisted of money market mutual funds and certificates of deposits, which are reported at amortized cost. HoosierFund's money market mutual funds and certificates of deposit do not have significant limitations or restrictions on withdrawals.

HoosierFund

Notes to Financial Statements

December 31, 2023

Investments and Investment Income

Investments are carried at fair value as calculated on a daily basis. Fair value is determined from the bid and ask prices for securities as quoted in The Wall Street Journal (Eastern Edition) or by an independent nationally recognized pricing service. Securities not quoted in The Wall Street Journal or by an independent nationally recognized pricing service are valued by taking a bid quote from one primary dealer making a market in such securities, or if there is no primary dealer in such securities, by such other reasonable method as the Program Administrator shall determine.

As an alternative to determining the fair value pursuant to the foregoing paragraph, the fair value of all or a portion of the securities may be determined using the matrix method. Matrix pricing involves grouping securities into a matrix by type, maturity and short-term credit rating. A primary dealer who makes markets in those securities will provide the bid side prices for the matrix.

Security transactions are recorded on a settlement-date basis. Interest income is recorded on the accrual basis.

Operating Revenues and Expenses

As a special-purpose government, HoosierFund distinguishes operating revenues and expense from nonoperating items. Operating revenues and expenses generally arise from providing services in connection with the principal ongoing operations. HoosierFund's principal operating revenue is investment income and its principal expenses are administrative fees. All revenues and expenses not meeting this definition are reported as nonoperating or capital transactions.

Unit Issues, Redemptions and Distributions

HoosierFund determines the net asset value of each participant daily. Units are issued and redeemed at \$1.00 per unit. Investment income for each portfolio is reinvested when received.

Fees and Expenses

CRF Financial Group, Inc. has been appointed by the Participants as the Program Administrator. Likewise, CRF Financial Group, Inc. serves as the Investment Advisor for HoosierFund. Under separate agreements, the Program Administrator and US Bank (custodian) are paid annual fees for operating the investment program. For the performance of its obligations under the Interlocal Agreement, the Program Administrator can charge a fee up to a 50 basis points (0.50%) of the Investment Property Value. This fee accrues on a daily basis and is paid semi-monthly.

HoosierFund
Notes to Financial Statements
December 31, 2023

Note 2: Deposits, Investments and Investment Return

As of December 31, 2023, HoosierFund had the following cash deposits and investments:

	2023
Cash	\$ 204,646,617
Certificates of deposit	62,110,389
Money market mutual funds	6,280,877
	\$ 273,037,883

Deposits and investments included in the statement of net position at December 31, 2023, are as follows:

	2023
Carrying value	
Deposits	\$ 266,757,006
Investments	6,280,877
	\$ 273,037,883

Deposits

Custodial credit risk is the risk that in the event of a bank failure, HoosierFund's deposits may not be returned to it. HoosierFund's deposit policy for custodial credit risk requires compliance with the provisions of state law.

Any cash deposits in excess of the \$250,000 Federal Deposit Insurance Corporation (FDIC) limits are partially or fully collateralized by an approved depository institution and insured by the Indiana Public Deposits Insurance Fund (Fund) via the pledged collateral from the institutions securing deposits of public funds. The Fund is a multiple financial institution collateral pool as provided under Indiana Code, Section 5-13-12-1.

HoosierFund

Notes to Financial Statements

December 31, 2023

Investments

Indiana statutes generally authorize HoosierFund to invest in United States obligations and issues of federal agencies, Indiana municipal securities, secured repurchase agreements fully collateralized by U.S. Government or U.S. Government agency securities, and open end money market mutual funds pursuant to Indiana Code §5-13-9. It is HoosierFund's policy to not invest in any "new issue" municipal bonds that are issued by an entity whose representative has been elected as an officer of HoosierFund. However, HoosierFund's investment policy permits the purchase of municipal bonds in the secondary market of an entity whose assigned representative is an officer of HoosierFund.

At December 31, 2023, HoosierFund had the following investments and maturities:

	Carrying Value	Maturity in Years	
		Less Than 1	1 - 5
Money market mutual funds	\$ 6,280,877	\$ 6,280,877	\$ -

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, HoosierFund is limited to investing in municipal securities of Indiana issuers that have not defaulted within the previous 20 years and other securities with a stated maturity of not more than five years after the date of purchase or entry into a repurchase agreement, as defined by HoosierFund's investment policy and Indiana Code § 5-13-9-5.6. The money market mutual funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. HoosierFund's investment policy for credit risk requires compliance with the provisions of Indiana statutes. Indiana Code Section 5-13-9-2.5 requires that HoosierFund's investments in money market mutual funds be rated AAA by Standard and Poor's or Aaa by Moody's Investor's Service. HoosierFund maintains a policy that limits its investments in State of Indiana municipal bonds to those rated A or better by one of the three nationally recognized rating services.

HoosierFund

Notes to Financial Statements

December 31, 2023

At December 31, 2023, HoosierFund's investments were rated by Moody's Investors Service and Standard & Poor's as follows:

	Carrying Value	Moody's Investors Service	Standard & Poor's
Money market mutual funds	\$ 6,280,877	Aaa-mf	AAAm

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, HoosierFund will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At December 31, 2023, HoosierFund's investments were not exposed to custodial credit risk. HoosierFund's investments in U.S. Government-Sponsored Enterprises are held by the pledging financial institution's trust department or agent in HoosierFund's name. The existence of HoosierFund's investment in money market mutual funds is not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk

HoosierFund places no limit on the amount that may be invested in any one issuer. HoosierFund has one entity that has an 11% concentration of all investments as of December 31, 2023.

Foreign Currency Risk

Foreign currency risk relates to adverse effects on the fair value of an investment from changes in exchange rates. HoosierFund's investment policy prohibits investments in foreign investments. HoosierFund had no investments denominated in foreign currency at December 31, 2023.

HoosierFund

Notes to Financial Statements

December 31, 2023

Note 3: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

At December 31, 2023, HoosierFund held no investment securities that were carried at fair value, as the money market mutual funds are carried at amortized cost.

Note 4: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Deposits and Investments

Approximately 11% of HoosierFund's net deposits and investments were attributable to one Participants' account at December 31, 2023.

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*

Independent Auditor's Report

Board of Representatives and Participants
HoosierFund
Indianapolis, Indiana

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 (*Government Auditing Standards*), the financial statements of HoosierFund, which comprise HoosierFund's statement of net position as of December 31, 2023, and the related statement of changes in net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 11, 2024. Our report contained a paragraph regarding the omission of required supplementary information.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered HoosierFund's 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of HoosierFund's internal control. Accordingly, we do not express an opinion on the effectiveness of HoosierFund's 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 financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether HoosierFund's financial statements are free from 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.

Forvis Mazars, LLP

**Indianapolis, Indiana
December 11, 2024**