Annual Report
Maine Municipal Bond Bank

2022

Maine Municipal Bond Bank

Maine Municipal Bond Bank

[redacted]

December 19, 2022

The Honorable Janet T. Mills
Governor of the State of Maine
State House Station #1
Augusta, ME 04333

Dear Governor Mills:

Pursuant to M.R.S.A. Title 30-A, Chapter 225, on behalf of the Board of Commissioners and staff of the Maine Municipal Bond Bank, I am pleased to provide you with our Fiscal Year 2022 Annual Report.

The Maine Municipal Bond Bank was established by the legislature in 1972. Since its inception the Bond Bank has issued more than $5.6 billion for funding to meet the needs of Maine's municipalities. During its forty-nine-year history the Bond Bank has never experienced a default.

Within the 2022 fiscal year, the Bond Bank committed $73 million in bonded loans through the General Bond Resolution Program. Those thirty-one loans provided governmental units with lower cost capital funding to meet their municipal needs.

The Bond Bank and the Department of Education closed on nine State Revolving Loan Fund loans which included 16 health, safety, and compliance school repair projects FY 2022 for a total of $8,923,240.

The Maine Clean Water Revolving Loan Fund and the Maine Drinking Water Revolving Fund provided loans totaling $88,180,955 to finance 30 loans in fiscal year 2022.

We are proud of our accomplishments within fiscal year 2022 and look forward to continuing our commitment of providing a service that benefits the growing needs of the State of Maine and the communities we serve.

Sincerely,

Terry Hayes

Terry Hayes
Executive Director

BAKER
NEWMAN
NOYES

Maine Municipal Bond Bank

Basic Financial Statements, Management's Discussion and Analysis and Required Supplementary Information

Year Ended June 30, 2022
With Independent Auditors' Report

Baker Newman & Noyes LLC
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MAINE MUNICIPAL BOND BANK

BASIC FINANCIAL STATEMENTS, MANAGEMENT'S DISCUSSION AND ANALYSIS AND REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2022

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Maine Municipal Bond Bank

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements, consisting of the General Operating Account, General Tax-Exempt Fund Group, Grant Anticipation Fund Group, Transportation Infrastructure Fund Group, Qualified School Construction Fund Group, Liquor Operation Revenue Fund Group, Clean Water and Drinking Water Revolving Loan Fund Groups and Operating Fund Group and the School Facilities Fund Group of Maine Municipal Bond Bank (the Bond Bank), which comprise the statements of net position as of June 30, 2022, the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements. The Bond Bank is a component unit of the State of Maine.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bond Bank, as well as the individual fund groups referred to above, as of June 30, 2022, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Bond Bank 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 these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Board of Commissioners
Maine Municipal Bond Bank

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bond Bank's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities on 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, we:

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

Board of Commissioners
Maine Municipal Bond Bank

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management, and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Baker Newman & Noyes LLC

Portland, Maine
September 13, 2022

As financial management of the Maine Municipal Bond Bank (the "Bond Bank"), we offer readers of these financial statements this narrative, overview and analysis of the financial activities of the Bond Bank for the fiscal year ended June 30, 2022. This discussion and analysis is designed to assist the reader in focusing on the significant financial matters and activities of the Bond Bank and to identify any significant changes in financial position. Readers should consider the information presented here only in conjunction with the basic financial statements as a whole.

Management Overview

- The Bond Bank committed loans to local governmental units during fiscal year 2022 totaling $170.1 million, which was a decrease of approximately $7.5 million or 4.2% from the loans committed in fiscal year 2021. In fiscal year 2022, the Bond Bank committed $73 million in bonded loans through the General Resolution Tax-Exempt Fund group to 31 governmental units. Sewer and Water Revolving and School Facilities Loan Funds committed loans to governmental units totaling approximately $97.1 million. The Clean Water Revolving Loan Fund program committed approximately $76.9 million in loans to fifteen governmental units, of which $3.2 million will be forgiven. The Drinking Water Revolving Loan Fund program committed approximately $11.3 million to fifteen governmental units, of which $4 million will be forgiven. The School Facilities Revolving Loan Fund program committed approximately $8.9 million to ten governmental units, of which $4.9 million will be forgiven.

- The Bond Bank's gross principal amount of bonds outstanding at June 30, 2022 of $1,460,841,380 represents a net decrease of $91,850,000 from the balance at June 30, 2021. This decrease was the net result of the General Tax Exempt Resolution issuing Series 2021B and 2022A bonds and the Transportation Infrastructure Fund Group issuing Series 2021A, totaling $105,870,000, less the combined scheduled debt service principal payments of $154,055,000 and the Transportation Infrastructure Fund Group's refunded bonds of $43,665,000. Refer to note 4 to the financial statements for a detail of bonds payable activity in 2022.

- Accrued investment income receivable increased $392,826 or 74.6% from fiscal year 2021, primarily due to a $231,387 or 379.0% increase in the Waste Water Revolving Fund Group and a $126,661 or 272.4% increase in the School Facilities Group. This was the result of a new investment strategy employed by the Bond Bank.

- Revenues for the Bond Bank's General Operating Account were $338,742 for fiscal year 2022, a decrease of $359,613 or 51.5% from fiscal year 2021. This was primarily attributed to a decrease in total net investment income, including net change in fair value, of approximately $263,317.

- Net position in the Bond Bank's General Operating Account decreased $322,081 in fiscal year 2022. This decrease is the net result of Operating Revenues totaling $338,742, Operating Transfers totaling $575,000 and Operating Expenses totaling $1,235,823. At June 30, 2022, the Bond Bank's General Operating Account had a total net position of $17,888,744.

- The Bond Bank experienced a significant change in their accrued pension liability such that the cost sharing plan in which it participates was overfunded, and as of June 30, 2022, the Bond Bank's proportionate share of the net pension was an asset of $61,613, as compared to a pension liability of $715,672 at June 30, 2021. Due to the pandemic and other world events, there was unprecedented volatility in the investment market concurrent with the timing of the measurement date for Maine Public Employees Retirement System's Governmental Accounting Standards Board (GASB) 68 reporting. All indications are that this asset position is the result of valuation date timing and investment volatility, and will likely revert to a normal position of an accrued pension liability in future years.

Overview of the Bond Bank

The Bond Bank was created in 1972 by an Act of the Maine Legislature, as a public body corporate and politic and is constituted as an instrumentality, exercising public and essential governmental functions of the State. The Bond Bank was initially established to issue bonds for the purpose, among other things, of providing funds to enable it to lend money to counties, cities, towns, school administrative districts, community school districts or other quasi-municipal corporations (the governmental units) within the State of Maine. The provision of funds is accomplished by the direct purchase from such governmental units of their bonds, notes or evidence of debt payable from taxes, charges for services or assessments.

For financial statement reporting purposes, the Bond Bank is considered a component unit of the State of Maine. However, the Bond Bank does not receive any State appropriations for its operations. The Bond Bank does receive grant monies from the State to fund the revolving loan funds for clean water, drinking water and school facilities fund groups. The Bond Bank may also administer pass-through grants from time-to-time for various state agencies within its General Operating Account. The Bond Bank periodically receives allocations of the State's tax-exempt bond cap and is a member of the State's Tax Cap Allocation Committee.

The Bond Bank administers the Grant Anticipation Fund Group under which the Bond Bank issues bonds or notes for the purpose of making advances to finance qualified transportation projects approved by the State of Maine Department of Transportation. These bonds or notes are repaid from future federal highway grant monies received by the State of Maine.

The Bond Bank administers the Transportation Infrastructure Fund Group under which the Bond Bank issues bonds or notes for the purpose of making advances to finance qualified transportation projects approved by the State of Maine Department of Transportation. These bonds or notes are repaid from a portion of allocated fees and taxes (i.e., motor fuel taxes, title fees, registration fees, excise fuel taxes, vanity license plate fees) collected by the State of Maine, and paid to the Bond Bank monthly or quarterly.

The Bond Bank administers the Qualified School Construction Fund Group Resolution under which the Bond Bank issues bonds which are exempt from State of Maine income taxes (but not federal income taxes) and makes loans to qualified governmental units for the construction, rehabilitation, or repair of a public school facility, or for the acquisition of land on which such a facility is to be constructed. Interest payments are made semi-annually by the borrowers and are net of any federal subsidy payments that are received from the US Department of the Treasury. Principal payments are made annually to the Bond Bank by the borrowers and are deposited into a sinking fund. The sinking fund will be used to pay off the bonds on the final maturity date.

The Bond Bank administers the Liquor Operations Fund Group. Under this fund group, there was a one-time issuance of Liquor Operation Revenue Bonds which the State of Maine used to pay 39 hospitals for health services under the MaineCare (Medicaid) program that were provided prior to December 1, 2012. The bonds are repaid from a portion of future liquor revenues collected by the State Bureau of Alcoholic Beverages and Lottery Operations and paid to the Bond Bank monthly. This bond is exempt from State of Maine income taxes, but not federal income taxes.

The Bond Bank administers the Federal Clean Water Act and Drinking Water Act Revolving Loan Funds. Each of the Revolving Loan Funds periodically receives capitalization grants from the Environmental Protection Agency and matching funds from the State of Maine. Additionally, both of the revolving loan funds received *American Recovery and Reinvestment Act of 2009* (ARRA) grant awards in 2009. The State of Maine Department of Environmental Protection approves qualified projects, under the *Clean Water Act* Fund. The Drinking Water Revolving Loan Fund operates similarly to the Clean Water Revolving Loan Fund whereby the Maine Department of Human Services (Office of Drinking Water) approves qualified projects under the *Drinking Water Act*. All loans are subject to the Bond Bank's approval and may be comprised of bond proceeds and federal and state equity funds or solely equity funds.

Under the base Clean Water and Drinking Water Revolving Loan Program, a portion of each federal capitalization grant shall be provided to borrowers as principal loan forgiveness. The federal government mandates the amount of additional subsidies to eligible borrowers that can be used at the State's discretion.

The Bond Bank administers the School Facilities Revolving Loan Fund, which is capitalized by funds received from the State of Maine. The Department of Education approves qualified projects that are eligible for interest-free revolving loans, subject to the Bond Bank's approval, to school administrative units or their respective municipalities, for renovation and maintenance of school facilities. Borrowers are eligible to receive a minimum of 30% and a maximum of 70% loan forgiveness.

As the result of the Bond Bank issuing tax-exempt debt, it is required to prepare arbitrage rebate calculations for each series of tax-exempt bonds outstanding and remit payment to the Internal Revenue Service every five years. The Bond Bank contracts with an arbitrage consultant to maintain and prepare all rebate calculations that will be filed with the Internal Revenue Service. Additionally, for financial reporting purposes, the consultant prepares a liability rebate calculation annually for each outstanding series of bonds on the respective bond's anniversary date.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Bond Bank's financial statements, which is comprised of the basic financial statements, notes to the financial statements, and required supplementary information. Since the Bond Bank operates under separate resolutions, the financial statements reflect individual fund activity.

Basic Financial Statements

The basic financial statements are designed to provide readers with a broad overview of the Bond Bank's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Bond Bank's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Bond Bank is improving or deteriorating. Net position increases when revenues exceed expenses.

The statement of revenues, expenses and changes in net position presents information showing how the Bond Bank's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Supplementary Information

In addition to the financial statements and the accompanying notes, this report also presents certain required supplementary information, as listed in the table of contents, to provide readers with a broader insight into the financial standing of the Bond Bank.

Financial Analysis

Net position may serve, over time, as a useful indicator of a government's financial position. In the case of the Bond Bank, net position totaled $871,419,770 at June 30, 2022. Expenses exceeded revenues in the General Operating Account, General Tax-Exempt and School Facilities Fund Groups, with offsetting net income in the Waste Water and Drinking Water Revolving Loan and Operating Fund Groups, resulting in a net decrease of $6,124,441 or 0.7% over the previous fiscal year. The net decrease in the fair market value of investments, coupled with the reduced grant revenue from the State of Maine within the School Facilities Fund Group, were primary factors in the decrease in net position in fiscal year 2022.

The Bond Bank's financial position and operations for the past two years are summarized below based on information included in the basic financial statements.

MAINE MUNICIPAL BOND BANK
Statements of Net Position
June 30, 2022 and 2021

	2022	2021	Percentage Change
Current assets:			
Cash	$ 17,094	$ 120,650	(85.8)%
Investments held by trustee	418,019,072	387,517,477	7.9
Operating investments	10,784,112	11,719,190	(8.0)
Grant receivable from State of Maine	–	45,000,000	(100.0)
Loans receivable from governmental units	144,368,586	141,470,245	2.0
Advances to State of Maine	58,147,526	59,283,153	(1.9)
Accrued investment income receivable	919,358	526,532	74.6
Accrued interest and fees receivable on loans to governmental units and advances to State of Maine	11,402,406	19,299,983	(40.9)
Undisbursed federal letter of credit payments	26,844,045	29,499,947	(9.0)
Due from other funds	8,000,873	7,584,548	5.5
Other assets	574,082	254,481	125.6
Total current assets	679,077,154	702,276,206	(3.3)
Noncurrent assets:			
Pension asset	61,613	–	0.0
Investments held by trustee	185,370,917	202,061,429	(8.3)
Loans receivable from governmental units	1,496,478,716	1,520,134,880	(1.6)
Advances to State of Maine	212,300,690	277,709,977	(23.6)
Property and equipment, net of accumulated depreciation	1,114,930	1,186,228	(6.0)
Total noncurrent assets	1,895,326,866	2,001,092,514	(5.3)
Total assets	2,574,404,020	2,703,368,720	(4.8)
Deferred outflows of resources:			
Unamortized refunding benefits rebated to governmental units	–	32	(100.0)
Unamortized deferred loss on refundings	17,633,532	16,529,808	6.7
OPEB adjustments	258,775	158,741	63.0
Pension contributions	421,269	220,687	90.9
Total deferred outflows of resources	18,313,576	16,909,268	8.3%

	2022	2021	Percentage Change
Current liabilities:			
Accounts payable and accrued liabilities	$ 486,694	$ 772,730	(37.0)%
Due to other funds	8,000,873	7,584,548	5.5
Accrued interest payable	12,588,134	13,417,748	(6.2)
Unearned grant revenue	6,651,596	4,961,696	34.1
Undisbursed loans	22,878,291	40,519,478	(43.5)
Accrued interest rebate payable to U.S. Government	–	415,007	(100.0)
Due to State of Maine	73,555,987	80,577,220	(8.7)
Bonds payable, net	165,465,987	174,117,404	(5.0)
Total current liabilities	289,627,562	322,365,831	(10.2)
Noncurrent liabilities:			
Accrued interest rebate payable to U.S. Government	510,492	268,630	90.0
Bonds payable, net	1,428,812,703	1,518,246,003	(5.9)
Accrued pension and other post-employment benefit liabilities	973,129	1,644,397	(40.8)
Total noncurrent liabilities	1,430,296,324	1,520,159,030	(5.9)
Total liabilities	1,719,923,886	1,842,524,861	(6.7)
Deferred inflows of resources:			
Pension adjustments	863,766	47,405	1,722.1
OPEB adjustments	242,492	161,511	50.1
Deferred lease revenues	267,682	–	100.0
Total deferred inflows of resources	1,373,940	208,916	557.7
Net position:			
Net investment in capital assets	1,114,930	1,186,228	(6.0)
Restricted	813,232,020	797,178,717	2.0
Unrestricted	57,072,820	79,179,266	(27.9)
Total net position	$ 871,419,770	$ 877,544,211	(0.7)%

Total short and long-term investments held by trustee at June 30, 2022 increased $13,811,083 or 2.3% from June 30, 2021. The net increase is primarily attributed to an increase in short-term investments for the School Facilities Fund Group of $34,914,778, an increase of 133.5% from fiscal year 2021. This is a direct result of receipt of $45 million from the State's general fund unappropriated surplus that was distributed by the State of Maine to the School Facilities Fund Group in fiscal year 2022. The net increase is offset by a net decrease in fair value of $25,732,446 in 2022, as compared to a net decrease of $6,392,903 in 2021, primarily attributed to continued upward movement of market interest rates in fiscal 2022. The Bond Bank's investment portfolio is comprised of cash and cash equivalents, U.S. Government obligations (including treasury bills, notes, and bonds), U.S. Government-sponsored enterprises securities (i.e. FNMA, FMLMC), U.S. Treasury and U.S. Government-sponsored enterprise strips, guaranteed investment contracts and certificates of deposit. The Bond Bank's investments are carried at fair value. Unrealized gains and losses (primarily due to fluctuations in market interest rates) are recognized in the statements of revenues, expenses and changes in net position. A significant amount of the Bond Bank's investments are scheduled to mature to meet operating or debt service requirements and are normally held until maturity.

Loans (bond and equity) receivable from governmental units at June 30, 2022 decreased by $20,757,823 or 1.2% from June 30, 2021. The current year decrease is attributed to scheduled repayments and forgiveness outpacing new funds loaned to governmental units. Total new loan commitment in 2022 of approximately $170.1 million was a decrease of 4.2% from the 2021 commitment of approximately $177.5 million. New loan commitments consist of proceeds from the General Tax-Exempt Resolution Series 2021B and 2022A for a total of $70.8 million as well as equity loans in the Sewer and Water Revolving Loan Fund Groups and School Facilities Fund Group of $99.2 million.

Accrued interest and fees receivable on loans to governmental units and advances to the State of Maine decreased $7,897,577 or 40.9% from fiscal year 2021 primarily due to the Liquor Operations Revenue Fund Group timing of receipts of funds, whereby all amounts related to fiscal 2022 were received prior to June 30, 2022, as opposed to fiscal year 2021, which included a $7,516,843 accrual.

Undisbursed federal letter of credit payments decreased $2,655,902 or 9.0% from fiscal year 2021. The decrease can be attributed to a reduced draw demand in fiscal year 2022.

Grants receivable from the State of Maine was $0 at June 30, 2022 as compared to $45,000,000 at June 30, 2021. The amount receivable at the end of the 2021 fiscal year represented unappropriated surplus in the State's general fund that was approved by the legislature to be distributed to the School Facilities Fund Group. This amount was fully distributed to the School Facilities Fund Group during the 2022 fiscal year.

Advances to State of Maine decreased $66,544,914 or 19.7% from balances at June 30, 2021 due to continued repayments within the Transportation Fund Group and Liquor Operation Revenue Fund Group.

Other assets increased $319,601 or 125.6% from balances at June 30, 2021, primarily due to the adoption of GASB Statement No. 87, in which a lease receivable and offsetting deferred lease revenues were recorded within the General Operating Account statement of net position. These figures represent the present value of the future lease payments to be received under the Bond Bank's lease agreement with a third-party tenant of its office space, and the remaining lease receivable balance was approximately $268,000 at June 30, 2022.

Unamortized deferred loss on refundings increased $1,103,724 or 6.7% from 2021. The increase is primarily due to a refunding within the Transportation Infrastructure Fund Group offset by current year amortization.

Unearned grant revenue increased by $1,689,900 or 34.1% over fiscal year 2021. This is due to timing of the receipt of State of Maine matching grant funds within the Revolving Loan Fund Groups for fiscal year 2023.

Accrued interest rebate payable to U.S. Government decreased by $173,145 or 25.3% over fiscal year 2021. This decrease is the net result of rebate payments made to the U.S. Government during fiscal year 2022 and the net change in the rebate liability during the year.

Undisbursed loans at June 30, 2022 decreased $17,641,187 or 43.5% from fiscal 2021. This decrease is primarily a timing issue between when grants are awarded, loans are committed, and related funds are disbursed to the borrower.

The Bond Bank's financial position experienced minimal impact as net assets decreased only 0.7% in fiscal year 2022. The Bond Bank continued to maintain a positive spread of income from investments, interest on loans to governmental units, fee revenue from State of Maine and grants over bond interest and operating expenses.

MAINE MUNICIPAL BOND BANK
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2022 and 2021

	2022	2021	Percentage Change
Operating revenues:			
Interest on loans receivable from governmental units	$ 37,588,386	$ 38,867,329	(3.3)%
Program revenue from State of Maine	11,453,741	12,453,815	(8.0)
Interest income from investments	7,193,061	6,927,002	3.8
Net decrease in the fair value of investments	(25,732,446)	(6,392,903)	(302.5)
Grant revenue from Environmental Protection Agency	23,400,000	23,313,000	0.4
Grant revenue from State of Maine	4,680,000	49,712,226	(90.6)
Other income	1,966,111	2,247,041	(12.5)
Total operating revenues	60,548,853	127,127,510	(52.4)
Operating expenses:			
Interest expense	49,545,025	52,615,967	(5.8)
Operating expenses (direct and shared)	6,809,001	6,999,330	(2.7)
Cost of issuance expenses	798,044	1,291,847	(38.2)
Loan forgiveness	9,521,192	5,821,750	63.5
Amortization of refunding benefits rebated to governmental units	32	4,020	(99.2)
Total operating expenses	66,673,294	66,732,914	(0.1)
Operating (loss) income	(6,124,441)	60,394,596	(110.1)
Transfer from Department of Environmental Protection	–	4,199,654	(100.0)
Net (loss) income	(6,124,441)	64,594,250	(109.5)
Net position, beginning of year	877,544,211	812,949,961	7.9
Net position, end of year	$ 871,419,770	$ 877,544,211	(0.7)%

The General Tax-Exempt Fund Group reimburses the Operating Fund for the annual budget approved by the Board of Commissioners.

Program revenue from the State of Maine decreased $1,000,074 or 8.0% primarily due to reduced interest expense and changes in the fair market value of investments in the Liquor Operation Revenue Fund Group.

Interest income from investments in 2022 increased $266,059 or 3.8% from 2021 due to a net increase in short and long-term investments of $13.8 million. This increase was primarily due to a new investment strategy employed by the Bond Bank and the impact of a changing short-term interest rate environment with the net result of slightly higher interest earned in fiscal 2022.

The net decrease in the fair market value of investments was $25,732,446 in fiscal year 2022 versus a net decrease of $6,392,903 in fiscal 2021. This $19.3 million or 302.5% decrease was primarily attributable to the General Tax-Exempt Fund Group, where investments are held to maturity. The decrease is the result of significant fluctuations in the interest rate environment. The Authority's investment portfolio is comprised of cash and cash equivalents, U.S. Government obligations (including treasury bills, notes, and bonds), U.S. Government-sponsored enterprises, municipal bonds and guaranteed investment contracts. All investments are carried at fair value, and unrealized gains and losses (primarily due to fluctuations in market interest rates) are recognized in the statements of revenues, expenses and changes in net assets. The maturities of investments in the debt service reserve funds are scheduled to closely match debt service payments and are normally held to maturity.

Grant revenue from State of Maine decreased $45,032,226 in fiscal year 2022 from fiscal year 2021 or 90.6%. This decrease is primarily the result of the School Facilities Fund Group receiving a $45,000,000 grant in fiscal 2021.

Other income decreased $280,930 or 12.5% in 2022 from fiscal year 2021. This was primarily attributed to a decrease in authority fees, loan origination fees and arbitrage rebate computation date credits.

Cost of issuance expenses decreased $493,803 or 38.2% in fiscal year 2022 from fiscal year 2021. This decrease is related to the total par amount of General Tax-Exempt bonds issued in fiscal year 2022, which was substantially lower than fiscal year 2021, thus decreasing cost of issuance expenses.

Loan forgiveness increased $3,699,442 or 63.5% in fiscal year 2022 from fiscal year 2021. Portions of the loans made to eligible borrowers under the Drinking Water and Clean Water Revolving Loan Fund Programs and the School Facilities Fund Group may be forgiven if certain continuing criteria are met as the borrowers repay the loans. The total amount forgiven under these programs in 2022 was $2,436,571 and $1,554,017 within the Drinking Water and Clean Water Revolving Loan Fund Program, respectively, as compared to $2,590,972 and $1,443,110, respectively, in 2021. Also, portions of the loans made to school administrative units or their respective municipalities under the School Facilities Fund Group are forgiven at the time the loans are disbursed to the units. The amount forgiven within the School Facilities Fund Group in 2022 was $5,530,604, as compared to $1,787,668 in 2021. Forgiveness expense will vary from year to year depending upon repayment and drawdown activity within the respective programs, and the amount of potential forgiveness loans that are made each year.

Requests for Information

This financial report is designed to provide a general overview of the Bond Bank's financial statements for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Maine Municipal Bond Bank, 127 Community Drive, Augusta, Maine 04330.

MAINE MUNICIPAL BOND BANK

STATEMENTS OF NET POSITION

June 30, 2022

	General Operating Account	General Tax-Exempt Fund Group	Transportation Fund Groups: Grant Anticipation Fund Group	Transportation Fund Groups: Transportation Infrastructure Fund Group
ASSETS				
Current assets:				
Cash	$ 17,094	$ –	$ –	$ –
Investments held by trustee (notes 3, 5 and 10)	–	55,468,808	–	30,921,979
Operating investments (notes 3 and 10)	10,784,112	–	–	–
Loans receivable from governmental units (note 4)	–	97,604,479	–	–
Advances to State of Maine (note 4)	–	–	20,073,145	14,522,896
Accrued investment income receivable	18,272	191,879	–	–
Accrued interest and fees receivable on loans to governmental units and advances to State of Maine	–	7,274,988	2,552,057	–
Undisbursed federal letter of credit payments	–	–	–	–
Due from other funds	7,367,389	–	–	–
Other assets	569,178	–	–	–
Total current assets	18,756,045	160,540,154	22,625,202	45,444,875
Noncurrent assets:				
Pension asset	61,613	–	–	–
Investments held by trustee (notes 3, 5 and 10)	–	125,692,960	–	9,437,262
Loans receivable from governmental units (note 4)	–	1,000,982,871	–	–
Advances to State of Maine (note 4)	–	–	153,669,500	58,631,190
Property and equipment, net of accumulated depreciation of $2,153,804 (note 11)	1,114,930	–	–	–
Total noncurrent assets	1,176,543	1,126,675,831	153,669,500	68,068,452
Total assets	19,932,588	1,287,215,985	176,294,702	113,513,327
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized deferred loss on refundings (note 9)	–	10,371,737	–	7,220,783
OPEB adjustments (note 8)	258,775	–	–	–
Pension contributions (note 8)	421,269	–	–	–
Total deferred outflows of resources	680,044	10,371,737	–	7,220,783

Qualified School Construction Fund Group	Liquor Operation Revenue Fund Group	Sewer and Water Fund Groups: Revolving Loan Fund Groups Clean Water	Drinking Water	Operating Fund Group	School Facilities Fund Group	Total
$ –	$ –	$ –	$ –	$ –	$ –	$ 17,094
–	42,103,791	180,939,739	39,925,481	7,594,735	61,064,539	418,019,072
–	–	–	–	–	–	10,784,112
1,932,494	–	31,624,528	11,132,457	–	2,074,628	144,368,586
–	23,551,485	–	–	–	–	58,147,526
216,965	–	292,431	24,180	2,468	173,163	919,358
301,663	–	903,537	370,161	–	–	11,402,406
–	–	16,508,720	10,335,325	–	–	26,844,045
–	–	476,517	–	146,375	10,592	8,000,873
–	–	3,758	1,146	–	–	574,082
2,451,122	65,655,276	230,749,230	61,788,750	7,743,578	63,322,922	679,077,154
–	–	–	–	–	–	61,613
21,483,552	26,835,865	1,785,231	136,047	–	–	185,370,917
9,213,438	–	291,152,373	174,260,923	–	20,869,111	1,496,478,716
–	–	–	–	–	–	212,300,690
–	–	–	–	–	–	1,114,930
30,696,990	26,835,865	292,937,604	174,396,970	–	20,869,111	1,895,326,866
33,148,112	92,491,141	523,686,834	236,185,720	7,743,578	84,192,033	2,574,404,020
–	–	41,012	–	–	–	17,633,532
–	–	–	–	–	–	258,775
–	–	–	–	–	–	421,269
–	–	41,012	–	–	–	18,313,576

MAINE MUNICIPAL BOND BANK

STATEMENTS OF NET POSITION (CONTINUED)

June 30, 2022

	General Operating Account	General Tax-Exempt Fund Group	Transportation Fund Groups: Grant Anticipation Fund Group	Transportation Fund Groups: Transportation Infrastructure Fund Group
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	$ 376,819	$ –	$ –	$ –
Due to other funds	–	7,207,187	–	10,942
Accrued interest payable	–	8,195,571	2,552,057	1,333,800
Unearned grant revenue	–	–	–	–
Undisbursed loans	–	–	–	–
Accrued interest rebate payable to U.S. Government	–	–	–	–
Due to State of Maine	–	–	–	31,646,975
Bonds payable, net (note 4)	–	102,531,888	20,073,145	16,969,276
Total current liabilities	376,819	117,934,646	22,625,202	49,960,993
Noncurrent liabilities:				
Accrued interest rebate payable to U.S. Government	–	510,492	–	–
Bonds payable, net (note 4)	–	1,143,650,718	153,669,500	70,773,117
Accrued other post-employment benefit liabilities (note 8)	973,129	–	–	–
Total noncurrent liabilities	973,129	1,144,161,210	153,669,500	70,773,117
Total liabilities	1,349,948	1,262,095,856	176,294,702	120,734,110
DEFERRED INFLOWS OF RESOURCES				
Pension adjustments (note 8)	863,766	–	–	–
OPEB adjustments (note 8)	242,492	–	–	–
Deferred lease revenues	267,682	–	–	–
Total deferred inflows of resources	1,373,940	–	–	–
NET POSITION				
Net investment in capital assets	1,114,930	–	–	–
Restricted (notes 5, 6 and 7)	–	4,670,829	–	–
Unrestricted (notes 6 and 7)	16,773,814	30,821,037	–	–
Total net position	$17,888,744	$ 35,491,866	$ –	$ –

See accompanying notes to the financial statements.

Qualified School Construction Fund Group	Liquor Operation Revenue Fund Group	Sewer and Water Fund Groups — Revolving Loan Fund Groups — Clean Water	Sewer and Water Fund Groups — Revolving Loan Fund Groups — Drinking Water	Sewer and Water Fund Groups — Operating Fund Group	School Facilities Fund Group	Total
$ –	$ –	$ 109,875	$ –	$ –	$ –	$ 486,694
–	6,419	144,091	613,182	–	19,052	8,000,873
301,732	180,710	17,667	6,597	–	–	12,588,134
–	–	3,183,300	3,468,296	–	–	6,651,596
–	–	6,091,951	1,846,046	–	14,940,294	22,878,291
–	–	–	–	–	–	–
–	41,909,012	–	–	–	–	73,555,987
–	24,675,000	976,678	240,000	–	–	165,465,987
301,732	66,771,141	10,523,562	6,174,121	–	14,959,346	289,627,562
–	–	–	–	–	–	510,492
32,846,380	25,720,000	1,497,988	655,000	–	–	1,428,812,703
–	–	–	–	–	–	973,129
32,846,380	25,720,000	1,497,988	655,000	–	–	1,430,296,324
33,148,112	92,491,141	12,021,550	6,829,121	–	14,959,346	1,719,923,886
–	–	–	–	–	–	863,766
–	–	–	–	–	–	242,492
–	–	–	–	–	–	267,682
–	–	–	–	–	–	1,373,940
–	–	–	–	–	–	1,114,930
–	–	511,437,511	229,006,213	–	68,117,467	813,232,020
–	–	268,785	350,386	7,743,578	1,115,220	57,072,820
$ –	$ –	$ 511,706,296	$ 229,356,599	$ 7,743,578	$ 69,232,687	$ 871,419,770

MAINE MUNICIPAL BOND BANK

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended June 30, 2022

			Transportation Fund Groups	
	General Operating Account	General Tax-Exempt Fund Group	Grant Anticipation Fund Group	Transportation Infrastructure Fund Group
Operating revenues:				
Interest on loans receivable from governmental units	$ –	$ 30,728,499	$ –	$ –
Program revenue from State of Maine	–	–	4,341,999	4,228,356
Interest income from investments	81,714	5,013,941	–	331,338
Net decrease in the fair value of investments	(315,795)	(20,403,121)	–	(435,735)
Grant revenue from Environmental Protection Agency (note 6)	–	–	–	–
Grant revenue from State of Maine (notes 6 and 7)	–	–	–	–
Other income	572,823	–	–	410,738
Total operating revenues	338,742	15,339,319	4,341,999	4,534,697
Operating expenses:				
Interest expense	–	36,375,779	4,123,764	4,031,181
Operating expenses (direct and shared) (note 8)	1,235,823	29,480	218,235	92,778
Cost of issuance expenses	–	387,306	–	410,738
Loan forgiveness (notes 6 and 7)	–	–	–	–
Amortization of refunding benefits rebated to governmental units	–	32	–	–
Total operating expenses	1,235,823	36,792,597	4,341,999	4,534,697
Operating (loss) income before operating transfers	(897,081)	(21,453,278)	–	–
Operating transfers, net	575,000	(575,000)	–	–
Operating (loss) income	(322,081)	(22,028,278)	–	–
Net position, beginning of year	18,210,825	57,520,144	–	–
Net position, end of year	$ 17,888,744	$ 35,491,866	$ –	$ –

See accompanying notes to the financial statements.

Qualified School Construction Fund Group	Liquor Operation Revenue Fund Group	Sewer and Water Fund Groups — Revolving Loan Fund Groups — Clean Water	Drinking Water	Operating Fund Group	School Facilities Fund Group	Total
$ 2,793,768	$ –	$ 2,783,876	$ 1,282,243	$ –	$ –	$ 37,588,386
–	2,883,386	–	–	–	–	11,453,741
556,178	344,866	461,105	49,426	4,227	350,266	7,193,061
(1,539,553)	(92,510)	(1,427,640)	(47,606)	(24)	(1,470,462)	(25,732,446)
–	–	12,300,000	11,100,000	–	–	23,400,000
–	–	2,460,000	2,220,000	–	–	4,680,000
–	–	–	–	982,550	–	1,966,111
1,810,393	3,135,742	16,577,341	14,604,063	986,753	(1,120,196)	60,548,853
1,810,393	3,059,675	101,492	42,741	–	–	49,545,025
–	76,067	870,962	3,303,443	257,915	724,298	6,809,001
–	–	–	–	–	–	798,044
–	–	1,554,017	2,436,571	–	5,530,604	9,521,192
–	–	–	–	–	–	32
1,810,393	3,135,742	2,526,471	5,782,755	257,915	6,254,902	66,673,294
–	–	14,050,870	8,821,308	728,838	(7,375,098)	(6,124,441)
–	–	242,356	139,414	(381,770)	–	–
–	–	14,293,226	8,960,722	347,068	(7,375,098)	(6,124,441)
–	–	497,413,070	220,395,877	7,396,510	76,607,785	877,544,211
$ –	$ –	$ 511,706,296	$ 229,356,599	$ 7,743,578	$69,232,687	$ 871,419,770

MAINE MUNICIPAL BOND BANK

STATEMENTS OF CASH FLOWS

For the Year Ended June 30, 2022

	General Operating Account	General Tax-Exempt Fund Group	Transportation Fund Groups: Grant Anticipation Fund Group	Transportation Fund Groups: Transportation Infrastructure Fund Group
OPERATING ACTIVITIES:				
Cash received from governmental units and State of Maine	$ –	$ 131,286,670	$ 24,306,991	$ 42,385,953
Cash payments to governmental units	–	(75,432,163)	–	–
Cash payments to State of Maine	–	–	–	(27,600,000)
Cash received from other income	572,823	–	–	410,738
Cash payments for operating expenses	(1,492,828)	(104,480)	(218,235)	(92,778)
Cash paid for bond issuance costs	–	(387,306)	–	(410,738)
Cash received from (paid to) other funds	180,990	(135,107)	–	(222)
Cash (paid for) received from other assets and liabilities	(55,464)	–	–	–
Net cash (used) provided by operating activities	(794,479)	55,227,614	24,088,756	14,692,953
NONCAPITAL FINANCING ACTIVITIES:				
Proceeds from bonds payable	–	80,461,180	–	41,705,172
Principal paid on bonds payable	–	(97,610,000)	(16,030,000)	(15,515,000)
Interest paid on bonds payable	–	(48,396,519)	(8,058,756)	(4,428,026)
Grant receipts from Environmental Protection Agency and State of Maine	–	–	–	–
Amount deposited to refunding escrow (note 9)	–	–	–	(44,605,172)
Net cash (used) provided by noncapital financing activities	–	(65,545,339)	(24,088,756)	(22,843,026)
INVESTING ACTIVITIES:				
Purchase of investment securities	(14,424,605)	(223,816,943)	–	(106,748,856)
Proceeds from sale and maturities of investment securities	15,043,888	226,345,987	–	114,567,255
Income received from investments	90,529	8,199,093	–	331,674
Interest rebate paid to U.S. Government	–	(410,412)	–	–
Additions to property and equipment	(18,889)	–	–	–
Net cash provided (used) by investing activities	690,923	10,317,725	–	8,150,073
Decrease in cash	(103,556)	–	–	–
Cash, beginning of year	120,650	–	–	–
Cash, end of year	$ 17,094	$ –	$ –	$ –

Qualified School Construction Fund Group	Liquor Operation Revenue Fund Group	Sewer and Water Fund Groups — Revolving Loan Fund Groups — Clean Water	Sewer and Water Fund Groups — Revolving Loan Fund Groups — Drinking Water	Sewer and Water Fund Groups — Operating Fund Group	School Facilities Fund Group	Total
$ 3,744,642	$ 69,604,752	$ 32,824,116	$ 12,800,678	$ –	$ 2,016,505	$ 318,970,307
–	–	(51,108,196)	(14,716,808)	–	(10,119,270)	(151,376,437)
–	(37,000,000)	–	–	–	–	(64,600,000)
–	–	–	–	982,550	–	1,966,111
–	(76,067)	(870,961)	(3,303,443)	(257,915)	(724,298)	(7,141,005)
–	–	–	–	–	–	(798,044)
–	(3,506)	225,147	137,692	(393,692)	(11,302)	–
–	–	–	3,545	–	–	(51,919)
3,744,642	32,525,179	(18,929,894)	(5,078,336)	330,943	(8,838,365)	96,969,013
–	–	–	–	–	–	122,166,352
–	(23,700,000)	(980,000)	(220,000)	–	–	(154,055,000)
(1,810,393)	(3,140,689)	(125,599)	(44,319)	–	–	(66,004,301)
–	–	18,545,818	13,879,984	–	45,000,000	77,425,802
–	–	–	–	–	–	(44,605,172)
(1,810,393)	(26,840,689)	17,440,219	13,615,665	–	45,000,000	(65,072,319)
(17,272,781)	(111,292,230)	(321,589,836)	(60,046,028)	(5,766,408)	(144,513,911)	(1,005,471,598)
14,792,697	105,262,719	322,849,793	51,479,858	5,433,651	108,128,671	963,904,519
545,835	345,021	229,718	28,841	1,814	223,605	9,996,130
–	–	–	–	–	–	(410,412)
–	–	–	–	–	–	(18,889)
(1,934,249)	(5,684,490)	1,489,675	(8,537,329)	(330,943)	(36,161,635)	(32,000,250)
–	–	–	–	–	–	(103,556)
–	–	–	–	–	–	120,650
$ –	$ –	$ –	$ –	$ –	$ –	$ 17,094

MAINE MUNICIPAL BOND BANK

STATEMENTS OF CASH FLOWS (CONTINUED)

For the Year Ended June 30, 2022

	General Operating Account	General Tax-Exempt Fund Group	Transportation Fund Groups: Grant Anticipation Fund Group	Transportation Fund Groups: Transportation Infrastructure Fund Group
Reconciliation of operating (loss) income to net cash (used) provided by operating activities:				
Operating (loss) income	$ (322,081)	$ (22,028,278)	$ –	$ –
Adjustments to reconcile operating (loss) income to net cash (used) provided by operating activities:				
Interest income from investments	(81,714)	(5,013,941)	–	(331,338)
Net decrease in the fair value of investments	315,795	20,403,121	–	435,735
Loan forgiveness	–	–	–	–
Depreciation	90,187	–	–	–
Amortization of refunding benefits rebated to governmental units	–	32	–	–
Interest expense on bonds payable	–	36,375,779	4,123,764	4,031,181
Federal and State grants	–	–	–	–
Change in assets and liabilities:				
Loans receivable from governmental units and advances to State of Maine	–	24,981,712	19,696,602	16,083,353
Grant receivable from State of Maine	–	–	–	–
Accrued interest and fees receivable on loans to governmental units and advances to State of Maine	–	144,296	268,390	–
Due to/from other funds	(394,010)	439,893	–	(222)
Other assets	(323,146)	–	–	–
Accrued pension and other post-employment benefit liabilities	(136,155)	–	–	–
Accounts payable and accrued liabilities	(211,037)	(75,000)	–	–
Deferred lease revenues	267,682	–	–	–
Due to State of Maine	–	–	–	(5,525,756)
Net cash (used) provided by operating activities	$ (794,479)	$ 55,227,614	$ 24,088,756	$ 14,692,953

See accompanying notes to the financial statements.

Qualified School Construction Fund Group	Liquor Operation Revenue Fund Group	Sewer and Water Fund Groups: Revolving Loan Fund Groups: Clean Water	Sewer and Water Fund Groups: Revolving Loan Fund Groups: Drinking Water	Sewer and Water Fund Groups: Operating Fund Group	School Facilities Fund Group	Total
$ –	$ –	$ 14,293,226	$ 8,960,722	$ 347,068	$ (7,375,098)	$ (6,124,441)
(556,178)	(344,866)	(461,105)	(49,426)	(4,227)	(350,266)	(7,193,061)
1,539,553	92,510	1,427,640	47,606	24	1,470,462	25,732,446
–	–	1,554,017	2,436,571	–	5,530,604	9,521,192
–	–	–	–	–	–	90,187
–	–	–	–	–	–	32
1,810,393	3,059,675	101,492	42,741	–	–	49,545,025
–	–	(14,760,000)	(13,320,000)	–	–	(28,080,000)
950,808	23,700,000	(21,025,373)	(3,208,938)	–	(8,102,765)	53,075,399
–	–	–	–	–	–	–
66	7,516,843	(42,583)	10,565	–	–	7,897,577
–	(3,506)	(17,209)	(1,722)	(11,922)	(11,302)	–
–	–	–	3,545	–	–	(319,601)
–	–	–	–	–	–	(136,155)
–	–	1	–	–	–	(286,036)
–	–	–	–	–	–	267,682
–	(1,495,477)	–	–	–	–	(7,021,233)
$ 3,744,642	$ 32,525,179	$ (18,929,894)	$ (5,078,336)	$ 330,943	$ (8,838,365)	$ 96,969,013

1. Organization

The Maine Municipal Bond Bank (the Bond Bank) is constituted as an instrumentality and a component unit of the State of Maine, organized and existing under and pursuant to M.R.S.A., Article 30-A, Title 5901 (the Act), as amended.

Under the Act, the Bond Bank is authorized to issue bonds for the purpose, among other things, of providing funds to enable it to lend money to counties, cities, towns, school administrative districts, community school districts, other quasi-municipal corporations or other eligible borrowers as designated by the Legislature (the governmental units) within the State of Maine. The provision of funds is accomplished by the direct purchase from such governmental units of their bonds, notes or evidence of debt payable from taxes, charges for services, grants or assessments. The Bond Bank is also authorized by the Legislature to issue bonds on behalf of the State of Maine to finance qualified transportation projects and payments to healthcare providers, to be repaid by taxes, fees and grant and liquor revenues.

The Bond Bank has an arrangement with related parties, Maine Health and Higher Educational Facilities Authority (MHHEFA) and Maine Governmental Facilities Authority (MGFA), whereby the Bond Bank administers and manages MHHEFA and MGFA programs under the direction of each Authority's Board of Commissioners. The Bond Bank allocates general overhead expenses from its operations to each Authority. The arrangement is approved annually by the Boards of Commissioners through the budgetary approval process. At June 30, 2022, the General Operating Account has approximately $113,000 of amounts due from these related parties, which is included in other assets in the accompanying statements of net position.

The General Operating Account consists of the operating revenues and expenses incurred by the Bond Bank in administering each of the resolutions under which it is operating. The funds and accounts of these resolutions have been grouped within each of the resolutions and fund groups as described below.

The General Operating Account also administers various loan and grant programs in conjunction with the State of Maine.

General Tax-Exempt Fund Group: This fund group consists of funds and accounts established under the Bond Bank's General Bond Resolution adopted July 11, 1973, as amended and supplemented by the First Supplemental Resolution adopted September 20, 1977, the Second Supplemental Resolution adopted July 18, 1984, the Third Supplemental Resolution adopted May 7, 1993, the Fourth Supplemental Resolution adopted June 25, 1993 and the Fifth Supplemental Resolution adopted September 18, 2003. Under these resolutions, the Bond Bank issues bonds on which the interest is exempt from State of Maine income taxes and either exempt or non-exempt from federal income taxes. The proceeds on the bonds are used to make loans to local governmental units. In addition, the Bond Bank issues taxable bonds that receive a federal interest subsidy payment on each debt service payment date. The total federal interest subsidy received in 2022 was approximately $679,000, and is included in interest on loans receivable from governmental units in the statement of revenues, expenses and changes in net position.

1. Organization (Continued)

Transportation Fund Groups: These fund groups consist of funds and accounts established under the Bond Bank's Grant Anticipation General Bond Resolution adopted December 10, 2004 and the Bond Bank's Transportation Infrastructure General Bond Resolution adopted September 24, 2008. Under these resolutions, the Bond Bank issues bonds or notes exempt from Federal and State of Maine income taxes for the purpose of making advances to the State of Maine Department of Transportation to finance qualified transportation projects. The Grant Anticipation bonds or notes are to be repaid from future federal highway grant monies received by the State of Maine and the Transportation Infrastructure bonds or notes are to be repaid from a portion of future fees and taxes collected by the State of Maine, which are paid to the Bond Bank monthly or quarterly. In addition, the Bond Bank issues taxable bonds that receive a federal interest subsidy payment on each debt service payment date. The total federal interest subsidy received in 2022 was approximately $132,000 and is included in program revenue from State of Maine in the Grant Anticipation Fund Group statement of revenues, expenses and changes in net position.

Qualified School Construction Fund Group: This fund group consists of funds and accounts established under the Bond Bank's General Bond Resolution adopted November 18, 2010. Under this resolution, the Bond Bank issues bonds which are exempt from State of Maine income taxes (but not federal income taxes) and makes loans to qualified governmental units. The bonds issued in this fund group receive a federal interest subsidy payment on each debt service payment date. The total federal interest subsidy received in 2022 was approximately $1,573,000 and is included in interest on loans receivable from governmental units in the statement of revenues, expenses and changes in net position.

Liquor Operation Revenue Fund Group: This fund group consists of funds and accounts established under the Bond Bank's State Liquor Operation Revenue Bonds Resolution adopted August 21, 2013. Under this resolution, the Bond Bank issues bonds which are exempt from State of Maine income taxes (but not federal income taxes) for the purpose of making advances to the State of Maine to make payments to health care providers for services provided prior to December 1, 2012 under the MaineCare program. The bonds are to be repaid from a portion of future liquor revenues collected by the State Bureau of Alcoholic Beverages and Lottery Operations and transferred to the Bond Bank monthly.

Sewer and Water Fund Groups: These fund groups consist of funds and accounts established under the Bond Bank's Sewer and Water General Bond Resolution adopted February 7, 1990, as amended and supplemented by the First Supplemental Resolution adopted March 6, 1991, by the Second Supplemental Resolution adopted August 21, 1998, and by the Third Supplemental Resolution adopted March 14, 2003. Under this resolution, the Bond Bank issues bonds exempt from federal and State of Maine income taxes for the purpose of making revolving loans to governmental units to finance wastewater collection, treatment system or water supply system projects. Under the Drinking Water Fund Group, eligible borrowers consist of public water systems, which include municipalities, districts, private for-profit and non-profit water systems. Some of these projects may be financed by grants from the Environmental Protection Agency and the State of Maine under the State Revolving Fund Program and the Drinking Water State Revolving Loan Fund Program. The Operating Fund Group collects fees paid by eligible borrowers of the Sewer and Water Fund Groups and pays administrative expenses to the Bond Bank and other expenses permitted within the resolution that are not covered under the Sewer and Water Revolving Fund Groups. The fees earned are recorded in other income on the statement of revenues, expenses and changes in net position.

1. Organization (Continued)

School Facilities Fund Group: This fund group consists of funds and accounts established under the Maine School Facilities Finance Program. Under this program, the Bond Bank receives appropriations from the State of Maine for the purpose of making loans to school administrative units for school repair and renovation. This fund group is not a part of any bond resolution.

2. Significant Accounting Policies

Proprietary Fund Accounting: As the Bond Bank's operations are financed and operated in a manner similar to private business enterprise, where the intent of the governing body is that the costs of providing goods or services is financed through user charges, it meets the criteria for an enterprise fund and, therefore, is accounted for under the accrual basis of accounting.

As discussed below, the Bond Bank complies with Governmental Accounting Standards Board (GASB) statements codified under GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidelines Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62).

The financial statements are prepared in accordance with GASB No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus – an amendment of GASB Statement No. 21 and No. 34,* and No. 38, *Certain Financial Statement Note Disclosures*.

Accounting Method: As stated above, the Bond Bank uses the accrual basis of accounting and, accordingly, recognizes revenues as earned and expenses as incurred.

Federal Income Taxes: It is the opinion of management that the Bond Bank is exempt from federal income taxes under Internal Revenue Code (IRC) Section 115, and that the Bond Bank has maintained its tax-exempt status and has no uncertain tax positions that require adjustment or disclosure in these financial statements. However, because the Bond Bank issues tax-exempt bonds, it is subject to the arbitrage rebate requirements of Section 148 of the IRC. Section 148 requires that any arbitrage profit earned on the proceeds of tax-exempt bonds issued after 1985 must be rebated to the federal government at least once every five years, with the balance rebated no later than 60 days after the retirement of the bonds.

Arbitrage rebate expense, which is presented as a reduction in the amount of interest income from investments, for the year ended June 30, 2022 was approximately $237,300 in the General Tax-Exempt Fund Group. Arbitrage rebate expense in any other Fund Group for the year ended June 30, 2022 was not significant.

Cash and Cash Equivalents: The Bond Bank considers all checking and savings deposits and highly liquid investments with maturities of three months or less to be cash equivalents.

Cash includes funds held in interest bearing demand deposit and savings accounts, which is managed in an effort as not to exceed amounts guaranteed by the Federal Deposit Insurance Corporation. The Bond Bank has not experienced any losses in such accounts and management believes the Bond Bank is not exposed to any significant risk of loss on cash.

2. Significant Accounting Policies (Continued)

Investments: Investments are carried at fair value. See note 10. Changes in fair value are recorded as net increase or decrease in the fair value of investments on the statements of revenues, expenses and changes in net position. Interest earnings on long-term principal-only strips within the general tax-exempt fund group, transportation infrastructure fund group and liquor operation revenue fund group of approximately $3,803,300, $157,200 and $38,600, respectively, have been recorded as interest income from investments in 2022. Reserve fund investments that are not expected to be utilized to fund bond principal and interest payments until after June 30, 2023 have been classified as long-term.

Within the liquor operation revenue and transportation infrastructure fund groups, the Bond Bank invests monies with the State of Maine. The State of Maine sponsors an internal investment pool (the Treasurer's Cash Pool). The Bond Bank's participation is voluntary. The State of Maine Treasurer's Cash Pool is primarily comprised of investment vehicles with short maturities and management of the Bond Bank characterizes the investments within the pool as low risk. The State of Maine's Treasurer's Cash Pool is not rated by external rating agencies. The Bond Bank is able to make withdrawals from the State of Maine Investment Pool, at par, with little advance notice and without penalty. The Bond Bank's management considers this investment vehicle a money market instrument and generally carries the amounts in the pool at fair value. At June 30, 2022, the liquor operation revenue fund group and transportation infrastructure fund group had $42,103,241 and $30,902,855, respectively, invested in the Treasurer's Cash Pool, which are classified as cash equivalents within investments held by trustee on the statements of net position.

Undisbursed Federal Letter of Credit Payment: The Bond Bank has received federal capitalization grants under the Sewer and Water Bond Resolution's State Revolving Fund Program. The grants have been made available in the form of letters of credit which can only be drawn upon when needed for administrative and actual construction related costs.

Property and Equipment: The building and equipment are recorded at cost less accumulated depreciation. The provision for depreciation has been computed using the straight-line method over the estimated useful lives of the assets.

Bond Discounts, Premiums and Issuance Costs: Costs associated with issuing debt, which are generally paid by means of fees collected from governmental units, are expensed in the year incurred. Original issue discounts or premiums associated with bond issues are deferred and are being amortized to interest expense over the life of the bond using the bonds outstanding method. For each issue, bond discounts (premiums) are presented as a reduction of (increase to) the face amount of bonds payable (note 4).

Deferred Outflows of Resources: In addition to assets, the statement of net position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Bond Bank has three significant items that qualify for reporting in this category. The first, a deferred charge on refunding, results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second and third deferred charges relate to recognition of the net pension liability and net other postemployment benefit (OPEB) liability and can include: the differences between expected and actual experience, change in assumptions, the net difference between projected and actual earnings on pension and OPEB plan investments, and changes between the Bond Bank's contributions and proportionate share of contributions, and also Bond Bank contributions subsequent to the measurement date.

2. Significant Accounting Policies (Continued)

Deferred Inflows of Resources: In addition to liabilities, the statement of net position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources recognized on the statement of net position relate to the net pension liability which includes the difference between expected and actual experience, net difference between projected and actual earnings on pension plan investments and changes in proportion and differences between the Bond Bank's contributions, the net OPEB liability which includes differences between expected and actual experience and changes in actuarial assumptions, and deferred lease revenues which relate to the present value of lease payments expected to be received under lease agreements with third party lessees.

Leases: The Bond Bank leases a portion of its office space to an unrelated third party-tenant. The lease agreement calls for monthly lease payments through September 30, 2026, with tenant renewal options through September of 2036. The Bond Bank accounts for this arrangement under the provisions of GASB Statement No. 87, *Leases*, in which a lease receivable and deferred inflow are recorded at lease inception representing the present value of the remaining lease payments expected to be received during the lease term, discounted at the interest rate implicit in the lease agreement. The Bond Bank generally does not include optional renewable periods in the lease term, as it cannot be determined that they are reasonably certain to be exercised. At June 30, 2022, the lease receivable included within other assets on the General Operating Account statement of net position was approximately $268,200. Total inflows of resources related to this arrangement, including lease revenue and interest revenue, were approximately $48,700 for the year ending June 30, 2022 and are included within other income on the General Operating Account statement of revenues, expenses, and changes in net position. The lease agreement does not contain any significant variable payments.

Pension Plan: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources, and pension expense, information about the fiduciary net position of the Participating Local District (PLD) Defined Benefit Plan and additions to/deductions from PLD's fiduciary net position have been determined on the same basis as they are reported by the PLD. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Postemployment Benefits Other Than Pensions (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources, and OPEB expense, information about the fiduciary net position of the Bond Bank's agent multiple-employer postemployment healthcare plan administered by the Maine Municipal Employees Health Trust (the healthcare plan) and additions to/deductions from the healthcare plan's fiduciary net position have been determined on the same basis as they are reported by the healthcare plan. For this purpose, the healthcare plan recognizes benefit payments when due and payable in accordance with the benefit terms.

2. Significant Accounting Policies (Continued)

Advanced Refundings: Advanced refundings are accounted for in accordance with the provisions of GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*. In an advance refunding, the Bond Bank defeases bonds by placing cash received from the advanced refunding into an irrevocable escrow account to provide for all future debt service payments on defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Bond Bank's financial statements. Under GASB Statement No. 23, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense over the remaining life of the old debt, or the life of the new debt, whichever is shorter, using the bonds outstanding method. The unamortized portion of the deferred amount is reported as a deferred outflow of resources. Amortization for the year ended June 30, 2022 was approximately $2,969,000, $2,524,000 and $39,000 for the General Tax Exempt Fund Group, Transportation Infrastructure Fund Group and Clean Water Revolving Loan Fund Group, respectively.

The Board of Commissioners determines what percentage, if any, of the gains, losses and economic benefits of advanced refundings gets passed on to the respective governmental units. Refunding benefits for governmental units are distributed to the governmental units either as a one-time, upfront, rebate or as reduced debt service payments generally allocated over the remaining life of the refunded bonds. If the refunding benefits are distributed as a one-time, upfront, rebate, the refunding benefits are deferred and amortized over the life of the refunded bonds (which is equivalent to the life of the loans receivable) using a method which approximates the effective interest method. The gains, losses and economic benefits of advance refundings completed within the Transportation Fund Groups inure to the State of Maine and not the Bond Bank.

Construction Funds: The Transportation Fund Groups and Sewer and Water General Bond Resolution require bond proceeds to be deposited into construction funds. Upon deposit into the construction funds, advances receivable from the State of Maine or a loan receivable from the governmental unit is recorded and the construction funds are excluded from the statement of net position. The Bond Bank maintains control over disbursement of these funds until the project is complete. There are no bond proceeds held in Clean Water or Drinking Water Construction funds as of June 30, 2022. The Transportation Fund Groups have a balance of approximately $71,000,000 of bond proceeds in construction funds as of June 30, 2022.

Grant Revenue: Grant revenue is recognized when the qualifying commitments have been made and all other grant requirements have been met.

Interfund Transactions: Quasi-external transactions are accounted for as revenues or expenses. Transactions that constitute reimbursements to a fund for expenses initially made from it that are properly applicable to another fund are recorded as expenses in the reimbursing fund and as reductions of expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

2. Significant Accounting Policies (Continued)

Management Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires the Bond Bank to make estimates and assumptions that affect the amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Total Columns: The "total" columns contain the totals of the similar accounts of the various funds. Since the assets of the funds are restricted, the combination of the accounts, including assets therein, is for convenience only and does not indicate that the combined assets are available in any manner other than that provided for in the separate funds.

Risks and Uncertainties

The COVID-19 pandemic, supply chain disruptions, and international conflict have caused significant disruptions in the U.S. economy and to governmental units in the State of Maine. Governmental units that have loan agreements with the Bond Bank have not shown signs of inability to pay future loan payments at the date of these financial statements. Other financial effects could occur, though such potential impact is unknown at the date of these financial statements.

Recently Issued Accounting Pronouncements

In June 2017, GASB issued Statement No. 87, *Leases*. This statement requires government entities that are lessees to recognize the following: (a) a lease liability and (b) an intangible asset representing the lessee's right to use the leased asset; and report in its financial statements: (a) amortization expense for using the leased asset over the shorter of the term of the lease or the useful life of the underlying asset, (b) interest expense on the lease liability, and (c) note disclosures about the lease. Government entities that are lessors must recognize the following: (a) a lease receivable and (b) a deferred inflow of resources and continue to report the leased asset in its financial statements; and report in its financial statements: (a) lease revenue, recognized over the term of the lease, corresponding with the reduction of the deferred inflow, (b) interest income on the receivable; and (c) note disclosures about the lease. The statement provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments, and certain regulated leases. The statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, nonlease components embedded in lease contracts (such as service agreements), and leases with related parties. In May 2020, GASB issued Statement No. 95, which delayed the effective date of Statement No. 87 to reporting periods beginning after June 15, 2021. The Bond Bank adopted Statement No. 87, effective July 1, 2021, which resulted in an approximate $315,000 increase to other assets and deferred inflows within the General Operating Account on the statement of net position.

2. Significant Accounting Policies (Continued)

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement: (a) defines a SBITA, (b) establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability, (c) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and (d) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The effective date for GASB 96 is to reporting periods beginning after June 15, 2022, with earlier application permitted. The Bond Bank is currently evaluating the impact of the pending adoption of this statement on its financial statements, which will only impact the General Operating Account, if applicable.

3. Investments Held By Trustee and Operating Investments

The Bond Bank is authorized, under Maine statutes, to invest in obligations of the U.S. Treasury, certain U.S. Government-sponsored enterprises, state and local government agencies, guaranteed investment contracts, certificates of deposit and collateralized repurchase agreements. At June 30, 2022, investments are categorized as follows:

	Fair Value
General Operating Account	
Operating investments:	
U.S. Government obligations	$ 9,120,395
U.S. Government-sponsored enterprises	385,377
Cash equivalents	1,278,340
	$ 10,784,112
General Tax-Exempt Fund Group	
Investments held by trustee:	
Guaranteed investment contracts	$ 5,810,335
U.S. Government obligations	5,128,140
U.S. Government-sponsored enterprises	18,468,471
U.S. Treasury strips	10,591,611
U.S. Government-sponsored enterprise strips	102,970,476
Cash equivalents	38,192,735
	$ 181,161,768

Of the total $181,161,768 General Tax Exempt Fund Group investments at June 30, 2022, approximately $160,559,000 are included in reserve funds as described in note 5.

3. Investments Held By Trustee and Operating Investments (Continued)

	Fair Value
Transportation Infrastructure Fund Group	
Investments held by trustee:	
U.S. Treasury strips	$ 8,044,427
Cash equivalents	32,314,814
	$ 40,359,241

Of the total $40,359,241 Transportation Infrastructure Fund Group investments at June 30, 2022, approximately $9,437,000 are included in reserve funds as described in note 5.

Qualified School Construction Fund Group	
Investments held by trustee:	
U.S. Government obligations	$ 21,477,703
Cash equivalents	5,849
	$ 21,483,552
Liquor Operation Revenue Fund Group	
Investments held by trustee:	
U.S. Treasury strips	$ 1,439,160
Cash equivalents	67,500,496
	$ 68,939,656

Of the total $68,939,656 Liquor Operation Revenue Fund Group investments at June 30, 2022, approximately $26,836,000 are included in reserve funds as described in note 5.

Sewer and Water Fund Groups	
Investments held by trustee:	
Revolving Loan Fund Group – Clean Water:	
Guaranteed investment contracts	$ 696,758
Collateralized repurchase agreements	641,798
U.S. Government obligations	97,458,827
Certificates of deposit	8,749,440
Cash equivalents	75,178,147
	$ 182,724,970
Revolving Loan Fund Group – Drinking Water:	
U.S. Government obligations	$ 16,064,708
U.S. Government-sponsored enterprises	134,853
Cash equivalents	23,861,967
	$ 40,061,528
Operating Fund Group:	
Cash equivalents	$ 7,594,735
	$ 7,594,735

3. Investments Held By Trustee and Operating Investments (Continued)

Of the total $230,381,233 in Sewer and Water Fund Group investments at June 30, 2022, approximately $1,921,000 are included in reserve funds as described in note 5.

	Fair Value
School Facilities Fund Group	
Investments held by trustee:	
U.S. Government obligations	$ 50,525,214
Cash equivalents	10,539,325
	$ 61,064,539

The investments of the General Operating Account are to provide income to supplement administration of current programs, provide a source of capital for new programs and to reduce susceptibility to unanticipated expenditures or revenue shortfalls. Relative to the investment of bond funds, as a means of limiting its exposure to fair value losses arising from rising interest rates, the Bond Bank's investment policy provides that investment maturities be closely matched with future bond principal and interest requirements, which are the primary use of invested assets. Further, guaranteed investment contracts, which maturities are also closely matched with future bond principal and interest requirements, contain provisions that allow the Bond Bank to terminate individual contracts at par. The Bond Bank's general practice has been to hold most debt securities to their maturity, at which point the funds are needed to make required bond principal and interest payments for the respective resolutions. The following table provides information on future maturities of the Bond Bank's investments as of June 30, 2022:

	Fair Value	Less than One Year	One to Five Years	Six to Ten Years	More than Ten Years
General Operating Account					
U.S. Government obligations	$ 9,120,395	$ 1,490,115	$ 7,630,280	$ –	$ –
U.S. Government-sponsored enterprises	385,377	–	385,377	–	–
	$ 9,505,772	$ 1,490,115	$ 8,015,657	$ –	$ –
General Tax Exempt Fund Group					
Guaranteed investment contracts	$ 5,810,335	$ –	$ –	$ 3,478,742	$ 2,331,593
U.S. Government obligations	5,128,140	4,051,065	519,992	521,812	35,271
U.S. Government-sponsored enterprises	18,468,471	3,775,742	9,869,559	3,950,573	872,597
U.S. Treasury strips	10,591,611	4,492,207	5,281,630	776,069	41,705
U.S. Government-sponsored enterprise strips	102,970,476	4,957,059	25,896,241	39,627,365	32,489,811
	$ 142,969,033	$ 17,276,073	$41,567,422	$48,354,561	$35,770,977

3. Investments Held By Trustee and Operating Investments (Continued)

	Fair Value	Less than One Year	One to Five Years	Six to Ten Years	More than Ten Years
Transportation Infra-structure Fund Group					
U.S. Treasury strips	$ 8,044,427	$ –	$ 8,044,427	$ –	$ –
Qualified School Con-struction Fund Group					
U.S. Government obligations	$ 21,477,703	$ –	$17,734,135	$ 3,743,568	$ –
Liquor Operation Revenue Fund Group					
U.S. Treasury strips	$ 1,439,160	$ –	$ 1,439,160	$ –	$ –
Revolving Loan Fund Group – Clean Water					
Guaranteed investment contracts	$ 696,758	$ –	$ 696,758	$ –	$ –
Collateralized repurchase agreements	641,798	–	641,798	–	–
U.S. Government obligations	97,458,827	43,591,960	53,866,867	–	–
Certificates of deposit	8,749,440	659,920	8,089,520	–	–
	$ 107,546,823	$ 44,251,880	$63,294,943	$ –	$ –
Revolving Loan Fund Group–Drinking Water					
U.S. Government-sponsored enterprises	$ 134,853	$ –	$ 134,853	$ –	$ –
U.S. Government obligations	16,064,708	7,556,160	8,508,548	–	–
	$ 16,199,561	$ 7,556,160	$ 8,643,401	$ –	$ –
School Facilities Fund Group					
U.S. Government obligations	$ 50,525,214	$ 15,757,880	$34,767,334	$ –	$ –

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Bond Bank will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Bond Bank's investments are primarily held by U.S. Bank, Bangor Savings Bank, Northeast Bank, BNY Mellon, Androscoggin Bank and the State of Maine Treasurer's Cash Pool. Management of the Bond Bank is not aware of any issues with respect to custodial credit risk at any bank at June 30, 2022.

3. Investments Held By Trustee and Operating Investments (Continued)

For an investment, credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Bond Bank. Credit risk is measured by the credit quality ratings of issuers as described by nationally recognized rating organizations. The Bond Bank's investment policy limits its investments to those with high credit quality, such as U.S. Treasury Obligations and U.S. Government-sponsored enterprises securities, as rated by rating agencies such as Moody's Investor Service or Standard and Poor's, or guaranteed investment contracts backed by high credit quality banks and insurance companies. The Bond Bank requires providers of guaranteed investment contracts and collateralized repurchase agreements to have and maintain a long-term unsecured debt obligation rating or claims paying ability equal to or greater than "AA" or "Aa". If the long-term rating falls below these thresholds, the provider must either (i) pledge additional collateral to restore the rating or (ii) permit the Bond Bank to withdraw the funds at par and without penalty.

At June 30, 2022, the rating for investments in U.S. Treasury Obligations and U.S. Government-sponsored enterprise securities (includes FHLMC, FHLB, FNMA) was AA+. At June 30, 2022, the Bond Bank's guaranteed investment contracts and collateralized repurchase agreements within the General Tax Exempt Fund Group and Revolving Loan Fund Groups are primarily with two institutions, each of which is AA rated or better.

The Bond Bank has invested some of its long-term funds in U.S. Treasury and U.S. Government-sponsored enterprises principal-only strips in order to maximize yields coincident with cash needs for operations, debt service, and arbitrage. These securities are similar to zero coupon bonds which are purchased deeply discounted, with the Bond Bank receiving its only repayment stream at maturity; therefore, they are sensitive to interest rate changes. These securities are reported at fair value in the statements of net position. The fair value of these investments is $123,045,674 at June 30, 2022.

Trustee held cash equivalents at June 30, 2022 consist primarily of money market funds secured by short-term U.S. Treasury obligations and monies in the State of Maine Treasurer's Cash Pool.

The cash equivalents of the Bond Bank's General Operating Account at June 30, 2022 consist entirely of money market funds secured by short-term U.S. Treasury obligations.

4. Bonds Payable

Total General Tax-Exempt Fund Group Bonds payable, with original interest rates, consist of the following at June 30, 2022:

	Original Maturity	Original Amount Issued	Amount Outstanding June 30, 2022
Series 2009 G, 3.00% – 5.00%, dated October 29, 2009	2010 – 2039	$ 9,590,000	$ 415,000
Series 2010 A, 2.00% – 4.25%, dated May 27, 2010	2010 – 2040	8,320,000	1,635,000
Series 2010B, 3.28% – 5.67%, dated May 27, 2010	2010 – 2034	11,735,000	8,005,000

4. Bonds Payable (Continued)

	Original Maturity	Original Amount Issued	Amount Outstanding June 30, 2022
Series 2010 C, 2.00% – 5.00%, dated October 7, 2010	2012 – 2034	$ 99,425,000	$ 27,150,000
Series 2010 DEF, 0.71% – 5.12%, dated October 28, 2010	2011 – 2040	80,165,000	35,305,000
Series 2011 EF, 2.00% – 5.00%, dated October 27, 2011	2012 – 2033	50,375,000	7,250,000
Series 2012 ABC, 0.67% – 5.00%, dated May 24, 2012	2013 – 2038	66,435,000	19,550,000
Series 2012 E, 1.50% – 4.00%, dated October 25, 2012	2013 – 2042	28,590,000	15,015,000
Series 2012 FG, 0.50% – 5.00%, dated December 11, 2012	2013 – 2034	41,975,000	13,505,000
Series 2013 A, 2.00% – 5.00%, dated May 23, 2013	2014 – 2043	15,905,000	10,160,000
Series 2013 B, 2.00% – 4.50%, dated October 24, 2013	2014 – 2043	13,525,000	6,385,000
Series 2014 A, 2.00% – 5.00%, dated May 22, 2014	2015 – 2044	19,250,000	13,435,000
Series 2014 BC, 2.00% – 5.00%, dated October 23, 2014	2015 – 2034	109,750,000	73,395,000
Series 2015 AB, 2.00% – 5.00%, dated May 28, 2015	2016 – 2040	70,380,000	50,060,000
Series 2015 C, 2.00% – 5.00%, dated October 22, 2015	2016 – 2045	16,405,000	9,215,000
Series 2016 A, 2.00% – 5.00%, dated May 26, 2016	2017 – 2036	35,410,000	26,775,000
Series 2016 B, 2.25% – 5.00% dated May 26, 2016	2020 – 2039	62,815,000	51,445,000
Series 2016 C, 3.00% – 5.00% dated November 3, 2016	2017 – 2046	29,900,000	20,510,000
Series 2017 A, 2.50% – 5.00% dated January 19, 2017	2018 – 2037	97,875,000	81,550,000
Series 2017 B, 2.00% – 5.00% dated May 25, 2017	2018 – 2042	15,875,000	11,700,000
Series 2017 CD, 3.00% – 5.00% dated November 2, 2017	2018 – 2037	176,270,000	127,440,000
Series 2018 A, 2.25% – 5.00% dated May 24, 2018	2019 – 2038	38,395,000	31,335,000
Series 2018 B, 3.25% – 5.00% dated November 1, 2018	2019 – 2038	134,825,000	116,635,000
Series 2019 A, 3.00% – 5.00% dated May 23, 2019	2020 – 2049	127,180,000	117,890,000

4. **Bonds Payable (Continued)**

	Original Maturity	Original Amount Issued	Amount Outstanding June 30, 2022
Series 2019 B, 3.00% – 5.00% dated October 31, 2019	2020 – 2043	$ 23,240,000	$ 20,805,000
Series 2020 A, 3.00% – 5.00% dated May 21, 2020	2021 – 2045	37,375,000	36,105,000
Series 2020 BC, .35% – 5.00% dated October 29, 2020	2021 – 2041	60,190,000	54,720,000
Series 2021 A, 2.00% – 5.00% dated May 20, 2021	2022 – 2047	78,020,000	78,020,000
Series 2021 B, 2.00% – 5.00% dated November 4, 2021	2022 – 2049	12,215,000	12,215,000
Series 2022 A, 3.63% – 5.00% dated May 19, 2022	2023 – 2047	58,585,000	58,585,000
		$ 1,629,995,000	$ 1,136,210,000

Total General Tax-Exempt Fund Group Bonds payable is presented on the statement of net position at June 30, 2022 as follows:

Total principal outstanding	$ 1,136,210,000
Unamortized original issue premium	109,972,606
Total General Tax-Exempt Fund Group Bonds payable	1,246,182,606
Current portion	102,531,888
Noncurrent portion	$ 1,143,650,718

The outstanding General Tax-Exempt Fund Group Bonds payable will mature in each of the following years with interest payable semiannually:

Due Bond Year Ending November 1	Principal	Interest	Total Debt Service
2022	$ 88,305,000	$ 24,574,899	$ 112,879,899
2023	87,390,000	45,564,521	132,954,521
2024	92,655,000	41,726,676	134,381,676
2025	83,525,000	37,474,820	120,999,820
2026	81,455,000	33,760,537	115,215,537
2027 – 2031	351,255,000	117,488,724	468,743,724
2032 – 2036	209,760,000	56,094,613	265,854,613
2037 – 2041	121,540,000	15,630,002	137,170,002
2042 – 2046	17,215,000	2,581,806	19,796,806
2047 – 2049	3,110,000	202,350	3,312,350
	$ 1,136,210,000	$ 375,098,948	$ 1,511,308,948

4. Bonds Payable (Continued)

Repayment of the debt and interest thereon is to be funded by:

Municipal loan obligations – principal and interest	$ 1,339,318,084 [1]
Reserve Funds – principal and interest	171,990,864
	$ 1,511,308,948

[1] Includes approximately $3,228,400 of interest expected to be funded through federal interest subsidy payments.

Total Grant Anticipation Fund Group Bonds payable, with original interest rates, consist of the following at June 30, 2022:

	Original Maturity	Original Amount Issued	Amount Outstanding June 30, 2022
Series 2010 B, 4.52% – 5.32%, dated December 2, 2010	2018 – 2022	$ 24,085,000	$ 5,120,000
Series 2014 A, 2.00% – 5.00%, dated December 3, 2014	2015 – 2026	44,810,000	22,180,000
Series 2016 A, 2.63% – 5.00%, dated November 16, 2016	2017 – 2028	44,105,000	28,850,000
Series 2018 A, 4.00% – 5.00%, dated November 8, 2018	2023 – 2030	44,310,000	44,310,000
Series 2020 A, 5.00% dated November 10, 2020	2021 – 2032	60,925,000	57,125,000
		$ 218,235,000	$ 157,585,000

Total Grant Anticipation Fund Group Bonds payable is presented on the statement of net position at June 30, 2022 as follows:

Total principal outstanding	$ 157,585,000
Unamortized original issue premium	16,157,645
Total Grant Anticipation Fund Group Bonds payable	173,742,645
Less current portion	20,073,145
Noncurrent portion	$ 153,669,500

4. Bonds Payable (Continued)

The outstanding Grant Anticipation Fund Group Bonds payable will mature in each of the following years with interest payable semiannually:

Due Bond Year Ending September 1	Principal	Interest	Total Debt Service
2022	$ 16,745,000	$ 3,828,085	$ 20,573,085
2023	16,760,000	6,874,631	23,634,631
2024	17,605,000	6,036,631	23,641,631
2025	18,495,000	5,156,381	23,651,381
2026	19,435,000	4,231,631	23,666,631
2027 – 2031	61,960,000	9,808,713	71,768,713
2032	6,585,000	329,250	6,914,250
	$ 157,585,000	$36,265,322	$ 193,850,322

Repayment of the debt and interest thereon is to be funded by:

Repayment of advances to State of Maine – principal and interest	$ 193,850,322 [1]

[1] Includes approximately $47,700 of interest expected to be funded through federal interest subsidy payments.

Total Transportation Infrastructure Fund Group Bonds payable, with original interest rates, consist of the following at June 30, 2022:

	Original Maturity	Original Amount Issued	Amount Outstanding June 30, 2022
Series 2009 A, 2.50% – 5.00%, dated July 22, 2009	2010 – 2023	$ 105,000,000	$ 2,335,000
Series 2015 A, 4.00% – 5.00%, dated October 22, 2015	2019 – 2024	54,680,000	43,090,000
Series 2021 A, 5.00% dated July 21,2021	2022 – 2026	35,070,000	35,070,000
		$ 194,750,000	$80,495,000

4. Bonds Payable (Continued)

Total Transportation Infrastructure Fund Group Bonds payable is presented on the statement of net position at June 30, 2022 as follows:

Total principal outstanding	$80,495,000
Unamortized original issue premium	7,247,393
Total Transportation Infrastructure Fund Group Bonds payable	87,742,393
Less current portion	16,969,276
Noncurrent portion	$70,773,117

The outstanding Transportation Infrastructure Fund Group Bonds payable will mature in each of the following years with interest payable semiannually:

Due Bond Year Ending September 1	Principal	Interest	Total Debt Service
2022	$14,500,000	$ 2,000,700	$16,500,700
2023	15,235,000	3,279,700	18,514,700
2024	16,225,000	2,538,000	18,763,000
2025	16,835,000	1,726,750	18,561,750
2026	17,700,000	885,000	18,585,000
	$80,495,000	$10,430,150	$90,925,150

Repayment of the debt and interest thereon is to be funded by:

Repayment of advances to State of Maine – principal and interest	$83,557,626
Reserve fund – principal and interest	7,367,524
	$90,925,150

Total Qualified School Construction Fund Group Bonds payable, with original interest rates, consist of the following at June 30, 2022:

	Original Maturity	Original Amount Issued	Amount Outstanding June 30, 2022
Series 2011 B, 6.12%, dated January 27, 2011	2026	$ 9,210,000	$ 9,210,000
Series 2011 D, 5.69%, dated May 26, 2011	2025	12,650,000	12,650,000
Series 2011 G, 4.45% – 4.95%, dated October 27, 2011	2025 – 2028	8,515,000	8,515,000

4. Bonds Payable (Continued)

	Original Maturity	Original Amount Issued	Amount Outstanding June 30, 2022
Series 2012 D, 5.14%, dated May 24, 2012	2027	$ 1,321,142	$ 1,321,142
Series 2013 C, 5.20%, dated October 24, 2013	2028	1,150,238	1,150,238
		$32,846,380	$32,846,380

Total Qualified School Construction Fund Group Bonds payable is presented on the statement of net position at June 30, 2022 as follows:

Total Qualified School Construction Fund Group Bonds payable	$32,846,380
Less current portion	–
Noncurrent portion	$32,846,380

The outstanding Qualified School Construction Fund Group Bonds payable will mature in each of the following years with interest payable semiannually:

Due Bond Year Ending November 1	Principal	Interest	Total Debt Service
2022	$ –	$ 905,196	$ 905,196
2023	–	1,810,392	1,810,392
2024	–	1,810,392	1,810,392
2025	17,115,000	1,810,392	18,925,392
2026	9,210,000	891,662	10,101,662
2027 – 2028	6,521,380	588,481	7,109,861
	$32,846,380	$7,816,515	$40,662,895

Repayment of the debt and interest thereon is to be funded by:

Government unit loan obligations – principal and interest	$21,037,986 [1]
Sinking fund – principal and interest	19,624,909
	$40,662,895

[1] Includes approximately $6,791,000 of interest expected to be funded through federal interest subsidy payments.

4. Bonds Payable (Continued)

Liquor Operation Revenue Fund Group Bonds payable, with original interest rates, consist of the following at June 30, 2022:

	Original Maturity	Original Amount Issued	Outstanding June 30, 2022
Series 2013, 1.07% – 4.35%, dated September 5, 2013	2015 – 2024	$ 220,660,000	$50,395,000

The Liquor Operation Revenue Bonds payable are presented on the statement of net position at June 30, 2022 as follows:

Total Liquor Operation Revenue Bonds payable	$50,395,000
Less current portion	24,675,000
Noncurrent portion	$25,720,000

The outstanding Liquor Operation Revenue Fund Group Bonds payable will mature in each of the following years with interest payable semiannually:

Due Bond Year Ending June 1	Principal	Interest	Total Debt Service
2023	$24,675,000	$2,168,515	$26,843,515
2024	25,720,000	1,119,334	26,839,334
	$50,395,000	$3,287,849	$53,682,849

Repayment of the debt and interest thereon is to be funded by:

Repayment of advances to State of Maine – principal and interest	$24,755,869
Reserve fund – principal and interest	28,926,980
	$53,682,849

Sewer and Water Fund Group Clean Water Bonds payable, with original interest rates, consist of the following at June 30, 2022:

	Original Maturity	Original Amount Issued	Outstanding June 30, 2022
Series 2012 A, 2.00% – 5.00% dated March 22, 2012	2012 – 2024	$17,375,000	$2,415,000

4. Bonds Payable (Continued)

The Sewer and Water Fund Group Clean Water Bonds payable are presented on the statement of net position at June 30, 2022 as follows:

Total principal outstanding	$2,415,000
Unamortized original issue premium	59,666
Total Sewer and Water Fund Group Clean Water Bonds payable	2,474,666
Less current portion	976,678
Noncurrent portion	$1,497,988

The outstanding Sewer and Water Fund Group Clean Water Bonds payable will mature in each of the following years with interest payable semiannually:

Due Bond Year Ending November 1	Principal	Interest	Total Debt Service
2022	$ 940,000	$ 53,000	$ 993,000
2023	845,000	59,000	904,000
2024	630,000	25,200	655,200
	$2,415,000	$137,200	$2,552,200

Repayment of the debt and interest thereon is to be funded by:

Governmental unit loan obligations – principal and interest	$2,324,406
Reserve fund – principal and interest	227,794
	$2,552,200

Sewer and Water Fund Group Drinking Water Bonds payable, with original interest rates, consist of the following at June 30, 2022:

	Original Maturity	Original Amount Issued	Amount Outstanding June 30, 2022
Series 2005 A, 2.25% – 4.45%, dated March 24, 2005	2005 – 2025	$3,770,000	$895,000

4. Bonds Payable (Continued)

The Sewer and Water Fund Group Drinking Water Bonds payable are presented on the statement of net position at June 30, 2022 as follows:

Total principal outstanding	$895,000
Unamortized original issue premium	–
Total Sewer and Water Fund Group Drinking Water Bonds payable	895,000
Less current portion	240,000
Noncurrent portion	$655,000

The outstanding Sewer and Water Fund Group Drinking Water Bonds payable will mature in each of the following years with interest payable semiannually:

Due Bond Year Ending November 1	Principal	Interest	Total Debt Service
2022	$240,000	$ 19,794	$259,794
2023	250,000	29,148	279,148
2024	255,000	18,023	273,023
2025	150,000	6,675	156,675
	$895,000	$ 73,640	$968,640

Repayment of the debt and interest thereon is to be funded by:

Governmental unit loan obligations – principal and interest	$968,640

The following summarizes bond payable activity for the Bond Bank for the year ended June 30, 2022:

	General Tax Exempt Fund Group	Grant Anticipation Fund Group	Trans-portation Infra-structure Fund Group	Qualified School Construc-tion Fund Group	Liquor Operation Revenue Fund Group	Clean Water Fund Group	Drinking Water Fund Group
Balance, beginning of year	$ 1,278,142,960	$193,439,247	$109,213,940	$32,846,380	$ 74,095,000	$ 3,510,880	$ 1,115,000
Issuances – face value	70,800,000	–	35,070,000	–	–	–	–
Redemptions	(97,610,000)	(16,030,000)	(15,515,000)	–	(23,700,000)	(980,000)	(220,000)
Refunded bonds	–	–	(43,665,000)	–	–	–	–
Capitalized premiums, net[1]	9,661,180	–	5,265,213	–	–	–	–
Amortization of premiums	(14,811,534)	(3,666,602)	(2,626,760)	–	–	(56,214)	–
Balance, end of year	$ 1 246 182 606	$173 742 645	$ 87 742 393	$32 846 380	$ 50 395 000	$ 2 474 666	$ 895 000

[1] Net of premiums related to bonds refunded of $1,369,959, within the Transportation Infrastructure Fund Group.

Some bonds contain provisions for prepayment at the Bond Bank's option. All bonds within the General Tax-Exempt Fund Group, Qualified School Construction Fund Group, and Sewer and Water Fund Groups are secured by the payment stream of loans receivable from governmental units.

4. Bonds Payable (Continued)

Reserve funds are generally funded by selling additional bonds. The monies in the reserve funds shall be held and applied solely to the payment of the interest and principal of the reserve fund bonds as they become due and payable, ultimately resulting in the retirement of the reserve fund bonds. In the event of a deficiency in an interest and/or principal payment from the governmental units, transfers can be made from the general reserve funds, until they are depleted. In addition, the General Tax-Exempt Fund Group also has a supplemental reserve fund to cover shortfalls in excess of the available general reserve funds within the Fund Group. If this creates a deficiency in the required amount of the reserve funds, the State can annually appropriate and replenish the reserve funds. This feature is referred to as “Moral Obligation” and is only available to debt issued by the General Tax-Exempt Fund Group, Liquor Operation Revenue Fund Group, and Sewer and Water Fund Groups. Except for deficiencies between the Clean Water and Drinking Water Revolving Loan Fund Groups, reserve funds of one fund group cannot be used to cover deficiencies of another fund group. In order to recover any shortfall covered by the reserve, the Bond Bank has the ability to attach certain State funds due to the governmental units. Additionally, the Bond Bank has the option to utilize funds available within the General Operating Account as necessary.

5. Reserve Funds

Each of the following resolutions requires the Bond Bank to set up reserve funds as follows:

General Tax-Exempt Fund Group: The Bond Bank is required to maintain a debt service reserve which is equal to the maximum amount of principal installments and interest maturing and becoming due in any succeeding calendar year on all governmental unit loan obligations then outstanding as of such date of calculation. At June 30, 2022, the required debt service reserve was approximately $123,369,000.

In addition, the Bond Bank maintains the Special Reserve Account balance of $1,971,000 and the Supplemental Reserve Fund General Reserve Account principal balance of $2,700,000. This $4,671,000 represents segregated net position and is pledged to the payment of the principal or interest on the outstanding bonds of the General Tax-Exempt Fund Group if a deficiency occurs. At June 30, 2022, the fair value of the reserve fund assets, consisting primarily of investment balances, totaled approximately $160,559,000, which exceeded the required reserves by approximately $32,519,000.

Transportation Infrastructure Fund Group: The Bond Bank is required to maintain a capital reserve which is equal to 50% of the maximum amount of principal installments and interest maturing and becoming due in any succeeding fiscal year on all bonds payable within the fund group as of such date of calculation. At June 30, 2022, the required capital reserve was approximately $9,179,000 and the fair value of the capital reserve assets, consisting primarily of investment balances, totaled approximately $9,437,000, which exceeded the required reserves by approximately $258,000.

Sewer and Water Fund Groups: The Bond Bank is required to maintain a capital reserve which is equal to the maximum amount of principal installments and interest maturing and becoming due in any succeeding calendar year on all bonds payable within the fund groups as of such date of calculation. At June 30, 2022, the required capital reserve was approximately $1,272,000 and the fair value of the capital reserve assets, consisting primarily of investment balances, totaled approximately $1,921,000, which exceeded the required reserves by approximately $649,000.

5. Reserve Funds (Continued)

Liquor Operation Revenue Fund Group: The Bond Bank is required to maintain a capital reserve which is equal to the maximum amount of principal installments and interest maturing and becoming due in any succeeding fiscal year on all outstanding bonds within the fund group as of the date of calculation. At June 30, 2022, the required capital reserve was approximately $26,844,000 and the fair value of the capital reserve assets, consisting entirely of investment balances, totaled approximately $26,836,000, resulting in a deficit of approximately $8,000. Any continued deficiency would be funded from other assets within the fund generally available for debt service.

6. Sewer and Water Revolving Fund Group

Pursuant to the Sewer and Water General Bond Resolution adopted February 7, 1990, the Bond Bank receives capitalization grants from the Environmental Protection Agency which it is required to match with twenty percent matching funds, which primarily come from State of Maine grants. The funds are designated to be used for revolving loans to governmental units to finance wastewater collection, treatment systems, or water supply system projects. Federal law permits the state to match the federal grants with any combination of funding from state bonds, state appropriations, revenue bonds issued under the program, or from other state sources. State issued bonds and state general fund appropriations have been used to provide the majority of state matching funds for both the Clean Water and Drinking Water programs since inception. In addition to those funds, the Drinking Water program has utilized interest earnings on previously issued state matches (which qualifies as other state funding) in 2001, 2004 and 2012 to provide additional matching for the program. The total of all interest earnings on matches that have been deposited into the Drinking Water program since inception is $563,010.

In 2009, the Bond Bank was awarded *American Recovery and Reinvestment Act* (ARRA) grants for use in its Sewer and Water Revolving Fund Group. ARRA grants were for purposes consistent with the intent of the Sewer and Water Revolving Fund Group, including construction of wastewater treatment facilities, drinking water facilities and associated infrastructure, green infrastructure, nonpoint source projects, estuary projects and program administration. The grants did not contain any State of Maine matching provisions.

Net position consists of the following at June 30, 2022:

	Clean Water	Drinking Water
Reserved for revolving loans:		
Grants received from Environmental Protection Agency under existing capitalization grant program	$ 351,135,659	$ 226,973,900
Grants received from Environmental Protection Agency under ARRA	30,336,800	19,500,000
Other administrative grants received from Environmental Protection Agency	1,347,010	134,432
Hardship grants received from Environmental Protection Agency	643,800	–
Grants received from State of Maine	70,281,162	44,831,770
Other amounts reserved (utilized) for program loans and costs	57,693,080	(62,433,889)
	511,437,511	229,006,213
Unreserved amounts available	268,785	350,386
Net position at June 30, 2022	$ 511,706,296	$ 229,356,599

6. Sewer and Water Revolving Fund Group (Continued)

Under the provisions of the grants from the Environmental Protection Agency (including ARRA grants), the Bond Bank is allowed administrative costs of up to 4% of the total federal grants awarded. In addition, the Bond Bank may receive other grants from the Environmental Protection Agency that are used solely for administrative purposes. The cumulative total administrative costs allowed at June 30, 2022 are $16,605,909 (clean water) and $9,830,676 (drinking water), with $16,337,124 and $9,480,290, respectively, expended to date. The remaining amount of $268,785 in the Clean Water Revolving Loan Fund Group and $350,386 in the Drinking Water Revolving Loan Fund Group can be used for future administrative costs. The Bond Bank also charges annual administrative fees to borrowers that are used to administer the programs.

Portions of the loans made to eligible borrowers under the Drinking Water Revolving Loan Fund Program may be forgiven if certain continuing criteria are met, including that the borrower continues to make debt service payments, continues to operate the project in compliance with laws and regulations, and does not dispose of or discontinue the project. The Bond Bank has loaned approximately $41,217,500 at June 30, 2022, that, upon fulfillment of these requirements by the borrowing unit, could be forgiven at some future point. For purposes of the basic financial statements, the Bond Bank recognizes forgiveness expense as the related loans are repaid. The total amount forgiven under these programs in 2022 was $2,436,571.

During fiscal 2009, the Bond Bank and the State of Maine Department of Environmental Protection implemented a joint rule change in the Clean Water Revolving Loan Fund program which allows the Bond Bank, after consultation with the State of Maine Department of Environmental Protection, to set interest rates at any level, including 0%. It also allows portions of loans made to eligible borrowers under the Clean Water Revolving Loan Fund Program to be forgiven if certain continuing criteria are met (similar to criteria in the Drinking Water Revolving Loan Fund Program). The Bond Bank has loaned approximately $29,543,300 at June 30, 2022 under the Clean Water Revolving Loan Fund Program that, upon fulfillment of these requirements by the borrowing unit, could be forgiven at some future point. For purposes of the basic financial statements, the Bond Bank recognizes forgiveness expense as the related loans are repaid. The total amount forgiven under these programs in 2022 was $1,554,017.

Within the Clean Water Revolving Loan Fund Group, the Bond Bank is participating in a linked deposit loan program with local banks to encourage environmentally sound logging practices. Under the program, local banks make loans to eligible borrowers, at their normal terms, to purchase equipment. The Bond Bank subsidizes the interest on the loans by investing in a certificate of deposit at the respective bank in the same amount as the loan, at a reduced interest rate which is the subsidy to the bank. The maximum that potentially could be passed on as a subsidy to the loan interest is 2%, which depends on the current market interest rate for the certificate of deposit. Any interest that is earned above the 2% subsidy would be returned to the Clean Water Revolving Loan Program.

7. School Facilities Fund Group

Pursuant to State law, the Bond Bank receives grants from the State of Maine which are designated to be used for interest-free revolving loans to school administrative units for the renovation and maintenance of school facilities. Net position consists of the following:

Reserved for revolving loans:	
Grants received from State of Maine	$ 164,603,892
Loans forgiven	(99,183,369)
Other amounts reserved for program loans and costs	2,696,944
	68,117,467
Unreserved amounts available	1,115,220
Net position at June 30, 2022	$ 69,232,687

Under the provisions of the grants, the Bond Bank is allowed administrative costs up to 0.5% of the highest fund balance in any fiscal year. The cumulative total administrative costs allowed through June 30, 2022 are $4,666,471, with $3,551,251 expended to date. The remaining amount of $1,115,220 can be used for future administrative costs.

Portions of the loans made to school administrative units from the School Facilities Fund Group are forgiven. For purposes of the general purpose financial statements, the Bond Bank recognizes forgiveness expense within this fund at the time the loans are disbursed to the school administrative unit. This accounting treatment differs from the treatment within the Drinking Water and Clean Water Revolving Loan Funds due to the fact that there are no relevant continuing criteria that would require recognition of the forgiven amount as the related loans are repaid. The total amounts forgiven under this program in 2022 were $5,530,604.

8. Cost Sharing Multiple-Employer Defined Benefit Pension Plan and Other Post-Employment Benefits

Defined Benefit Pension Plan

General Information about the Pension Plan

Plan description – The Bond Bank participates in the Participating Local District Defined Benefit Plan (the PLD Plan), a multiple-employer cost sharing plan administered by the Maine Public Employees Retirement System (MEPERS). All full-time employees are eligible to participate in the PLD Plan.

The MEPERS is established and administered under the Maine State Retirement System Laws, Title 5 M.R.S.A., C. 421, 423 and 425. The MEPERS issues a publicly available financial report that includes financial statements and required supplementary information for the PLD Plan. That report is available online at or may be obtained by writing to the Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046.

8. <u>Cost Sharing Multiple-Employer Defined Benefit Pension Plan and Other Post-Employment Benefits (Continued)</u>

Benefits provided – Benefit terms are established in Maine statute; in the case of the PLD Plan, an advisory group, also established by statute, reviews the terms of the Plan and periodically makes recommendations to the Legislature to amend the terms. The Plan provides defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting occurs upon the earning of five years of service credit. Members who retire at or after age 60 or 65 (normal retirement age) are entitled to an annual retirement benefit in an amount equal to 2% of the average of their highest three year earnings for each year of credited service. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below his/her normal retirement age at retirement. The Plan also provides disability and death benefits which are established by statute for state employee members and by contract with other participating employees under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by MEPERS' Board of Trustees and is currently 0.93%.

Contributions – Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by earnings on investments. In accordance with State statute, members were required to contribute 7.80% (7.05% for new hires) of their annual covered salary to the Plan in fiscal 2022. The Bond Bank's payroll for the year ended June 30, 2022 for employees covered by the Plan was approximately $1,430,000, which was 100% of payroll. The Bond Bank is required to contribute at an actuarially determined rate that, when combined with the contributions of other reporting entities, will be adequate to fund the Plan.

The contribution rate is determined using an entry age normal actuarial funding method for retirement benefits and a term cost method for ancillary benefits. The Bond Bank may be required to make contributions to fund the Plan's pooled unfunded actuarial liability, if any. The contribution requirements of the PLD Plan members and the Bond Bank are established by and may be amended by the State legislature. The contributions made for the years ended June 30, 2022, 2021 and 2020 were approximately $147,300, $131,200 and $116,400 (employer) and $108,600, $103,000 and $93,100 (employee), respectively.

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

At June 30, 2022, the Bond Bank reported an asset of $61,613 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Bond Bank's proportionate share of the net pension asset was based on a projection of the Bond Bank's long-term share of contributions to the pension plan relative to the projected contributions of all participating local districts, actuarially determined. At June 30, 2021, the Bond Bank's proportion was 0.19%, which was a 0.01% increase from its proportion measured as of June 30, 2020.

8. Cost Sharing Multiple-Employer Defined Benefit Pension Plan and Other Post-Employment Benefits (Continued)

For the year ended June 30, 2022, the Bond Bank recorded pension income of approximately $14,200 of which approximately $122,100 was recorded within the General Operating Account, with the remaining amounts allocated to other funds and the related parties MGFA and MHHEFA. At June 30, 2022, the Bond Bank reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 39,857	$ 4,188
Net difference between projected and actual earnings on pension plan investments	–	839,810
Changes of assumptions	206,892	–
Changes in proportion and differences between Bond Bank contributions and proportionate share of contributions	27,216	19,768
Bond Bank contributions subsequent to the measurement date	147,304	–
Total	$421,269	$863,766

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension plan will be recognized as an increase (decrease) in pension expense as follows:

Year Ended June 30	
2023	$ 47,749
2024	(65,709)
2025	(191,171)
2026	(233,366)

Actuarial Methods and Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following methods and assumptions, applied to all periods included in the measurement:

Actuarial Cost Method – The Entry Age Normal cost method is used to determine costs. Under this cost method, the total employer contribution rate consists of two elements, the normal cost rate and the unfunded actuarial liability (UAL) rate.

8. Cost Sharing Multiple-Employer Defined Benefit Pension Plan and Other Post-Employment Benefits (Continued)

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each member. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age, of his/her expected future salary. The normal cost for each member is the product of his/her pay and his/her normal cost rate. The normal cost for the group is the sum of the normal costs for all members. Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method – The actuarial valuation employs a technique for determining the actuarial value of assets which reduces the impact of short-term volatility in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

Amortization – The net pension liability is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gains or losses for that year.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2021 and June 30, 2020 are as follows:

Investment Rate of Return – 6.50% per annum for the year ended June 30, 2021 and 6.75% per annum for the year ended June 30, 2020, compounded annually.

Salary Increases, Merit and Inflation – 2.75% to 11.48% for the year ended June 30, 2021 and 2.75% plus merit component based on each employee's years of service per year for the year ended June 30, 2020.

Mortality Rates – For all members, the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model was used for the year ended June 30, 2021. For active members and non-disabled retirees, the RP2014 Total Dataset Healthy Annuitant Mortality Tables were used and for all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Tables were used for the year ended June 30, 2020.

Cost of Living Benefit Increases – 1.91% per annum for the years ended June 30, 2021 and 2020.

8. Cost Sharing Multiple-Employer Defined Benefit Pension Plan and Other Post-Employment Benefits (Continued)

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2021 are summarized in the following table.

Asset Class	Long-Term Expected Real Rate of Return
Public equities	6.0%
U.S. Government	2.3
Private equity	7.6
Real assets:	
Real estate	5.2
Infrastructure	5.3
Natural resources	5.0
Traditional credit	3.0
Alternative credit	7.2
Diversifiers	5.9

Discount Rate - The discount rate used to measure the collective total pension liability was 6.50% for 2021 and 6.75% for 2020. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

The following table shows how the Bond Bank's proportionate share of the net pension asset as of June 30, 2022 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Bond Bank's proportionate share of the net pension liability (asset)	$876,791	$ (61,613)	$(837,797)

8. <u>Cost Sharing Multiple-Employer Defined Benefit Pension Plan and Other Post-Employment Benefits (Continued)</u>

Changes in net pension liability are recognized in pension expense for the year ended June 30, 2022 with the following exceptions:

Differences between expected and actual experience – The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For the 2021 and 2020 actuarial valuations, this was three years.

Differences between Projected and Actual Investment Earnings – Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Changes in Assumptions – Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members. The actuarial assumptions for the year ended June 30, 2021 valuation were based on the results of an actuarial experience study for the period of June 30, 2016 through June 30, 2020. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions – Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability. This is not applicable to the Bond Bank.

<u>Other Post-Employment Benefits (OPEB)</u>

General Information about the OPEB Plan

Plan Description: The Bond Bank sponsors a post-retirement health care benefit plan (the Plan). The Plan provides supplemental health care benefits to any full-time employee with ten or more years of employment who retires from the Bond Bank and has reached the age of 65 (Medicare eligible retirement age). The Bond Bank is a member of the Maine Municipal Association and participates in an agent multiple-employer postemployment healthcare plan administered by the Maine Municipal Employees Health Trust. The Bond Bank may terminate this Plan at its option.

8. <u>Cost Sharing Multiple-Employer Defined Benefit Pension Plan and Other Post-Employment Benefits (Continued)</u>

Employees covered by benefit terms: At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	5
Inactive employees entitled to but not yet receiving benefit payments	–
Active employees	18
	23

Funding Policy: The post-employment healthcare benefits are currently being funded on a pay-as-you-go basis. The Bond Bank paid approximately $35,000 in 2022, of which the retirees reimbursed the Bond Bank approximately $21,000. The Bond Bank currently provides a subsidy for the retiree's post-employment healthcare benefit which matches the payment that the State of Maine provides to its retirees. The retiree has the option to purchase insurance for their spouse, but the Bond Bank does not provide a subsidy. Retirees who do not have ten or more years of employment do not qualify for the subsidy but can purchase the post-employment healthcare benefit through the Bond Bank's Plan. No assets have been segregated and restricted to provide post-employment benefits. For the year ended June 30, 2022, the Bond Bank's average contribution rate was 2.5% of covered-employee payroll.

Net OPEB Liability

At June 30, 2022, the Bond Bank's net OPEB liability was measured as of January 1, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total OPEB liability in the January 1, 2022 actuarial measurement was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases:		2.75%, average, including inflation
Healthcare cost trend rates:	Pre-Medicare medical:	6.25% applied in FY 2022 grading over 20 years to 3.53% per annum
	Pre-Medicare drug:	13.10% applied in FY 2022 grading over 20 years to 3.53% per annum
	Medicare medical:	5.00% applied in FY 2022 grading over 20 years to 3.53% per annum
	Medicare drug:	9.90% applied in FY 2022 grading over 20 years to 3.53% per annum

Mortality rates were based on the 112.1% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females, both projected generationally using the RPEC_2020 Model, with an ultimate rate of 1.00% for ages 80 and under grading down to an ultimate rate of 0.05% at age 95, and further grading down to 0.0% at age 115, with convergence to the ultimate rate in the year 2027.

8. Cost Sharing Multiple-Employer Defined Benefit Pension Plan and Other Post-Employment Benefits (Continued)

Active employee mortality rates are based on 83.5% and 88.6% of the 2010 Public Plan General Benefits-Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projecting using the same version of the RPEC_2020 model as for healthy retirees noted above.

Discount Rate: The discount rate used to measure the total OPEB liability for the year ended June 30, 2022 was 2.06% (rate used for the year ended June 30, 2021 was 2.12%). As the plan is pay-as-you-go and is not funded, the discount rate was based on a 20-year, tax-exempt general obligation municipal bond index. This rate is assumed to be an index rate for 20-year, tax-exempt general obligation municipal bonds with an average rate of AA/Aa or higher, for pay-as-you-go plans.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at June 30, 2021	$ 928,725	$ –	$ 928,725
Changes for the year:			
Service cost	31,687	–	31,687
Interest	19,259	–	19,259
Differences between expected and actual experiences	(137,800)	–	(137,800)
Changes of assumptions	165,824	–	165,824
Contributions	–	34,566	(34,566)
Benefit payments	(34,566)	(34,566)	–
Net changes	44,404	–	44,404
Balances at June 30, 2022	$ 973,129	$ –	$ 973,129

Sensitivity of the net OPEB liability to changes in the discount rate and health-care cost trend rates. The following presents the net OPEB liability of the Bond Bank, as well as what the Bond Bank's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB liability	$1,113,260	$973,129	$857,327

8. Cost Sharing Multiple-Employer Defined Benefit Pension Plan and Other Post-Employment Benefits (Continued)

The following presents the net OPEB liability of the Bond Bank, as well as what the Bond Bank's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB liability	$850,515	$973,129	$1,125,910

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the Bond Bank recognized OPEB expense of approximately $38,100 of which approximately $28,800 was recorded in the general operating account, with the remainder allocated to other funds to related parties (MHHEFA and MGFA). At June 30, 2022, the Bond Bank reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 9,219	$183,075
Changes of assumptions	243,585	59,417
Bond Bank contributions subsequent to the measurement date	5,971	–
Total	$258,775	$242,492

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB (income) expense as follows:

Year Ended June 30	
2023	$ 7,283
2024	(8,997)
2025	2,450
2026	5,061
2027	6,744
Thereafter	3,742

9. Refunding Issues

In periods of declining interest rates, the Bond Bank has refunded certain of its bond obligations, reducing aggregate debt service. Where allowed, the Bond Bank retires outstanding bonds prior to their contractual maturity. In other cases, the proceeds of the refunding bonds are principally used to purchase U.S. Treasury obligations, the principal and interest on which will be sufficient to pay the principal and interest, when due, of the in-substance defeased bonds. The U.S. Treasury obligations are deposited with the trustees of the in-substance defeased bonds. The Bond Bank accounts for these transactions by removing the U.S. Treasury obligations and liabilities for the in-substance defeased bonds from its records, and records a deferred amount on refunding.

On July 21, 2021, the Bond Bank issued $35,070,000 in Transportation Infrastructure Revenue Refunding Series 2021 A bonds with an average interest rate of 5% to in-substance defease $43,665,000 of various outstanding maturities of the 2011 A bonds. The net proceeds of approximately $44,605,000, including $7,065,000 of premium and $2,900,000 released from debt service reserve funds, and after $430,000 payment of underwriting fees and other issuance costs, were used to purchase U.S. Government securities which were utilized to fund all required debt service on the defeased bonds through their call date on September 1, 2021. Although the in-substance defeasance resulted in the recognition of a deferred accounting loss of approximately $6.6 million in the year ended June 30, 2022, the Bond Bank in effect reduced the Transportation Infrastructure Fund Group’s aggregate debt service by approximately $9.3 million over the next five years and obtained an economic gain (difference between the present values of the old and new debt service payments) of approximately $6.2 million after consideration of debt service reserve funds on hand utilized in the refunding. The gain and economic benefit of this transaction inure to the State of Maine and not the Bond Bank.

On February 28, 2020 a borrower deposited $1,410,000 into a trust to in-substance defease a total of $1,305,000 from 2001D, 2002F, and 2005D General Tax-Exempt Fund Group series bonds. The proceeds were used to purchase U.S. Treasury obligations which will provide for all future debt service payments on the defeased bonds. The related bonds payable and loans receivable from governmental units of $1,305,000 have been removed from the Bond Bank’s financial statements. At June 30, 2022 the remaining balances of these in-substance defeased bonds total $495,000.

10. Fair Value Measurements

The Bond Bank generally holds investments until maturity to pay reserve fund bonds as they become due, so fluctuations in the fair value of the investments have a minimal long-term effect. The Bond Bank categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Bond Bank has the ability to access.

10. Fair Value Measurements (Continued)

Level 2 – Inputs to the valuation method 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;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Assets and liabilities measured at fair value are based on one or more of three valuation techniques. The three valuation techniques are as follows:

- *Market approach* – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- *Cost approach* – Amount that would be required to replace the service capacity of an asset (i.e., replacement cost); and
- *Income approach* – Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques).

Each asset's 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.

Following is a description of the valuation methodologies used for assets measured at fair value.

Cash equivalents and certificates of deposit: Fair value approximates the relative book values at June 30 as these financial instruments generally have short maturities.

Guaranteed Investment Contracts and Collateralized Repurchase Agreements: Fair value is based on the discounted value of contractual cash flows. The discount rate is estimated using rates currently offered for similar instruments with comparable maturities and creditworthiness of the issuer.

U.S. Government obligations, U.S. Treasury strips, U.S. Government-sponsored enterprises and U.S. Government-sponsored enterprises strips: Fair value is determined based on quoted prices in active markets, or by using broker or dealer quotations, external pricing providers, or alternative pricing sources with reasonable levels of price transparency.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Bond Bank 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 financial instruments could result in a different fair value measurement at the reporting date.

10. Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, the Bond Bank's assets at fair value as of June 30, 2022. There were no Level 3 investments as of June 30, 2022.

	Level 1	Level 2	Total
General Operating Account			
Cash equivalents	$ 1,278,340	$ –	$ 1,278,340
U.S. Government obligations	–	9,120,395	9,120,395
U.S. Government-sponsored enterprises	–	385,377	385,377
	$ 1,278,340	$ 9,505,772	$ 10,784,112
General Tax-Exempt Fund Group			
Cash equivalents	$38,192,735	$ –	$ 38,192,735
U.S. Government obligations	–	5,128,140	5,128,140
U.S. Government-sponsored enterprises	–	18,468,471	18,468,471
U.S. Treasury strips	–	10,591,611	10,591,611
U.S. Government-sponsored enterprise strips	–	102,970,476	102,970,476
Guaranteed investment contracts	–	5,810,335	5,810,335
	$38,192,735	$ 142,969,033	$ 181,161,768
Transportation Infrastructure Fund Group			
Cash equivalents	$32,314,814	$ –	$ 32,314,814
U.S. Treasury strips	–	8,044,427	8,044,427
	$32,314,814	$ 8,044,427	$ 40,359,241
Qualified School Construction Fund Group			
Cash equivalents	$ 5,849	$ –	$ 5,849
U.S. Government obligations	–	21,477,703	21,477,703
	$ 5,849	$ 21,477,703	$ 21,483,552
Liquor Operation Revenue Fund Group			
Cash equivalents	$67,500,496	$ –	$ 67,500,496
U.S. Treasury strips	–	1,439,160	1,439,160
	$67,500,496	$ 1,439,160	$ 68,939,656

10. Fair Value Measurements (Continued)

	Level 1	Level 2	Total
Sewer and Water Fund Groups			
Revolving Loan Fund Group – Clean Water:			
Cash equivalents	$75,178,147	$ –	$ 75,178,147
U.S. Government obligations	–	97,458,827	97,458,827
Certificates of deposit	–	8,749,440	8,749,440
Guaranteed investment contracts	–	696,758	696,758
Collateralized repurchase agreements	–	641,798	641,798
	$75,178,147	$ 107,546,823	$ 182,724,970
Revolving Loan Fund Group – Drinking Water:			
Cash equivalents	$23,861,967	$ –	$ 23,861,967
U.S. Government obligations	–	16,064,708	16,064,708
U.S. Government-sponsored enterprises	–	134,853	134,853
	$23,861,967	$ 16,199,561	$ 40,061,528
Operating Fund Group:			
Cash equivalents	$ 7,594,735	$ –	$ 7,594,735
School Facilities Fund Group			
Cash equivalents	$10,539,325	$ –	$ 10,539,325
U.S. Government obligations	–	50,525,214	50,525,214
	$10,539,325	$ 50,525,214	$ 61,064,539

11. Property and Equipment

Property and equipment is comprised of the following at June 30, 2022:

Land and improvements	$ 85,241
Buildings and improvements	2,693,492
Equipment	490,001
	3,268,734
Accumulated depreciation	(2,153,804)
Total property and equipment	$ 1,114,930

Depreciation expense of $90,187 was recorded for the year ended June 30, 2022.

MAINE MUNICIPAL BOND BANK

SCHEDULE OF THE BOND BANK'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY

Participating Local District Plan

Last 8 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Bond Bank's proportion of the net pension liability	0.19%	0.18%	0.20%	0.20%	0.21%	0.22%	0.21%	0.20%
Bond Bank's proportionate share of the net pension (asset) liability	$ (61,613)	$ 715,672	$ 597,603	$ 545,417	$ 849,688	$1,149,720	$ 665,764	$ 305,668
Bond Bank's covered-employee payroll	1,430,000	1,299,000	1,163,000	1,196,000	1,152,000	1,120,000	1,141,000	1,094,000
Bond Bank's proportionate share of the net pension liability as a percentage of its covered-employee payroll	4.31%	55.1%	51.4%	45.6%	73.7%	102.7%	58.4%	27.9%
Plan fiduciary net position as a percentage of the total pension liability	100.9%	88.4	90.6	91.1	86.4	81.6	88.3	94.1

* The amounts presented for each fiscal year were determined as of the beginning of the fiscal year.

MAINE MUNICIPAL BOND BANK

SCHEDULE OF CHANGES IN THE BOND BANK'S
NET OPEB LIABILITY, CONTRIBUTIONS, AND RELATED RATIOS

Last Five Fiscal Years

	2022	2021	2020	2019	2018
Total OPEB liability:					
Service cost	$ 31,687	$ (14,764)	$ 24,216	$ 27,509	$ 22,066
Interest	19,259	22,847	34,295	30,617	29,421
Change in benefit terms	–	2,584	(17,677)	–	–
Difference between expected and actual experience	(137,800)	–	(85,078)	–	26,607
Changes of assumptions	165,824	22,848	133,372	(78,588)	54,026
Benefit payments	(34,566)	(31,697)	(13,746)	(13,770)	(13,776)
Net change in total OPEB liability	44,404	1,818	75,382	(34,232)	118,344
Total OPEB liability – beginning	928,725	926,907	851,525	885,757	767,413
Total OPEB liability – ending (a)	973,129	928,725	926,907	851,525	885,757
Plan fiduciary net position:					
Contributions – employer, contractually required	34,566	31,697	13,746	13,770	13,776
Benefit payments	(34,566)	(31,697)	(13,746)	(13,770)	(13,776)
Administrative expenses	–	–	–	–	–
Net change in plan fiduciary net position	–	–	–	–	–
Plan fiduciary net position – beginning	–	–	–	–	–
Plan fiduciary net position – ending (b)	–	–	–	–	–
Net OPEB liability – ending (a) – (b)	$ 973,129	$ 928,725	$ 926,907	$ 851,525	$ 885,757
Plan fiduciary position as a percentage of the total OPEB liability	– %	– %	– %	– %	– %
Covered-employee payroll	$ 1,381,500	$ 1,120,100	$ 1,120,100	$ 1,137,400	$ 1,137,400
Net OPEB liability as a percentage of covered-employee payroll	70.4%	82.9%	82.8%	74.9%	77.9%
Contributions as a percentage of covered-employee payroll	2.5%	2.8%	1.2%	1.2%	1.2%

MAINE MUNICIPAL BOND BANK

SCHEDULE OF THE BOND BANK'S PENSION CONTRIBUTIONS

Participating Local District Plan

Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 147,304	$ 131,171	$ 116,353	$ 119,597	$ 110,632	$ 106,367	$ 101,538	$ 85,296	$ 68,861	$ 53,387
Contributions in relation to the contractually required contribution	(147,304)	(131,171)	(116,353)	(119,597)	(110,632)	(106,367)	(101,538)	(85,296)	(68,861)	(53,387)
Contribution deficiency (excess)	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Bond Bank's covered-employee payroll	$1,430,000	$1,299,000	$1,163,000	$1,196,000	$1,152,000	$1,120,000	$1,141,000	$1,094,000	$1,059,000	$1,007,000
Contributions as a percentage of covered-employee payroll	10.30%	10.10%	10.00%	10.00%	9.60%	9.50%	8.90%	7.80%	6.50%	5.30%

Maine Municipal Bond Bank
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