

MAINE STATE LEGISLATURE

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Annual Report Maine Municipal Bond Bank

2025





Terry Hayes, Executive Director
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November 17, 2025

The Honorable Janet T. Mills
Governor of the State of Maine
State House Station #1
Augusta, Maine 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 2025 Annual Report.

The Maine Municipal Bond Bank was established by the legislature in 1972. Since its inception the Bond Bank has issued more than \$7.2 billion for funding to meet the needs of Maine's municipalities. During its fifty-three-year history the Bond Bank has never experienced a default.

Within the 2025 fiscal year, the Bond Bank committed \$98.3 million in bonded loans through the General Bond Resolution Program. Those loans provided thirty-two governmental units with lower cost capital funding to meet their municipal needs.

In fiscal year 2025, the Bond Bank and the Department of Education closed on ten State Revolving Loan Fund loans to fund health, safety, and compliance school repair projects for a total of \$22.5 million of which \$13.1 million will be forgiven.

Also in fiscal year 2025, the Maine Clean Water Revolving Loan Fund and the Maine Drinking Water Revolving Fund provided loans totaling \$106.4 million to finance 89 loans of which \$30.2 million will be forgiven.

We are proud of our accomplishments within the fiscal year 2025 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,

A handwritten signature in cursive script that reads "Terry Hayes".

Terry Hayes
Executive Director

BAKER
NEWMAN
NOYES

Maine Municipal Bond Bank

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

*Year Ended June 30, 2025
With Independent Auditors' Report*

Baker Newman & Noyes LLC
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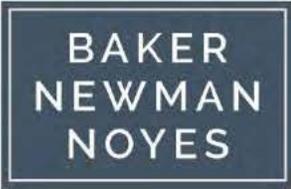
MAINE MUNICIPAL BOND BANK

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

For the Year Ended June 30, 2025

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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, 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), as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the Bond Bank's basic financial statements as listed in the table of contents. 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, 2025, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Additional Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the Bond Bank’s basic financial statements. The Schedule of Activities is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11 2025 on our consideration of the Bond Bank’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bond Bank’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bond Bank’s internal control over financial reporting and compliance.

Baker Newman & Noyes LLC

Portland, Maine
September 11, 2025

MAINE MUNICIPAL BOND BANK

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

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, 2025. 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 2025 totaling \$227.2 million, which was a decrease of approximately \$132.9 million or 36.9% from the loans committed in fiscal year 2024. In fiscal year 2025, the Bond Bank committed \$98.3 million in bonded loans through the General Resolution Tax-Exempt Fund group to fifty-three governmental units. The Sewer and Water Revolving Loan Fund Groups and the School Facilities Fund Group committed approximately \$128.9 million to governmental units. The Clean Water Revolving Loan Fund program committed approximately \$69.3 million in loans to thirty-nine governmental units, of which \$12.3 million will be forgiven. The Drinking Water Revolving Loan Fund program committed approximately \$37.1 million to fifty governmental units, of which \$17.9 million will be forgiven. The School Facilities Revolving Loan Fund program committed approximately \$22.5 million to ten governmental units, of which \$13.1 million will be forgiven.
- The Bond Bank's gross principal amount of bonds outstanding on June 30, 2025, of \$1,393,301,380 represents a net decrease of \$82,210,000 from the balance on June 30, 2024. This decrease was partially attributable to the net result of the General Tax-Exempt Resolution Issuing Series 2024B, 2024C, and 2025A bonds, totaling \$131,460,000, less the combined scheduled debt service principal payments of \$138,810,000, for a net decrease of \$7,350,000. The remaining decrease is due to a \$40,325,000 General Tax-Exempt Resolution Refunding Series 2024C defeasance of the 2014C Series bonds, and the defeasance of the Transportation Infrastructure Fund Group Series 2021A outstanding bonds in the amount of \$34,535,000. Refer to note 4 to the financial statements for a detail of bonds payable activity in 2025 and note 9 for details related to 2025 bond refundings and defeasances.
- Accrued investment income receivable decreased \$310,793 or 10.1% from fiscal year 2024, due to a \$138,799 or 35.7% decrease in the Transportation Infrastructure Fund Group, a \$132,194 or 11.3% decrease in the Clean Water Revolving Loan Fund Group, a \$78,942 or 18.7% decrease in the School Fund Group, and remaining combined decreases of \$34,821 in the General Resolution Tax-Exempt and Operating Sewer and Water Fund Groups. The remaining fund groups combined net increase resulted in an offset of \$73,963, as follows: a \$45,640 or 75.1% increase in the General Operations Fund Group, an \$11,764 or 5.3% increase in the Qualified School Construction Bonds Fund Group and a \$16,559 or 9.4% increase in the Drinking Water Revolving Loan Fund Group. The overall net decrease in accrued investment income can be attributed to the overall decrease in investments of \$44.5 million or 7% in fiscal year 2025. The Transportation Infrastructure Fund Group was responsible for \$38.5 million of the total decrease due to a transfer of approximately \$37 million in investments to fund the 2021A defeasance escrow account. There have been no changes to our investment policy during the fiscal year; the Bond Bank continues to invest in the highest-rated credits with a maximum maturity of three years, with the exclusion of reserve fund investments.

MAINE MUNICIPAL BOND BANK

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2025

- Revenues for the Bond Bank's General Operating Account were \$1,066,667 for fiscal year 2025, a minor decrease of \$27,608 or 2.5% from fiscal year 2024, reflecting stability from year to year. This was primarily attributed to an increase in total net investment income of \$159,478, mostly offset by a decrease of \$151,519 in the fair value of investments, to combine with a decrease of \$35,567 in other income, when compared to June 30, 2024.
- Net position in the Bond Bank's General Operating Account decreased \$404,294 or 2.2% in fiscal year 2025. This decrease is the net result of Operating Revenues totaling \$1,066,667, Operating Transfers from the General Tax-Exempt Fund Group totaling \$312,804, and Operating Expenses totaling \$1,783,765. The primary driver of the decrease was a reduction in operating transfers into the General Operating Account, attributed to timing of payments on amounts owed from other fund groups. On June 30, 2025, the Bond Bank's General Operating Account had a total net position of \$17,599,960.

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, and/or 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 U.S. 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.

MAINE MUNICIPAL BOND BANK

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2025

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 revolving loan funds received *American Recovery and Reinvestment Act of 2009* (ARRA) grant awards in 2009 as well as additional funding from the *Bipartisan Infrastructure Law* (BIL) grants in fiscal 2023 through 2025. 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 number 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 are 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 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.

MAINE MUNICIPAL BOND BANK

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2025

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 \$1,082,565,804 on June 30, 2025, representing a 6.8% increase over the previous fiscal year. The Clean and Drinking Water Revolving Loan Fund Groups, with combined net income of \$73,642,936, were the major contributors to this increase, slightly assisted by the General Tax-Exempt Fund Group and the Operating Sewer and Water Fund Group, with a combined net income of \$5,743,660. The School Fund Group provided the majority of the offset, along with a small loss in the General Operating Account, for total operating losses in those funds of \$10,168,263, resulting in total net income of \$69,218,333 which was \$24,424,767 or 26.1% less than fiscal 2024. A significant factor increasing net positions was a combined 1,319.4% increase in the fair market value of investments, signaling significant growth in market positioning. While net operating income remained positive in fiscal 2025, the decrease from the prior fiscal year can mainly be attributed to significant decreases in grant revenue for both the Drinking Water Revolving Loan and School Fund Groups, who experienced a combined reduction of \$33.6 million in supplemental grant funding this year.

MAINE MUNICIPAL BOND BANK

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2025

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, 2025 and 2024

	<u>2025</u>	<u>2024</u>	<u>Percentage Change</u>
Current assets:			
Cash	\$ 374,747	\$ 297,235	26.1%
Investments held by trustee	461,878,248	470,049,374	(1.7)
Operating investments	11,867,881	11,216,925	5.8
Loans receivable from governmental units	147,208,854	145,137,092	1.4
Advances to State of Maine	26,097,542	39,842,181	(34.5)
Accrued investment income receivable	2,762,440	3,073,233	(10.1)
Accrued interest and fees receivable on loans to governmental units and advances to State of Maine	13,284,765	12,847,048	3.4
Undisbursed federal letter of credit payments	122,232,198	110,656,460	10.5
Due from other funds	7,479,896	7,998,519	(6.5)
Other assets	<u>226,689</u>	<u>516,597</u>	<u>(56.1)</u>
Total current assets	793,413,260	801,634,664	(1.0)
Noncurrent assets:			
Investments held by trustee	134,271,083	170,633,663	(21.3)
Loans receivable from governmental units	1,693,492,585	1,609,723,416	5.2
Advances to State of Maine	133,959,485	186,927,825	(28.3)
Property and equipment, net of accumulated depreciation	<u>1,135,145</u>	<u>1,079,783</u>	<u>5.1</u>
Total noncurrent assets	<u>1,962,858,298</u>	<u>1,968,364,687</u>	<u>(0.3)</u>
Total assets	<u>2,756,271,558</u>	<u>2,769,999,351</u>	<u>(0.5)</u>
Unamortized deferred loss on refundings	2,704,420	8,580,470	(68.5)
OPEB adjustments	149,783	183,666	(18.4)
Pension contributions	<u>490,226</u>	<u>286,169</u>	<u>71.3</u>
Total deferred outflows of resources	3,344,429	9,050,305	(63.0)%

MAINE MUNICIPAL BOND BANK

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2025

	<u>2025</u>	<u>2024</u>	<u>Percentage Change</u>
Current liabilities:			
Accounts payable and accrued liabilities	\$ 649,345	\$ 435,169	49.2%
Due to other funds	7,479,896	7,998,519	(6.5)
Accrued interest payable	11,754,181	12,880,386	(8.7)
Unearned grant revenue	13,695,096	10,581,096	29.4
Undisbursed loans	72,124,712	39,995,297	80.3
Accrued interest rebate payable to U.S. Government	2,482,382	274,774	803.4
Due to State of Maine	60,100,596	90,553,445	(33.6)
Bonds payable, net	<u>151,681,742</u>	<u>155,861,631</u>	<u>(2.7)</u>
Total current liabilities	319,967,950	318,580,317	0.4
Noncurrent liabilities:			
Accrued interest rebate payable to U.S. Government	3,340,193	4,326,517	(22.8)
Bonds payable, net	1,351,657,741	1,440,855,490	(6.2)
Accrued pension and other post-employment benefit liabilities	<u>1,622,362</u>	<u>1,305,628</u>	<u>24.3</u>
Total noncurrent liabilities	<u>1,356,620,296</u>	<u>1,446,487,635</u>	<u>(6.2)</u>
Total liabilities	<u>1,676,588,246</u>	<u>1,765,067,952</u>	<u>(5.0)</u>
Deferred inflows of resources:			
Pension adjustments	103,621	137,926	(24.9)
OPEB adjustments	279,586	354,593	(21.2)
Deferred lease revenues	<u>78,730</u>	<u>141,714</u>	<u>(44.4)</u>
Total deferred inflows of resources	461,937	634,233	(27.2)
Net position:			
Net investment in capital assets	1,135,145	1,079,783	5.1
Restricted	1,023,852,560	960,226,912	6.6
Unrestricted	<u>57,578,099</u>	<u>52,040,776</u>	<u>10.6</u>
Total net position	<u>\$ 1,082,565,804</u>	<u>\$ 1,013,347,471</u>	<u>6.8%</u>

MAINE MUNICIPAL BOND BANK

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2025

Total short and long-term investments held by trustees on June 30, 2025 decreased \$44.5 million or 7.0% from June 30, 2024. The overall net decrease in investments can be attributed primarily to the Transportation Infrastructure Fund Group, which was responsible for \$38.5 million of the total decrease due to a transfer of approximately \$37 million in investments to fund the 2021A defeasance escrow account. There was also a decrease of \$18.8 million in the School Fund Group as invested assets were deployed for loans to governmental units. Conversely, the combined Clean Water and Drinking Water Revolving Loan Fund Groups represent a combined increase of \$12.4 million as loan repayments were reinvested. The remaining change is due to less significant fluctuations in other fund groups. 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, FLMC), 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 on June 30, 2025 increased by \$85,840,931 or 4.9% from June 30, 2024. The current year increase is attributed to new funds loaned to governmental units, although reduced as compared to fiscal 2024, still outpacing scheduled repayments, along with a year-to-year increase in forgiveness. Total new loan commitment in 2025 of approximately \$227.2 million was a decrease of 36.9% from the 2024 commitment of approximately \$360.1 million. New loan commitments consist of proceeds from the General Tax-Exempt Resolution Series 2024B and 2025A bonds for a total of \$98.3 million as well as equity loans in the Sewer and Water Revolving Loan Fund Groups and School Facilities Fund Group of \$128.9 million.

Advances to the State of Maine decreased \$66,712,979 or 29.4% from balances on June 30, 2024, with a net decrease for the Grant Anticipation Fund Group of \$23,320,503, due to continued repayments, and a \$43,392,476 or 100% decrease for the Transportation Infrastructure Fund Group, due to the total defeasance of all outstanding bonds. Remaining investment balances of approximately \$59.9 million at June 30, 2025 are due back to the State of Maine.

Undisbursed federal letter of credit payments increased by \$11,575,738 or 10.5% from fiscal year 2024. The increase can be attributed to both the Clean Water and Drinking Water Revolving Loan Fund Groups continuing to receive both supplemental BIL grants and Emerging Contaminant BIL grants in fiscal year 2025. Although both experienced increases in during the fiscal year, the Drinking Water Revolving Loan Fund Group experienced a much greater percentage of change at 14.7% or \$9,748,153 increase versus the Clean Water Revolving Loan Fund Group at 4.1% or \$1,827,585.

Other assets had a net decrease of \$289,908 or 56.1% as compared to balances at June 30, 2024, primarily due to the receipt of a \$310,786 receivable as of June 30, 2024 from the Internal Revenue Service in the General Tax-Exempt Fund Group, a \$63,300 reduction in an operating lease receivable, along with a \$20,000 reduction in loans receivable from units, in the General Operations Fund Group, primarily offset by a \$108,300 increase in receivables from related parties. The remaining combined decrease of \$4,122 is derived from additional immaterial changes within the General Operations, Clean and Drinking Water Revolving Fund Groups in fiscal year 2025.

MAINE MUNICIPAL BOND BANK

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2025

Unamortized deferred loss on refundings decreased \$5,876,050 or 68.5% from fiscal 2024. The decrease is attributed to a combination of current year amortization and the effect of the refunding of the 2014C Series bonds, which was a component of the General Resolution Tax-Exempt bond sale dated November 7, 2024. For more information about the refunding, refer to Note 9, Refunding Issues, in the notes to financial statements for the year ended June 30, 2025.

Unearned grant revenue increased \$3,114,000 or 29.4% due to increases in the Clean Water Revolving Loan and Drinking Water Revolving Loan Fund Groups of \$1,485,400 and \$1,628,600, respectively, as compared to fiscal 2024. This increase is primarily a timing issue between when grants are awarded, loans are committed, and related funds are disbursed to the borrower.

Due to the State of Maine had a net decrease of approximately \$30,452,849 or 33.6% as compared to fiscal 2024. This decrease is exclusively within the Transportation Infrastructure Fund Groups and the change is due to the defeasance of the 2021A Series. The amounts received within this fund group in fiscal 2024 were in anticipation of a potential defeasance of debt, which did occur in fiscal 2025. For more information about the total defeasance of the Transportation Infrastructure Fund Group's remaining outstanding bonds, refer to Note 9, Refunding Issues, in the notes to financial statements for the year ended June 30, 2025.

Accrued interest rebate payable to U.S. Government increased by \$1,221,284 or 26.5% over fiscal year 2024. The majority of the change is due to a \$926,331 increase for the General Tax-Exempt Fund Group and is the net result of rebate payments made to the U.S. Government during fiscal year 2025 and the net change in the rebate liability during the year. The Grant Anticipation Fund Group was responsible for \$294,953 of the total increase as a result of additional arbitrage in unspent bond proceeds in 2020A and 2022A State of Maine construction funds. Within the Grant Anticipation Fund Group, as the bond issuer, the Bond Bank is responsible for calculating and remitting arbitrage rebate payments to the IRS. Amounts paid to the IRS will be reimbursed by the State of Maine.

Undisbursed loans on June 30, 2025, increased \$32,129,415 or 80.3% from fiscal 2024. The Clean Water and Drinking Water Revolving Loan Fund Groups had a combined increase of \$37,549,745, as the influx of additional grant money from the federal government in recent years continues to be committed to loans for borrowers. The School Facilities Fund Group provided an offset, with a decrease of \$5,420,330, which is 25.6% lower than the prior year due to the program having reduced the magnitude of their loans committed as compared to fiscal 2024. Timing differences are inherent in the processing of these loans, in time elapsed between the awarding of grants, commitment of loans and disbursement of loan funds to the borrowers.

The Bond Bank's financial position improved in fiscal year 2025 as net assets increased by 6.8% or \$69.2 million. The Bond Bank continued to maintain a positive spread of income from investments, interest on loans to governmental units, fee revenue from the State of Maine and grants over bond interest and operating expenses.

MAINE MUNICIPAL BOND BANK

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2025

MAINE MUNICIPAL BOND BANK
 Statements of Revenues, Expenses and Changes in Net Position
 For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>	<u>Percentage Change</u>
Operating revenues:			
Interest on loans receivable from governmental units	\$ 42,694,153	\$ 39,986,347	6.8%
Program revenue from State of Maine	4,711,750	5,494,242	(14.2)
Interest income from investments	20,983,253	21,183,022	(0.9)
Net increase in the fair value of investments	8,001,242	563,695	1,319.4
Grant revenue from Environmental Protection Agency	60,942,000	77,319,000	(21.2)
Grant revenue from State of Maine	15,120,904	25,887,600	(41.6)
Other income	<u>1,552,960</u>	<u>1,543,250</u>	<u>0.6</u>
Total operating revenues	154,006,262	171,977,156	(10.4)
Operating expenses:			
Interest expense	46,213,973	46,468,781	(0.5)
Operating expenses (direct and shared)	10,892,255	9,717,018	12.1
Cost of issuance expenses	618,947	1,097,113	(43.6)
Loss on defeasance	2,487,041	-	100.0
Loan forgiveness	<u>24,575,713</u>	<u>21,051,144</u>	<u>16.7</u>
Total operating expenses	<u>84,787,929</u>	<u>78,334,056</u>	<u>8.2</u>
Operating income	<u>69,218,333</u>	<u>93,643,100</u>	<u>(26.1)</u>
Net income	69,218,333	93,643,100	(26.1)
Net position, beginning of year	<u>1,013,347,471</u>	<u>919,704,371</u>	<u>10.2</u>
Net position, end of year	<u>\$ 1,082,565,804</u>	<u>\$ 1,013,347,471</u>	<u>6.8%</u>

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 \$782,492 or 14.2% due to reduced interest expense of \$576,159 or 10.9% in the Grant Anticipation Fund Group and \$206,333 or 100% in the Transportation Infrastructure Fund Group.

Interest income from investments in 2025 had an overall net decrease of \$199,769 or 0.9% from 2024. Combined increases in interest income for the General Operations, Qualified School Construction Bond, Clean Water, Drinking Water and School Fund Groups amounted to \$1,194,558 over fiscal 2024 due to continued oversight efforts to implement timely adjustments to the rate earned on cash holdings through effective execution of existing investment policy/strategy and active management of our financial institutions.

MAINE MUNICIPAL BOND BANK

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2025

The two fund groups comprising the most substantial decline in interest income in fiscal 2025 were the General Resolution Tax-Exempt Fund Group with a decrease of \$380,543 or 5.3%, whose Fall 2024 Bond Sale included a refunding which transferred existing debt service reserve investments to the refunding escrow, and the Transportation Infrastructure Fund Group, with a decrease of \$958,738 or 25.1%, due to defeasance of the 2021A outstanding bonds and related reduction in investment balances. The remaining change is attributed to minor investment earnings changes in other fund groups.

Fiscal 2025 year ended with a net increase in the fair market value of investments of \$8,001,242, a \$7,437,547 or 1,319.4% increase over fiscal 2024. The General Tax-Exempt Fund Group, where investments are held to maturity, contributed the majority or \$5.4 million of the increase. The Qualified School Construction Bond, Clean and Drinking Revolving Loan and Transportation Infrastructure Fund Groups, together, contributed an additional \$2.6 million of the increase, with the General Operations and School Fund Groups offsetting the income by a combined decrease of \$0.6 million. Changes in the fair market value of investments are primarily attributed to fluctuations in market interest rates in comparison to the investment yield on the assets held by the Bond Bank. 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. 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 Environmental Protection Agency had a decrease of \$16,377,000 or 21.2% as compared to fiscal 2024. The Drinking Water Revolving Loan Fund Group experienced most of the decrease, with \$18,374,000 or 34.2% in reduced supplemental funding as compared to fiscal 2024. The Clean Water Revolving Loan Fund Group had a year-to-year increase of \$1,997,000 or 8.5%, resulting in a relatively small offset to the overall reduction for the 2025 fiscal year.

Grant Revenue from State of Maine had a net decrease of \$10,766,696 or 41.6% in fiscal year 2025 from fiscal year 2024. The School Facilities Fund Group experienced a substantial decrease of \$15,197,296 or 76.0% because the 2025 grant revenue received from the State of Maine totaled only \$4.8 million as compared to the one-time receipt of a \$20 million Department of Education grant in fiscal 2024. The Clean Water Revolving Loan and Drinking Water Revolving Loan Fund Groups ended the year with offsetting increases of \$2.0 million or 72.4% and \$2.4 million or 77.8%, respectively, as compared to fiscal year 2024. For both these fund groups, the fiscal 2025 increase is due to built-in State matching grant requirements for many of the federal grant awards.

Operating expenses increased by \$1,175,237 or 12.1% in fiscal year 2025. This increase is jointly attributable to the Drinking Water Revolving Loan Fund, Clean Water Revolving Loan Fund, Transportation Infrastructure and School Fund Groups, which had increases of \$725,089 or 13.7%, \$267,684 or 29.4%, \$102,454 or 105.5% and \$96,689 or 8.9%, respectively, as compared to fiscal 2024. The Drinking Water Revolving Loan, Clean Water Revolving Loan and School Fund Groups experienced the highest increases because of increased fees paid to the Department of Health and Human Services, the Department of Environmental Protection and the Department of Education, largely due to administration of the large influx of additional grant monies in recent years in those fund groups. The Transportation Infrastructure Fund Group experienced increased expenses due to the defeasance of the 2021A Series. The remaining four fund groups had immaterial changes, netting to a \$16,679 decrease.

MAINE MUNICIPAL BOND BANK

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2025

Cost of issuance expenses decreased \$478,166 or 43.6% in fiscal year 2025 from fiscal year 2024. This decrease is directly related to the total par amount of the General Resolution Tax-Exempt bonds issued in 2025, which was substantially lower than fiscal year 2024, thus, in turn, decreasing the related cost of issuance expenses.

Loan forgiveness increased \$3,524,569 or 16.7% in fiscal year 2025 from fiscal year 2024. 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. In fiscal 2025, \$5,260,678 was forgiven under the Drinking Water Revolving Loan Fund as compared to forgiveness of \$6,594,600 in fiscal 2024. For the Clean Water Revolving Loan Fund, \$3,635,979 was forgiven in fiscal 2025 as compared to the fiscal 2024 forgiveness amount of \$3,028,250. 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 2025 was \$15,679,056, as compared to \$11,428,294 in 2024. 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, 2025

	<u>General Operating Account</u>	<u>General Tax-Exempt Fund Group</u>	<u>Transportation Fund Groups Grant Anticipation Fund Group</u>	<u>Transportation Infrastructure Fund Group</u>
<u>ASSETS</u>				
Current assets:				
Cash	\$ 374,747	\$ —	\$ —	\$ —
Investments held by trustee (notes 3, 5 and 10)	—	69,241,014	—	59,883,901
Operating investments (notes 3 and 10)	11,867,881	—	—	—
Loans receivable from governmental units (note 4)	—	104,754,890	—	—
Advances to State of Maine (note 4)	—	—	26,097,542	—
Accrued investment income receivable	106,394	592,342	—	250,484
Accrued interest and fees receivable on loans to governmental units and advances to State of Maine	—	8,008,533	2,404,461	—
Undisbursed federal letter of credit payments	—	—	—	—
Due from other funds	5,972,768	—	—	—
Other assets	<u>226,689</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total current assets	18,548,479	182,596,779	28,502,003	60,134,385
Noncurrent assets:				
Investments held by trustee (notes 3, 5 and 10)	—	123,005,338	—	—
Loans receivable from governmental units (note 4)	—	1,055,628,726	—	—
Advances to State of Maine (note 4)	—	—	133,959,485	—
Property and equipment, net of accumulated depreciation of \$2,154,205 (note 11)	<u>1,135,145</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total noncurrent assets	<u>1,135,145</u>	<u>1,178,634,064</u>	<u>133,959,485</u>	<u>—</u>
Total assets	<u>19,683,624</u>	<u>1,361,230,843</u>	<u>162,461,488</u>	<u>60,134,385</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Unamortized deferred loss on refundings (note 9)				
	—	2,704,420	—	—
OPEB adjustments (note 8)	149,783	—	—	—
Pension contributions (note 8)	<u>490,226</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total deferred outflows of resources	<u>640,009</u>	<u>2,704,420</u>	<u>—</u>	<u>—</u>

Qualified School Construction Fund Group	Sewer and Water Fund Groups			School Facilities Fund Group	Total
	Revolving Loan Fund Groups Clean Water	Drinking Water	Operating Fund Group		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 374,747
18,648,320	205,114,233	61,978,116	8,549,249	38,463,415	461,878,248
-	-	-	-	-	11,867,881
1,738,975	24,857,676	11,992,081	-	3,865,232	147,208,854
-	-	-	-	-	26,097,542
232,790	1,042,675	192,812	2,219	342,724	2,762,440
262,882	1,778,191	830,698	-	-	13,284,765
-	46,249,689	75,982,509	-	-	122,232,198
-	476,716	-	1,030,412	-	7,479,896
-	-	-	-	-	226,689
20,882,967	279,519,180	150,976,216	9,581,880	42,671,371	793,413,260
11,265,745	-	-	-	-	134,271,083
999,400	388,590,980	211,281,349	-	36,992,130	1,693,492,585
-	-	-	-	-	133,959,485
-	-	-	-	-	1,135,145
<u>12,265,145</u>	<u>388,590,980</u>	<u>211,281,349</u>	<u>-</u>	<u>36,992,130</u>	<u>1,962,858,298</u>
<u>33,148,112</u>	<u>668,110,160</u>	<u>362,257,565</u>	<u>9,581,880</u>	<u>79,663,501</u>	<u>2,756,271,558</u>
-	-	-	-	-	2,704,420
-	-	-	-	-	149,783
-	-	-	-	-	490,226
-	-	-	-	-	3,344,429

MAINE MUNICIPAL BOND BANK

STATEMENTS OF NET POSITION (CONTINUED)

June 30, 2025

	<u>General Operating Account</u>	<u>General Tax-Exempt Fund Group</u>	<u>Transportation Fund Groups Grant Anticipation Fund Group</u>	<u>Transportation Infrastructure Fund Group</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 639,374	\$ —	\$ —	\$ —
Due to other funds	—	5,784,516	—	33,789
Accrued interest payable	—	9,046,875	2,404,461	—
Unearned grant revenue	—	—	—	—
Undisbursed loans	—	—	—	—
Accrued interest rebate payable to U.S. Government (note 2)	—	590,338	1,892,044	—
Due to State of Maine	—	—	—	60,100,596
Bonds payable, net (note 4)	<u>—</u>	<u>110,211,244</u>	<u>24,205,498</u>	<u>—</u>
Total current liabilities	639,374	125,632,973	28,502,003	60,134,385
Noncurrent liabilities:				
Accrued interest rebate payable to U.S. Government (note 2)	—	1,888,719	1,451,474	—
Bonds payable, net (note 4)	—	1,203,418,350	132,508,011	—
Accrued pension and other post-employment benefit liabilities	<u>1,622,362</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total noncurrent liabilities	<u>1,622,362</u>	<u>1,205,307,069</u>	<u>133,959,485</u>	<u>—</u>
Total liabilities	<u>2,261,736</u>	<u>1,330,940,042</u>	<u>162,461,488</u>	<u>60,134,385</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Pension adjustments (note 8)	103,621	—	—	—
OPEB adjustments (note 8)	279,586	—	—	—
Deferred lease revenues	<u>78,730</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total deferred inflows of resources	<u>461,937</u>	<u>—</u>	<u>—</u>	<u>—</u>
<u>NET POSITION</u>				
Net investment in capital assets	1,135,145	—	—	—
Restricted (notes 5, 6 and 7)	—	4,670,829	—	—
Unrestricted (notes 6 and 7)	<u>16,464,815</u>	<u>28,324,392</u>	<u>—</u>	<u>—</u>
Total net position	<u>\$17,599,960</u>	<u>\$ 32,995,221</u>	<u>\$ —</u>	<u>\$ —</u>

See accompanying notes to the financial statements.

Qualified School Construction Fund Group	Sewer and Water Fund Groups			School Facilities Fund Group	Total
	Revolving Loan Fund Groups		Operating Fund Group		
	Clean Water	Drinking Water			
\$ -	\$ 6,960	\$ -	\$ -	\$ 3,011	\$ 649,345
-	569,799	1,019,873	26,957	44,962	7,479,896
301,732	-	1,113	-	-	11,754,181
-	6,270,000	7,425,096	-	-	13,695,096
-	43,992,125	12,390,432	-	15,742,155	72,124,712
-	-	-	-	-	2,482,382
-	-	-	-	-	60,100,596
<u>17,115,000</u>	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>151,681,742</u>
17,416,732	50,838,884	20,986,514	26,957	15,790,128	319,967,950
-	-	-	-	-	3,340,193
15,731,380	-	-	-	-	1,351,657,741
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,622,362</u>
<u>15,731,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,356,620,296</u>
<u>33,148,112</u>	<u>50,838,884</u>	<u>20,986,514</u>	<u>26,957</u>	<u>15,790,128</u>	<u>1,676,588,246</u>
-	-	-	-	-	103,621
-	-	-	-	-	279,586
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,730</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>461,937</u>
-	-	-	-	-	1,135,145
-	616,271,997	339,976,611	-	62,933,123	1,023,852,560
<u>-</u>	<u>999,279</u>	<u>1,294,440</u>	<u>9,554,923</u>	<u>940,250</u>	<u>57,578,099</u>
<u>\$ -</u>	<u>\$ 617,271,276</u>	<u>\$ 341,271,051</u>	<u>\$ 9,554,923</u>	<u>\$ 63,873,373</u>	<u>\$ 1,082,565,804</u>

MAINE MUNICIPAL BOND BANK

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended June 30, 2025

	<u>General Operating Account</u>	<u>General Tax-Exempt Fund Group</u>	<u>Transportation Fund Groups Grant Anticipation Fund Group</u>	<u>Transportation Infrastructure Fund Group</u>
Operating revenues:				
Interest on loans receivable from governmental units	\$ —	\$35,239,505	\$ —	\$ —
Program revenue from State of Maine	—	—	4,711,750	—
Interest income from investments	372,487	6,867,261	—	2,861,250
Net increase in the fair value of investments	172,967	3,560,040	—	373,060
Grant revenue from Environmental Protection Agency (note 6)	—	—	—	—
Grant revenue from State of Maine (notes 6 and 7)	—	—	—	—
Other income	<u>521,213</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total operating revenues	1,066,667	45,666,806	4,711,750	3,234,310
Operating expenses:				
Interest expense	—	39,367,934	4,470,425	547,710
Operating expenses (direct and shared) (note 8)	1,783,765	9,400	241,325	199,559
Cost of issuance expenses	—	618,947	—	—
Loss on defeasance (note 9)	—	—	—	2,487,041
Loan forgiveness (notes 6 and 7)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total operating expenses	<u>1,783,765</u>	<u>39,996,281</u>	<u>4,711,750</u>	<u>3,234,310</u>
Operating (loss) income before operating transfers	(717,098)	5,670,525	—	—
Operating transfers, net	<u>312,804</u>	<u>(300,000)</u>	<u>—</u>	<u>—</u>
Operating (loss) income	(404,294)	5,370,525	—	—
Net position, beginning of year	<u>18,004,254</u>	<u>27,624,696</u>	<u>—</u>	<u>—</u>
Net position, end of year	<u>\$17,599,960</u>	<u>\$32,995,221</u>	<u>\$ —</u>	<u>\$ —</u>

See accompanying notes to the financial statements.

Qualified School Construction Fund Group	Sewer and Water Fund Groups			School Facilities Fund Group	Total
	<u>Revolving Loan Fund Groups</u>		Operating Fund Group		
	Clean Water	Drinking Water			
\$ 293,679	\$ 5,170,450	\$ 1,990,519	\$ -	\$ -	\$ 42,694,153
-	-	-	-	-	4,711,750
747,032	6,099,117	1,929,148	338,836	1,768,122	20,983,253
769,681	2,265,616	328,279	-	531,599	8,001,242
-	25,584,000	35,358,000	-	-	60,942,000
-	4,784,600	5,533,600	-	4,802,704	15,120,904
-	-	-	1,031,747	-	1,552,960
<u>1,810,392</u>	<u>43,903,783</u>	<u>45,139,546</u>	<u>1,370,583</u>	<u>7,102,425</u>	<u>154,006,262</u>
1,810,392	7,054	10,458	-	-	46,213,973
-	1,178,194	6,022,337	270,337	1,187,338	10,892,255
-	-	-	-	-	618,947
-	-	-	-	-	2,487,041
-	<u>3,635,979</u>	<u>5,260,678</u>	-	<u>15,679,056</u>	<u>24,575,713</u>
<u>1,810,392</u>	<u>4,821,227</u>	<u>11,293,473</u>	<u>270,337</u>	<u>16,866,394</u>	<u>84,787,929</u>
-	39,082,556	33,846,073	1,100,246	(9,763,969)	69,218,333
-	<u>741,829</u>	<u>(27,522)</u>	<u>(727,111)</u>	-	-
-	39,824,385	33,818,551	373,135	(9,763,969)	69,218,333
-	<u>577,446,891</u>	<u>307,452,500</u>	<u>9,181,788</u>	<u>73,637,342</u>	<u>1,013,347,471</u>
\$ <u>-</u>	\$ <u>617,271,276</u>	\$ <u>341,271,051</u>	\$ <u>9,554,923</u>	\$ <u>63,873,373</u>	\$ <u>1,082,565,804</u>

MAINE MUNICIPAL BOND BANK

STATEMENTS OF CASH FLOWS

For the Year Ended June 30, 2025

	General Operating <u>Account</u>	General Tax-Exempt <u>Fund Group</u>	Transportation Fund Groups Grant Anticipation <u>Fund Group</u>	Transportation Infrastructure <u>Fund Group</u>
OPERATING ACTIVITIES:				
Cash received from governmental units and State of Maine	\$ —	\$ 137,136,692	\$ 28,669,440	\$ 41,905,981
Cash payments to governmental units	—	(98,354,534)	—	—
Cash payments to State of Maine	—	—	—	(28,966,354)
Cash received from other income	521,213	—	—	—
Cash payments for operating expenses	(1,387,577)	(9,400)	(241,325)	(201,327)
Cash paid for bond issuance costs	—	(618,947)	—	—
Cash received from (paid to) other funds	1,355,430	(1,372,861)	—	18,931
Cash (paid) received for other assets and liabilities	<u>(89,747)</u>	<u>310,786</u>	<u>—</u>	<u>—</u>
Net cash provided (used) by operating activities	399,319	37,091,736	28,428,115	12,757,231
NONCAPITAL FINANCING ACTIVITIES:				
Proceeds from bonds payable	—	142,387,761	—	—
Principal paid on bonds payable	—	(101,000,000)	(20,700,000)	(16,225,000)
Interest paid on bonds payable	—	(52,510,281)	(7,728,115)	(1,269,001)
Grant receipts from Environmental Protection Agency and State of Maine	—	—	—	—
Amounts deposited to refunding escrow	<u>—</u>	<u>(40,414,314)</u>	<u>—</u>	<u>(37,146,750)</u>
Net cash (used) provided by noncapital financing activities	—	(51,536,834)	(28,428,115)	(54,640,751)
INVESTING ACTIVITIES:				
Purchase of investment securities	(30,642,957)	(346,713,679)	—	(82,304,260)
Proceeds from sale and maturities of investment securities	30,164,968	351,663,642	—	121,187,731
Income received from investments	326,847	9,773,968	—	3,000,049
Interest rebate paid to U.S. Government	—	(278,833)	—	—
Additions to property and equipment	<u>(170,665)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net cash (used) provided by investing activities	<u>(321,807)</u>	<u>14,445,098</u>	<u>—</u>	<u>41,883,520</u>
Increase in cash	77,512	—	—	—
Cash, beginning of year	<u>297,235</u>	<u>—</u>	<u>—</u>	<u>—</u>
Cash, end of year	\$ <u>374,747</u>	\$ <u>—</u>	\$ <u>—</u>	\$ <u>—</u>

Qualified School Construction Fund Group	Sewer and Water Fund Groups			School Facilities Fund Group	Total
	Revolving Loan Fund Groups		Operating Fund Group		
	Clean Water	Drinking Water			
\$ 3,935,794	\$ 31,008,540	\$ 13,365,274	\$ -	\$ 3,446,111	\$ 259,467,832
-	(60,347,475)	(38,306,125)	-	(28,260,069)	(225,268,203)
-	-	-	-	-	(28,966,354)
-	-	-	1,031,747	-	1,552,960
-	(1,183,260)	(6,033,847)	(270,337)	(1,198,455)	(10,525,528)
-	-	-	-	-	(618,947)
-	1,014,229	225,370	(1,247,111)	6,012	-
-	<u>4,510</u>	<u>1,375</u>	<u>-</u>	<u>-</u>	<u>226,924</u>
3,935,794	(29,503,456)	(30,747,953)	(485,701)	(26,006,401)	(4,131,316)
-	-	-	-	-	142,387,761
-	(630,000)	(255,000)	-	-	(138,810,000)
(1,810,392)	(12,600)	(12,349)	-	-	(63,342,738)
-	30,026,415	32,772,047	-	4,802,704	67,601,166
-	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(77,561,064)</u>
(1,810,392)	29,383,815	32,504,698	-	4,802,704	(69,724,875)
(14,572,937)	(167,239,312)	(43,072,772)	(10,306,094)	(130,687,657)	(825,539,668)
11,712,267	161,127,642	39,403,438	10,436,343	150,044,290	875,740,321
735,268	6,231,311	1,912,589	355,452	1,847,064	24,182,548
-	-	-	-	-	(278,833)
-	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(170,665)</u>
<u>(2,125,402)</u>	<u>119,641</u>	<u>(1,756,745)</u>	<u>485,701</u>	<u>21,203,697</u>	<u>73,933,703</u>
-	-	-	-	-	77,512
-	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>297,235</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 374,747</u>

MAINE MUNICIPAL BOND BANK

STATEMENTS OF CASH FLOWS (CONTINUED)

For the Year Ended June 30, 2025

	General Operating <u>Account</u>	General Tax-Exempt <u>Fund Group</u>	<u>Transportation Fund Groups</u>	
			Grant Anticipation <u>Fund Group</u>	Transportation Infrastructure <u>Fund Group</u>
Reconciliation of operating (loss) income to net cash provided (used) by operating activities:				
Operating (loss) income	\$ (404,294)	\$ 5,370,525	\$ —	\$ —
Adjustments to reconcile operating (loss) income to net cash provided (used) by operating activities:				
Interest income from investments	(372,487)	(6,867,261)	—	(2,861,250)
Net increase in the fair value of investments	(172,967)	(3,560,040)	—	(373,060)
Loan forgiveness	—	—	—	—
Depreciation	115,303	—	—	—
Interest expense on bonds payable	—	39,367,934	4,470,425	547,710
Federal and State grants	—	—	—	—
Loss on defeasance	—	—	—	2,487,041
Change in assets and liabilities:				
Loans receivable from governmental units and advances to State of Maine	—	3,595,949	23,612,691	43,392,476
Accrued interest and fees receivable on loans to governmental units and advances to State of Maine	—	(53,296)	344,999	—
Due to/from other funds	1,042,626	(1,072,861)	—	18,931
Other assets	(26,763)	310,786	—	—
Accrued pension and other post-employment benefit liabilities	37,248	—	—	—
Accounts payable and accrued liabilities	243,637	—	—	(1,768)
Deferred lease revenues	(62,984)	—	—	—
Due to State of Maine	<u>—</u>	<u>—</u>	<u>—</u>	<u>(30,452,849)</u>
Net cash provided (used) by operating activities	\$ <u>399,319</u>	\$ <u>37,091,736</u>	\$ <u>28,428,115</u>	\$ <u>12,757,231</u>

Supplemental disclosures of noncash activities:

Advances to State of Maine were increased approximately \$295,000 due to additional accrued interest rebate payable to U.S. Government incurred in the Grant Anticipation Fund Group during the year ended June 30, 2025 (see note 2).

See accompanying notes to the financial statements.

Qualified School Construction Fund Group	Sewer and Water Fund Groups			Operating Fund Group	School Facilities Fund Group	Total
	Revolving Loan Fund Groups					
	Clean Water	Drinking Water				
\$ -	\$ 39,824,385	\$ 33,818,551	\$ 373,135	\$ (9,763,969)	\$ 69,218,333	
(747,032)	(6,099,117)	(1,929,148)	(338,836)	(1,768,122)	(20,983,253)	
(769,681)	(2,265,616)	(328,279)	-	(531,599)	(8,001,242)	
-	3,635,979	5,260,678	-	15,679,056	24,575,713	
-	-	-	-	-	115,303	
1,810,392	7,054	10,458	-	-	46,213,973	
-	(30,368,600)	(40,891,600)	-	(4,802,704)	(76,062,904)	
-	-	-	-	-	2,487,041	
3,621,849	(34,063,070)	(26,627,999)	-	(24,813,958)	(11,282,062)	
20,266	(446,315)	(303,371)	-	-	(437,717)	
-	272,400	252,892	(520,000)	6,012	-	
-	4,510	1,375	-	-	289,908	
-	-	-	-	-	37,248	
-	(5,066)	(11,510)	-	(11,117)	214,176	
-	-	-	-	-	(62,984)	
-	-	-	-	-	(30,452,849)	
<u>\$ 3,935,794</u>	<u>\$ (29,503,456)</u>	<u>\$ (30,747,953)</u>	<u>\$ (485,701)</u>	<u>\$ (26,006,401)</u>	<u>\$ (4,131,316)</u>	

MAINE MUNICIPAL BOND BANK

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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, to be repaid by taxes, fees and grant 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, 2025, the General Operating Account has approximately \$109,400 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 2025 was approximately \$536,000 and is included in interest on loans receivable from governmental units in the statement of revenues, expenses and changes in net position.

MAINE MUNICIPAL BOND BANK

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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.

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 in 2025 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.

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.

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.

MAINE MUNICIPAL BOND BANK

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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, 2025 was approximately \$1,205,200 in the General Tax-Exempt Fund Group. At June 30, 2025, the Grant Anticipation Fund Group reported an accrued interest rebate payable to the U.S. Government of approximately \$3,343,500 in its statement of net position under the arbitrage provisions of Section 148 of the IRC, as a result of arbitrage in unspent bond proceeds in construction funds. As described in more detail in this note, construction funds and any related investment income are excluded from these financial statements, and as such, the related arbitrage rebate expense is also excluded. However, as the issuer of the bonds, the Bond Bank is responsible for the calculation and payment of the rebate; therefore, the estimated liability is reported on the statement of net position within the Grant Anticipation Fund Group. The State of Maine is obligated to reimburse this fund group for all program related costs, and therefore an offsetting receivable has been recorded within the Advances to State of Maine on the statement of net position of the Grant Anticipation Fund Group. Arbitrage rebate expense in any other fund group for the year ended June 30, 2025 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.

MAINE MUNICIPAL BOND BANK

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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 of approximately \$3,875,100 have been recorded as interest income from investments in 2025. Reserve fund investments that are not expected to be utilized to fund bond principal and interest payments until after June 30, 2026 have been classified as long-term.

Within the Transportation Infrastructure Fund Group, 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, 2025, the Transportation Infrastructure Fund Group had \$59,883,901 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.

MAINE MUNICIPAL BOND BANK

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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, 2025, the lease receivable included within other assets on the General Operating Account statement of net position was approximately \$79,600. Total inflows of resources related to this arrangement, including lease revenue and interest revenue, were approximately \$63,800 for the year ending June 30, 2025 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.

Compensated Absences: Employees of the Bond Bank are entitled to paid vacation and sick days, depending on job classification, length of service, and other factors. The accrual for compensated absences at June 30, 2025 was approximately \$453,000 and is included in accounts payable and accrued liabilities within the General Operating Account statement of net position.

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.

MAINE MUNICIPAL BOND BANK

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

2. Significant Accounting Policies (Continued)

Advanced Refundings and In-Substance Defeasance of Debt: 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, 2025 was approximately \$1,117,100, \$623,900 and \$3,000 for the General Tax-Exempt Fund Group, Transportation Infrastructure Fund Group and Clean Water Revolving Loan Fund Group, respectively.

In-substance defeasances of debt using only existing resources, rather than the proceeds of issuing refunding debt, are accounted for in accordance with the provisions of GASB Statement No. 86, *Certain Debt Extinguishment Issues*. In this type of defeasance, the Bond Bank places cash or other monetary assets acquired using existing resources into an irrevocable escrow account to provide for all future debt service payments on defeased bonds. Similar to an advanced refunding, the trust account assets and the liability for the defeased bonds are not included in the Bond Bank's financial statements. However, as no additional debt is issued to defease the bonds, the difference between the reacquisition price and the net carrying amount of the defeased debt is recognized as a separate gain or loss on defeasance in the statement of revenues, expenses and changes in net position in the period of the defeasance. Loss on defeasance of debt in the amount of \$2,487,041 was recorded in the Transportation Infrastructure Fund Group for the year ended June 30, 2025.

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, 2025. The Transportation Fund Groups have a balance of approximately \$65,825,400 of bond proceeds in construction funds as of June 30, 2025.

MAINE MUNICIPAL BOND BANK

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

2. Significant Accounting Policies (Continued)

Grant Revenue: Grant revenue is recognized when the qualifying commitments have been made by the federal or state agency and all other grant requirements have been met, including approval of qualifying potential projects for federal grants.

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.

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 U.S. economy has experienced a number of disruptions including volatility in investment markets, inflationary pressures, and interest rate changes which have had the effect of increasing economic uncertainty at the national level and by extension 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 2022, GASB issued Statement No. 101, *Compensated Absences*. This objective of this statement is to align recognition and measurement guidance for compensated absences under a unified model and to amend certain previously required disclosures. The statement requires that an entity estimate and record liabilities for all compensated absences related to leave that accumulates, is more likely than not to be used for time off or otherwise paid in cash or settled, and relates to services already rendered. The provisions of Statement No. 101 are effective for reporting periods beginning after December 15, 2023, with earlier application permitted. Adoption of the provisions of this statement in fiscal 2025 did not have a material impact on the Bond Bank’s financial statements.

MAINE MUNICIPAL BOND BANK

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

2. Significant Accounting Policies (Continued)

In April 2025, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The statement addresses certain required components of management's discussion and analysis, the treatment of unusual or infrequent items, and presentation changes within the statement of revenues, expenses, and changes in net position. The provisions of Statement No. 103 are effective for reporting periods beginning after June 15, 2025, with earlier application permitted. The Bond Bank is currently evaluating the impact of the pending adoption of this statement on its financial statements.

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, 2025, investments are categorized as follows:

	<u>Fair Value</u>
<u>General Operating Account</u>	
Operating investments:	
U.S. Government obligations	\$ 10,160,467
U.S. Government-sponsored enterprises	9,986
Cash equivalents	<u>1,697,428</u>
	<u>\$ 11,867,881</u>
<u>General Tax-Exempt Fund Group</u>	
Investments held by trustee:	
Guaranteed investment contracts	\$ 5,707,591
U.S. Government obligations	19,970,379
U.S. Government-sponsored enterprises	35,960,295
U.S. Treasury strips	2,193,219
U.S. Government-sponsored enterprise strips	99,300,930
Cash equivalents	<u>29,113,938</u>
	<u>\$ 192,246,352</u>

Of the total \$192,246,352 General Tax-Exempt Fund Group investments at June 30, 2025, approximately \$170,975,400 are included in reserve funds as described in note 5.

	<u>Fair Value</u>
<u>Transportation Infrastructure Fund Group</u>	
Investments held by trustee:	
Cash equivalents	<u>\$ 59,883,901</u>

MAINE MUNICIPAL BOND BANK

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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

	<u>Fair Value</u>
<u>Qualified School Construction Fund Group</u>	
Investments held by trustee:	
U.S. Government obligations	\$ 26,700,718
Cash equivalents	<u>3,213,347</u>
	<u>\$ 29,914,065</u>
<u>Sewer and Water Fund Groups</u>	
Investments held by trustee:	
Revolving Loan Fund Group – Clean Water:	
U.S. Government obligations	\$ 124,304,335
U.S. Government-sponsored enterprises	99,958
Certificates of deposit	10,512,736
Cash equivalents	<u>70,197,204</u>
	<u>\$ 205,114,233</u>
Revolving Loan Fund Group – Drinking Water:	
U.S. Government obligations	\$ 16,610,344
U.S. Government-sponsored enterprises	121,871
Cash equivalents	<u>45,245,901</u>
	<u>\$ 61,978,116</u>
Operating Fund Group:	
Cash equivalents	<u>\$ 8,549,249</u>

Of the total \$275,641,598 in Sewer and Water Fund Group investments at June 30, 2025, approximately \$164,600 are included in reserve funds as described in note 5.

	<u>Fair Value</u>
<u>School Facilities Fund Group</u>	
Investments held by trustee:	
U.S. Government obligations	\$ 27,754,077
U.S. Government-sponsored enterprises	2,376,827
Cash equivalents	<u>8,332,511</u>
	<u>\$ 38,463,415</u>

MAINE MUNICIPAL BOND BANK

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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

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, 2025:

	<u>Fair Value</u>	<u>Less Than One Year</u>	<u>One to Five Years</u>	<u>Six to Ten Years</u>	<u>More Than Ten Years</u>
<u>General Operating Account</u>					
U.S. Government obligations	\$ 10,160,467	\$ 6,762,494	\$ 3,397,973	\$ –	\$ –
U.S. Government-sponsored enterprises	<u>9,986</u>	<u>–</u>	<u>9,986</u>	<u>–</u>	<u>–</u>
	<u>\$ 10,170,453</u>	<u>\$ 6,762,494</u>	<u>\$ 3,407,959</u>	<u>\$ –</u>	<u>\$ –</u>
<u>General Tax-Exempt Fund Group</u>					
Guaranteed investment contracts	\$ 5,707,591	\$ –	\$ 3,313,378	\$ –	\$ 2,394,213
U.S. Government obligations	19,970,379	14,798,016	3,701,751	1,439,830	30,782
U.S. Government-sponsored enterprises	35,960,295	19,888,380	4,386,753	1,769,232	9,915,930
U.S. Treasury strips	2,193,219	73,410	866,185	284,396	969,228
U.S. Government-sponsored enterprise strips	<u>99,300,930</u>	<u>5,367,270</u>	<u>35,170,139</u>	<u>28,986,021</u>	<u>29,777,500</u>
	<u>\$ 163,132,414</u>	<u>\$ 40,127,076</u>	<u>\$ 47,438,206</u>	<u>\$ 32,479,479</u>	<u>\$ 43,087,653</u>
<u>Qualified School Construction Fund Group</u>					
U.S. Government obligations	<u>\$ 26,700,718</u>	<u>\$ 15,434,973</u>	<u>\$ 11,265,745</u>	<u>\$ –</u>	<u>\$ –</u>

MAINE MUNICIPAL BOND BANK

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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

	<u>Fair Value</u>	<u>Less Than One Year</u>	<u>One to Five Years</u>	<u>Six to Ten Years</u>	<u>More Than Ten Years</u>
<u>Revolving Loan Fund</u>					
<u>Group – Clean Water</u>					
U.S. Government obligations	\$ 124,304,335	\$ 89,472,585	\$ 34,831,750	\$ –	\$ –
U.S. Government-sponsored enterprises	99,958	–	99,958	–	–
Certificates of deposit	<u>10,512,736</u>	<u>93,170</u>	<u>9,986,011</u>	<u>433,555</u>	<u>–</u>
	<u>\$ 134,917,029</u>	<u>\$ 89,565,755</u>	<u>\$ 44,917,719</u>	<u>\$ 433,555</u>	<u>\$ –</u>
<u>Revolving Loan Fund</u>					
<u>Group – Drinking Water</u>					
U.S. Government obligations	\$ 16,610,344	\$ 9,988,604	\$ 6,621,740	\$ –	\$ –
U.S. Government-sponsored enterprises	<u>121,871</u>	<u>121,871</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>\$ 16,732,215</u>	<u>\$ 10,110,475</u>	<u>\$ 6,621,740</u>	<u>\$ –</u>	<u>\$ –</u>
<u>School Facilities Fund</u>					
<u>Group</u>					
U.S. Government obligations	\$ 27,754,077	\$ 16,824,851	\$ 10,929,226	\$ –	\$ –
U.S. Government-sponsored enterprises	<u>2,376,827</u>	<u>–</u>	<u>2,376,827</u>	<u>–</u>	<u>–</u>
	<u>\$ 30,130,904</u>	<u>\$ 16,824,851</u>	<u>\$ 13,306,053</u>	<u>\$ –</u>	<u>\$ –</u>

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, 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, 2025.

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.

MAINE MUNICIPAL BOND BANK

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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

At June 30, 2025, 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, 2025, the Bond Bank's guaranteed investment contracts within the General Tax-Exempt Fund Group and Revolving Loan Fund Groups are with one institution, which is AA rated.

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 \$101,494,149 at June 30, 2025.

Trustee held cash equivalents at June 30, 2025 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, 2025 consist entirely of money market funds secured by short-term U.S. Treasury obligations.

See note 12 with regard to certain investments of the Bond Bank which are pledged to secure a line of credit at June 30, 2025.

4. Bonds Payable

Total General Tax-Exempt Fund Group Bonds payable, with original interest rates, consist of the following at June 30, 2025:

	Original Maturity (Bond Years)	Original Amount Issued	Amount Outstanding June 30, 2025
Series 2010 A, 2.00% – 4.25%, dated May 27, 2010	2010 – 2040	\$ 8,320,000	\$ 1,005,000
Series 2010B, 3.28% – 5.67%, dated May 27, 2010	2010 – 2034	11,735,000	5,810,000
Series 2010 C, 2.00% – 5.00%, dated October 7, 2010	2012 – 2034	99,425,000	835,000
Series 2010 DEF, 0.71% – 5.12%, dated October 28, 2010	2011 – 2040	80,165,000	25,475,000
Series 2011 EF, 2.00% – 5.00%, dated October 27, 2011	2012 – 2033	50,375,000	3,135,000
Series 2012 ABC, 0.67% – 5.00%, dated May 24, 2012	2013 – 2038	66,435,000	7,100,000
Series 2012 E, 1.50% – 4.00%, dated October 25, 2012	2013 – 2042	28,590,000	11,170,000
Series 2012 FG, 0.50% – 5.00%, dated December 11, 2012	2013 – 2034	41,975,000	3,460,000

MAINE MUNICIPAL BOND BANK

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

4. Bonds Payable (Continued)

	<u>Original Maturity (Bond Years)</u>	<u>Original Amount Issued</u>	<u>Amount Outstanding June 30, 2025</u>
Series 2013 A, 2.00% – 5.00%, dated May 23, 2013	2014 – 2043	\$ 15,905,000	\$ 7,745,000
Series 2013 B, 2.00% – 4.50%, dated October 24, 2013	2014 – 2043	13,525,000	3,970,000
Series 2014 A, 2.00% – 5.00%, dated May 22, 2014	2015 – 2044	19,250,000	9,270,000
Series 2014 BC, 2.00% – 5.00%, dated October 23, 2014	2015 – 2034	109,750,000	8,735,000
Series 2015 AB, 2.00% – 5.00%, dated May 28, 2015	2016 – 2040	70,380,000	37,005,000
Series 2015 C, 2.00% – 5.00%, dated October 22, 2015	2016 – 2045	16,405,000	7,240,000
Series 2016 A, 2.00% – 5.00%, dated May 26, 2016	2017 – 2036	35,410,000	21,570,000
Series 2016 B, 2.25% – 5.00%, dated May 26, 2016	2020 – 2039	62,815,000	34,720,000
Series 2016 C, 3.00% – 5.00%, dated November 3, 2016	2017 – 2046	29,900,000	14,480,000
Series 2017 A, 2.50% – 5.00%, dated January 19, 2017	2018 – 2037	97,875,000	68,525,000
Series 2017 B, 2.00% – 5.00%, dated May 25, 2017	2018 – 2042	15,875,000	8,140,000
Series 2017 CD, 3.00% – 5.00%, dated November 2, 2017	2018 – 2037	176,270,000	100,890,000
Series 2018 A, 2.25% – 5.00%, dated May 24, 2018	2019 – 2038	38,395,000	24,100,000
Series 2018 B, 3.25% – 5.00%, dated November 1, 2018	2019 – 2038	134,825,000	97,175,000
Series 2019 A, 3.00% – 5.00%, dated May 23, 2019	2020 – 2049	127,180,000	101,625,000
Series 2019 B, 3.00% – 5.00%, dated October 31, 2019	2020 – 2043	23,240,000	16,740,000
Series 2020 A, 3.00% – 5.00%, dated May 21, 2020	2021 – 2045	37,375,000	29,320,000
Series 2020 BC, 0.35% – 5.00%, dated October 29, 2020	2021 – 2041	60,190,000	41,310,000
Series 2021 A, 2.00% – 5.00%, dated May 20, 2021	2022 – 2047	78,020,000	70,280,000
Series 2021 B, 2.00% – 5.00%, dated November 4, 2021	2022 – 2049	12,215,000	10,100,000
Series 2022 A, 3.63% – 5.00%, dated May 19, 2022	2023 – 2047	58,585,000	55,055,000
Series 2022 B, 4.25% – 5.00%, dated November 3, 2022	2023 – 2052	8,705,000	7,780,000

MAINE MUNICIPAL BOND BANK

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

4. Bonds Payable (Continued)

	<u>Original Maturity (Bond Years)</u>	<u>Original Amount Issued</u>	<u>Amount Outstanding June 30, 2025</u>
Series 2023 A, 5.00%, dated May 18, 2023	2024 – 2048	\$ 30,030,000	\$ 28,180,000
Series 2023 B, 4.375% – 5.00%, dated November 2, 2023	2024 – 2043	87,745,000	83,275,000
Series 2024 A, 4.00% – 5.00%, dated May 23, 2024	2025 – 2054	136,010,000	136,010,000
Series 2024 BC, 5.00% dated November 7, 2024	2025 – 2054	63,275,000	63,275,000
Series 2025 A, 5.00% – 5.25% dated May 22, 2025	2026 – 2055	<u>68,185,000</u>	<u>68,185,000</u>
		<u>\$ 2,014,355,000</u>	<u>\$ 1,212,690,000</u>

Total General Tax-Exempt Fund Group Bonds payable is presented on the statement of net position at June 30, 2025 as follows:

Total principal outstanding	\$ 1,212,690,000
Unamortized original issue premium	<u>100,939,594</u>
Total General Tax-Exempt Fund Group Bonds payable	1,313,629,594
Current portion	<u>110,211,244</u>
Noncurrent portion	<u>\$ 1,203,418,350</u>

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

<u>Due Bond Year Ending November 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2025	\$ 96,610,000	\$ 27,141,924	\$ 123,751,924
2026	98,485,000	50,248,462	148,733,462
2027	99,170,000	45,869,613	145,039,613
2028	94,185,000	41,385,739	135,570,739
2029	92,670,000	37,165,017	129,835,017
2030 – 2034	351,755,000	131,160,588	482,915,588
2035 – 2039	252,305,000	61,010,761	313,315,761
2040 – 2044	108,285,000	18,126,246	126,411,246
2045 – 2049	14,885,000	2,769,625	17,654,625
2050 – 2054	3,905,000	689,113	4,594,113
2055	<u>435,000</u>	<u>22,837</u>	<u>457,837</u>
	<u>\$ 1,212,690,000</u>	<u>\$ 415,589,925</u>	<u>\$ 1,628,279,925</u>

MAINE MUNICIPAL BOND BANK

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

4. Bonds Payable (Continued)

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

Municipal loan obligations – principal and interest	\$ 1,465,638,003 ¹
Reserve Funds – principal and interest	<u>162,641,922</u>
	<u>\$ 1,628,279,925</u>

¹ Includes approximately \$1,593,100 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, 2025:

	Original Maturity (<u>Bond Years</u>)	Original Amount <u>Issued</u>	Amount Outstanding <u>June 30, 2025</u>
Series 2014 A, 2.00% – 5.00%, dated December 3, 2014	2015 – 2026	\$ 44,810,000	\$ 9,525,000
Series 2016 A, 2.63% – 5.00%, dated November 16, 2016	2017 – 2028	44,105,000	17,600,000
Series 2018 A, 4.00% – 5.00%, dated November 8, 2018	2023 – 2030	44,310,000	34,835,000
Series 2020 A, 5.00%, dated November 10, 2020	2021 – 2032	60,925,000	44,515,000
Series 2022 A, 5.00%, dated November 10, 2022	2023 – 2034	<u>47,175,000</u>	<u>41,140,000</u>
		<u>\$ 241,325,000</u>	<u>\$ 147,615,000</u>

Total Grant Anticipation Fund Group Bonds payable is presented on the statement of net position at June 30, 2025 as follows:

Total principal outstanding	\$ 147,615,000
Unamortized original issue premium	<u>9,098,509</u>
Total Grant Anticipation Fund Group Bonds payable	156,713,509
Less current portion	<u>24,205,498</u>
Noncurrent portion	<u>\$ 132,508,011</u>

MAINE MUNICIPAL BOND BANK

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

4. Bonds Payable (Continued)

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

<u>Due Bond Year</u> <u>Ending September 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt Service</u>
2025	\$ 21,745,000	\$ 7,213,381	\$ 28,958,381
2026	22,855,000	6,126,131	28,981,131
2027	18,850,000	5,124,081	23,974,081
2028	19,800,000	4,181,581	23,981,581
2029	15,870,000	3,216,400	19,086,400
2030 – 2034	<u>48,495,000</u>	<u>5,823,150</u>	<u>54,318,150</u>
	<u>\$ 147,615,000</u>	<u>\$31,684,724</u>	<u>\$ 179,299,724</u>

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

Repayment of advances to State of Maine – principal and interest \$ 179,299,724

Total Qualified School Construction Fund Group Bonds payable, with original interest rates, consist of the following at June 30, 2025:

	<u>Original</u> <u>Maturity</u> <u>(Bond Years)</u>	<u>Original</u> <u>Amount</u> <u>Issued</u>	<u>Amount</u> <u>Outstanding</u> <u>June 30, 2025</u>
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
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	<u>1,150,238</u>	<u>1,150,238</u>
		<u>\$32,846,380</u>	<u>\$32,846,380</u>

Total Qualified School Construction Fund Group Bonds payable is presented on the statement of net position at June 30, 2025 as follows:

Total Qualified School Construction Fund Group Bonds payable	\$32,846,380
Less current portion	<u>17,115,000</u>
Noncurrent portion	<u>\$15,731,380</u>

MAINE MUNICIPAL BOND BANK

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

4. Bonds Payable (Continued)

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

<u>Due Bond Year</u> <u>Ending November 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt Service</u>
2025	\$17,115,000	\$ 905,196	\$18,020,196
2026	9,210,000	891,662	10,101,662
2027	1,321,142	328,194	1,649,336
2028	<u>5,200,238</u>	<u>260,288</u>	<u>5,460,526</u>
	<u>\$32,846,380</u>	<u>\$2,385,340</u>	<u>\$35,231,720</u>

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

Government unit loan obligations – principal and interest	\$ 9,811,976 ¹
Sinking fund – principal and interest	<u>25,419,744</u>
	<u>\$35,231,720</u>

¹ Includes approximately \$2,073,000 of interest expected to be funded through federal interest subsidy payments.

Sewer and Water Fund Group Drinking Water Bonds payable, with original interest rates, consist of the following at June 30, 2025:

	<u>Original</u> <u>Maturity</u> <u>(Bond Years)</u>	<u>Original</u> <u>Amount</u> <u>Issued</u>	<u>Amount</u> <u>Outstanding</u> <u>June 30, 2025</u>
Series 2005 A, 2.25% – 4.45%, dated March 24, 2005	2005 – 2025	\$ <u>3,770,000</u>	\$ <u>150,000</u>

The Sewer and Water Fund Group Drinking Water Bonds payable are presented on the statement of net position at June 30, 2025 as follows:

Total principal outstanding	\$150,000
Unamortized original issue premium	<u>—</u>
Total Sewer and Water Fund Group Drinking Water Bonds payable	150,000
Less current portion	<u>150,000</u>
Noncurrent portion	\$ <u>—</u>

MAINE MUNICIPAL BOND BANK

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

4. Bonds Payable (Continued)

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

<u>Due Bond Year</u> <u>Ending November 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt Service</u>
2025	<u>\$150,000</u>	<u>\$ 3,338</u>	<u>\$153,338</u>

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

Governmental unit loan obligations – principal and interest	<u>\$153,338</u>
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The following summarizes bonds payable activity for the Bond Bank for the year ended June 30, 2025:

	<u>General</u> <u>Tax-</u> <u>Exempt</u> <u>Fund Group</u>	<u>Grant</u> <u>Anticipation</u> <u>Fund Group</u>	<u>Transportation</u> <u>Infrastructure</u> <u>Fund Group</u>	<u>Qualified</u> <u>School</u> <u>Construction</u> <u>Fund Group</u>	<u>Clean</u> <u>Water</u> <u>Fund Group</u>	<u>Drinking</u> <u>Water</u> <u>Fund</u> <u>Group</u>
Balance, beginning of year	\$ 1,329,050,667	\$ 180,328,965	\$ 53,451,803	\$ 32,846,380	\$ 634,306	\$ 405,000
Issuances – face value	131,460,000	–	–	–	–	–
Redemptions	(101,000,000)	(20,700,000)	(16,225,000)	–	(630,000)	(255,000)
Defeased bonds	–	–	(34,535,000)	–	–	–
Refunded bonds	(40,325,000)	–	–	–	–	–
Capitalized premiums	10,927,761	–	–	–	–	–
Premiums related to refunded/ defeased bonds	(2,120,050)	–	(2,067,922)	–	–	–
Amortization of premiums	<u>(14,363,784)</u>	<u>(2,915,456)</u>	<u>(623,881)</u>	<u>–</u>	<u>(4,306)</u>	<u>–</u>
Balance, end of year	<u>\$1,313,629,594</u>	<u>\$ 156,713,509</u>	<u>\$ –</u>	<u>\$ 32,846,380</u>	<u>\$ –</u>	<u>\$ 150,000</u>

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.

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, 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.

MAINE MUNICIPAL BOND BANK

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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, 2025, the required debt service reserve was approximately \$136,208,800.

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, 2025, the fair value of the reserve fund assets, consisting primarily of investment balances, totaled approximately \$170,975,400, which exceeded the required reserves by approximately \$30,095,600.

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, 2025, the required capital reserve was approximately \$154,000 and the fair value of the capital reserve assets, consisting primarily of investment balances, totaled approximately \$164,600, which exceeded the required reserves by approximately \$10,600.

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.

MAINE MUNICIPAL BOND BANK

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

6. Sewer and Water Revolving Fund Group (Continued)

During fiscal 2023, 2024 and 2025, the Bond Bank was awarded additional grants under the provisions of the *Bipartisan Infrastructure Law* (BIL) for use within its Sewer and Water Revolving Fund Group. BIL related grants are for purposes consistent with the intent of the Sewer and Water Revolving Fund Group, with certain additional provisions for assistance to disadvantaged communities and for reducing exposure to certain emerging contaminants. Certain of the supplemental grants require less than the standard twenty percent matching provisions, and the grants related to reduction of emerging contaminants contain no State of Maine matching provisions.

Net position consists of the following at June 30, 2025:

	<u>Clean Water</u>	<u>Drinking Water</u>
Reserved for revolving loans:		
Grants received from Environmental Protection Agency under existing capitalization grant program	\$ 372,217,659	\$ 243,701,900
Grants received from Environmental Protection Agency under the Bipartisan Infrastructure Law	51,547,000	104,862,421
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	-
Hardship grants received from Environmental Protection Agency	643,800	-
Grants received from State of Maine	81,009,562	56,679,070
Other amounts reserved (utilized) for program loans and costs	<u>79,170,166</u>	<u>(84,766,780)</u>
	616,271,997	339,976,611
Unreserved amounts available	<u>999,279</u>	<u>1,294,440</u>
Net position at June 30, 2025	<u>\$ 617,271,276</u>	<u>\$ 341,271,051</u>

Under the provisions of the grants from the Environmental Protection Agency (including ARRA and BIL 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, 2025 are \$19,510,469 (clean water) and \$12,207,261 (drinking water), with \$18,511,190 and \$10,912,821, respectively, expended to date. The remaining amount of \$999,279 in the Clean Water Revolving Loan Fund Group and \$1,294,440 in the Drinking Water Revolving Loan Fund Group can be used for future administrative costs. Additionally, the Bond Bank may opt to reserve amounts allowed for administrative costs for application to future grant years. These amounts are referred to as banked credits and to date the Bond Bank has reserved approximately \$2.4 million in the drinking water program under this provision to be applied to future grants. The Bond Bank also charges annual administrative fees to borrowers that are used to administer the programs.

MAINE MUNICIPAL BOND BANK

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

6. Sewer and Water Revolving Fund Group (Continued)

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 \$69,214,000 at June 30, 2025, 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 2025 was \$5,260,678.

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 \$51,372,000 at June 30, 2025 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 2025 was \$3,635,979.

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	\$ 189,571,922
Loans forgiven	(132,480,988)
Other amounts reserved for program loans and costs	<u>5,842,189</u>
	62,933,123
Unreserved amounts available	<u>940,250</u>
Net position at June 30, 2025	<u>\$ 63,873,373</u>

MAINE MUNICIPAL BOND BANK

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

7. School Facilities Fund Group (Continued)

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, 2025 are \$5,648,485, with \$4,708,255 expended to date. The remaining amount of \$940,250 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 2025 were \$15,679,056.

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.

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 their 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.

MAINE MUNICIPAL BOND BANK

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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

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 MEPEPERS' Board of Trustees and is currently 3.88%.

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 7.70% (6.95% for new plan participants) of their annual covered salary to the Plan in fiscal 2025. The Bond Bank's payroll for the year ended June 30, 2025 for employees covered by the Plan was approximately \$1,954,000, 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, 2025, 2024 and 2023 were approximately \$193,400, \$190,200 and \$149,200 (employer) and \$137,700, \$136,300 and \$106,500 (employee), respectively.

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

At June 30, 2025, the Bond Bank reported a liability of \$775,691 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Bond Bank's proportionate share of the net pension liability 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, 2024, the Bond Bank's proportion was 0.19%, which was a 0.03% increase from its proportion measured as of June 30, 2023.

MAINE MUNICIPAL BOND BANK

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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

For the year ended June 30, 2025, the Bond Bank recorded pension expense of approximately \$213,800 of which approximately \$65,900 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, 2025, the Bond Bank reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$230,221	\$ –
Net difference between projected and actual earnings on pension plan investments	–	80,652
Changes of assumptions	–	–
Changes in proportion and differences between Bond Bank contributions and proportionate share of contributions	66,575	22,969
Bond Bank contributions subsequent to the measurement date	<u>193,430</u>	<u>–</u>
Total	<u>\$490,226</u>	<u>\$103,621</u>

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

2026	\$ 191,584
2027	221,401
2028	(10,750)
2029	(15,630)

Actuarial Methods and Assumptions

The total pension liability in the June 30, 2024 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.

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 their expected future salary. The normal cost for each member is the product of their pay and their 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.

MAINE MUNICIPAL BOND BANK

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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

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, 2024 and June 30, 2023 are as follows:

Investment Rate of Return – 6.50% per annum for the years ended June 30, 2024 and 2023, compounded annually.

Salary Increases, Merit and Inflation – 2.75% to 11.48% plus merit component based on each employee’s years of service per year for the years ended June 30, 2024 and 2023.

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 years ended June 30, 2024 and 2023.

Cost of Living Benefit Increases – 1.91% per annum for the years ended June 30, 2024 and 2023.

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, 2024 are summarized in the following table.

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Public equities	5.6%
U.S. Government	2.2
Private equity	7.2
Real assets:	
Real estate	5.8
Infrastructure	5.3
Natural resources	5.1
Traditional credit	2.7
Alternative credit	6.4
Diversifiers	4.8

MAINE MUNICIPAL BOND BANK

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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

Discount Rate – The discount rate used to measure the collective total pension liability was 6.50% for 2024 and 2023. 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 liability as of June 30, 2025 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Bond Bank’s proportionate share of the net pension liability (asset)	\$1,938,174	\$775,691	\$(182,061)

Changes in net pension liability are recognized in pension expense for the year ended June 30, 2025 with the following exceptions:

Differences Between Expected and Actual Experience – The difference between expected and actual experience with regard to economic or demographic factors was 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 2024 and 2023 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, 2024 valuation were based on the results of an actuarial experience study for the period of July 1, 2015 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.

MAINE MUNICIPAL BOND BANK

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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

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.

Other Post-Employment Benefits (OPEB)

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.

Employees Covered by Benefit Terms: At June 30, 2025, 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	1
Active employees	<u>22</u>
	<u>28</u>

Funding Policy: The post-employment healthcare benefits are currently being funded on a pay-as-you-go basis. The Bond Bank paid approximately \$26,400 in 2025, of which the retirees reimbursed the Bond Bank approximately \$18,400. 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, 2025, the Bond Bank’s average contribution rate was 1.3% of covered-employee payroll.

MAINE MUNICIPAL BOND BANK

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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

Net OPEB Liability

At June 30, 2025, the Bond Bank's net OPEB liability was measured as of January 1, 2025 and the total OPEB liability used to calculate the net OPEB liability was determined by utilizing a standard roll forward methodology of an actuarial valuation as of January 1, 2024. As such, there were no experience gains or losses and only assumption changes due to the update of the discount rate and healthcare trend.

Actuarial Assumptions: The total OPEB liability in the January 1, 2025 actuarial measurement was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

<i>Salary increases:</i>		2.75%, average, including inflation
<i>Healthcare cost trend rates:</i>	Pre-Medicare medical:	6.25% applied in FY 2025 grading over 20 years to 3.81% per annum
	Pre-Medicare drug:	11.00% applied in FY 2025 grading over 20 years to 3.81% per annum
	Medicare medical:	9.00% applied in FY 2025 grading over 20 years to 3.81% per annum
	Medicare drug:	10.00% applied in FY 2025 grading over 20 years to 3.81% 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.

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, 2025 was 4.08% (rate used for the year ended June 30, 2024 was 3.26%). 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.

MAINE MUNICIPAL BOND BANK

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total	Plan Fiduciary	Net
	OPEB Liability	Net Position	OPEB Liability
	(a)	(b)	(a) – (b)
Balances at June 30, 2024	\$ 788,700	\$ –	\$ 788,700
Changes for the year:			
Service cost	56,992	–	56,992
Interest	25,418	–	25,418
Differences between expected and actual experience	(10,947)	–	(10,947)
Changes of assumptions	12,898	–	12,898
Contributions	–	26,390	(26,390)
Benefit payments	<u>(26,390)</u>	<u>(26,390)</u>	<u>–</u>
Net changes	<u>57,971</u>	<u>–</u>	<u>57,971</u>
Balances at June 30, 2025	<u>\$ 846,671</u>	<u>\$ –</u>	<u>\$ 846,671</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare 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:

	<u>1% Decrease</u>	Current <u>Discount Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$963,512	\$846,671	\$750,151

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:

	<u>1% Decrease</u>	Current Healthcare <u>Cost Trend Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$737,450	\$846,671	\$982,985

MAINE MUNICIPAL BOND BANK

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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

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

For the year ended June 30, 2025, the Bond Bank recognized an OPEB expense of approximately \$26,000 of which approximately \$19,000 was recorded in the general operating account, with the remainder allocated to other funds and to related parties (MHHEFA and MGFA). At June 30, 2025, the Bond Bank reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 759	\$204,933
Changes of assumptions	144,083	74,653
Bond Bank contributions subsequent to the measurement date	<u>4,941</u>	<u>—</u>
Total	<u>\$149,783</u>	<u>\$279,586</u>

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

2026	\$(32,868)
2027	(31,436)
2028	(39,969)
2029	(27,943)
2030	2,413

9. Refunding Issues

In periods of declining interest rates, the Bond Bank has refunded, or otherwise defeased utilizing existing resources, 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 or existing cash and investments 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 or in the case of a defeasance utilizing existing resources, a gain or loss on defeasance in the period the transaction occurs.

MAINE MUNICIPAL BOND BANK

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

9. Refunding Issues (Continued)

On September 26, 2024, the Bond Bank deposited \$37,146,750 from existing resources to in-substance defease a total of \$34,535,000 of the Transportation Infrastructure Fund Group 2021A bonds. These deposits were used to purchase U.S. Government securities which will provide for all future debt service payments on the defeased bonds at their maturities through September of 2026. This in-substance defeasance utilizing existing resources resulted in a loss on defeasance of \$2,487,041 recorded in the Transportation Infrastructure Fund Group statement of revenues, expenses and changes in net position for the year ended June 30, 2025. At June 30, 2025, the remaining balance of these in-substance defeased bonds totaled \$34,535,000.

On November 7, 2024, the Bond Bank issued \$30,715,000 in General Tax-Exempt Series 2024 C bonds with an average interest rate of 5.00% to in-substance defease \$40,325,000 of the remaining outstanding maturities of the 2014 C bonds. The net proceeds of approximately \$32,455,000, including a bond premium of approximately \$1,847,000 and after payment of approximately \$107,000 in underwriting fees and other issuance costs, along with a transfer of existing funds from the 2014 C debt service reserve of \$7,959,000, were used to purchase U.S. Government securities which provided for all future debt service payments on the refunded bonds. The in-substance defeasance resulted in the recognition of a deferred accounting gain of approximately \$513,000. The Bond Bank in effect reduced its aggregate debt service payments by approximately \$2.9 million over the next eight years and obtained an economic gain (difference between the present values of the old and new debt service payments) of approximately \$2.3 million. As a result of the in-substance defeasance, the Bond Bank will reduce future debt service requirements of borrowers by approximately \$1.1 million over a period of eight years. At June 30, 2025, there are no remaining outstanding in-substance defeased bonds related to this advanced refunding, as all were called on their respective call dates in fiscal 2025.

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.

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.

MAINE MUNICIPAL BOND BANK

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

10. Fair Value Measurements (Continued)

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 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 are descriptions 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: 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.

MAINE MUNICIPAL BOND BANK

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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, 2025. There were no Level 3 investments as of June 30, 2025.

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<u>General Operating Account</u>			
Cash equivalents	\$ 1,697,428	\$ –	\$ 1,697,428
U.S. Government obligations	–	10,160,467	10,160,467
U.S. Government-sponsored enterprises	<u>–</u>	<u>9,986</u>	<u>9,986</u>
	<u>\$ 1,697,428</u>	<u>\$ 10,170,453</u>	<u>\$ 11,867,881</u>
<u>General Tax-Exempt Fund Group</u>			
Cash equivalents	\$29,113,938	\$ –	\$ 29,113,938
U.S. Government obligations	–	19,970,379	19,970,379
U.S. Government-sponsored enterprises	–	35,960,295	35,960,295
U.S. Treasury strips	–	2,193,219	2,193,219
U.S. Government-sponsored enterprise strips	–	99,300,930	99,300,930
Guaranteed investment contracts	<u>–</u>	<u>5,707,591</u>	<u>5,707,591</u>
	<u>\$29,113,938</u>	<u>\$ 163,132,414</u>	<u>\$ 192,246,352</u>
<u>Transportation Infrastructure Fund Group</u>			
Cash equivalents	<u>\$59,883,901</u>	<u>\$ –</u>	<u>\$ 59,883,901</u>
<u>Qualified School Construction Fund Group</u>			
Cash equivalents	\$ 3,213,347	\$ –	\$ 3,213,347
U.S. Government obligations	<u>–</u>	<u>26,700,718</u>	<u>26,700,718</u>
	<u>\$ 3,213,347</u>	<u>\$ 26,700,718</u>	<u>\$ 29,914,065</u>
<u>Sewer and Water Fund Groups</u>			
<u>Revolving Loan Fund Group – Clean Water:</u>			
Cash equivalents	\$70,197,204	\$ –	\$ 70,197,204
U.S. Government obligations	–	124,304,335	124,304,335
U.S. Government-sponsored enterprises	–	99,958	99,958
Certificates of deposit	<u>–</u>	<u>10,512,736</u>	<u>10,512,736</u>
	<u>\$70,197,204</u>	<u>\$ 134,917,029</u>	<u>\$ 205,114,233</u>

MAINE MUNICIPAL BOND BANK

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

10. Fair Value Measurements (Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Revolving Loan Fund Group – Drinking Water:			
Cash equivalents	\$45,245,901	\$ –	\$ 45,245,901
U.S. Government obligations	–	16,610,344	16,610,344
U.S. Government-sponsored enterprises	<u>–</u>	<u>121,871</u>	<u>121,871</u>
	<u>\$45,245,901</u>	<u>\$ 16,732,215</u>	<u>\$ 61,978,116</u>
Operating Fund Group:			
Cash equivalents	<u>\$ 8,549,249</u>	<u>\$ –</u>	<u>\$ 8,549,249</u>
<u>School Facilities Fund Group</u>			
Cash equivalents	\$ 8,332,511	\$ –	\$ 8,332,511
U.S. Government obligations	–	27,754,077	27,754,077
U.S. Government-sponsored enterprises	<u>–</u>	<u>2,376,827</u>	<u>2,376,827</u>
	<u>\$ 8,332,511</u>	<u>\$ 30,130,904</u>	<u>\$ 38,463,415</u>

11. Property and Equipment

Property and equipment is comprised of the following at June 30, 2025:

Land and improvements	\$ 85,241
Buildings and improvements	2,722,942
Equipment	<u>481,167</u>
	3,289,350
Accumulated depreciation	<u>(2,154,205)</u>
Total property and equipment	<u>\$ 1,135,145</u>

Depreciation expense of \$115,303 was recorded for the year ended June 30, 2025.

MAINE MUNICIPAL BOND BANK

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

12. Line of Credit

Effective July 12, 2022, the Bond Bank maintains a revolving line of credit with Bangor Savings Bank. As of June 30, 2025, the total amount available under this line of credit was \$30,000,000. There were no borrowings under the line at June 30, 2025. Interest on borrowings is variable based on 1 Month Bloomberg Short Term Yield Index, plus 1.00%, and is due monthly, based on the amount outstanding. The monthly average outstanding on these borrowings during 2025 was zero. The line of credit matured and was renewed on July 12, 2025, and is subject to annual renewal. The borrowings are secured by a security agreement and collateral pledge of the Bond Bank's marketable securities in an amount of \$33.33 million (approximately \$325,000 in the General Operating Account with the remainder within the Sewer and Water Revolving Fund Group). The pledge amount is determined based on 90% loan to value based on an investment portfolio of United States government bonds.

13. Standby Letter of Credit

Effective February 28, 2024, the Bond Bank has issued an irrevocable standby letter of credit to the National Institute of Standards and Technology in the amount of \$7,504,118. The letter of credit was issued for the purpose of satisfying a condition of the Maine Connectivity Authority's grant from the National Telecommunications and Information Administration to complete a telecommunications and high speed internet project. The beneficiary can only draw upon the letter of credit under certain specified conditions of nonperformance outlined in the grant agreement with Maine Connectivity Authority. The letter of credit is to be repaid in equal monthly installments of principal and interest (accruing on the unpaid principal balance thereof at a rate equal to the one-year United States Treasury bill rate plus 6%) in the event of a beneficiary draw. The Maine Connectivity Authority may also request that the Maine State Legislature repay the Bond Bank for any amount of a beneficiary draw, but the legislature is not under any obligation to grant such request. The letter of credit has not been drawn upon to date.

MAINE MUNICIPAL BOND BANK

**SCHEDULE OF THE BOND BANK'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY (ASSET)**

Participating Local District Plan

Last 10 Fiscal Years*

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Bond Bank's proportion of the net pension liability/asset	0.19%	0.16%	0.19%	0.19%	0.18%	0.20%	0.20%	0.21%	0.22%	0.21%
Bond Bank's proportionate share of the net pension liability (asset)	\$ 775,691	\$ 516,928	\$ 497,490	\$ (61,613)	\$ 715,672	\$ 597,603	\$ 545,417	\$ 849,688	\$ 1,149,720	\$ 665,764
Bond Bank's covered-employee payroll	1,954,000	1,865,000	1,463,000	1,430,000	1,299,000	1,163,000	1,196,000	1,152,000	1,120,000	1,141,000
Bond Bank's proportionate share of the net pension liability/asset as a percentage of its covered-employee payroll	39.7%	27.7%	34.00%	4.31%	55.1%	51.4%	45.6%	73.7%	102.7%	58.4%
Plan fiduciary net position as a percentage of the total pension liability/asset	91.1%	92.3%	93.3%	100.9%	88.4%	90.6%	91.1%	86.4%	81.6%	88.3%

* 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 Eight Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:								
Service cost	\$ 56,992	\$ 46,115	\$ 44,818	\$ 31,687	\$ (14,764)	\$ 24,216	\$ 27,509	\$ 22,066
Interest	25,418	18,531	19,763	19,259	22,847	34,295	30,617	29,421
Change in benefit terms	—	—	—	—	2,584	(17,677)	—	—
Difference between expected and actual experience	(10,947)	(234,907)	15,036	(137,800)	—	(85,078)	—	26,607
Changes of assumptions	12,898	69,190	(89,126)	165,824	22,848	133,372	(78,588)	54,026
Benefit payments	<u>(26,390)</u>	<u>(38,114)</u>	<u>(35,735)</u>	<u>(34,566)</u>	<u>(31,697)</u>	<u>(13,746)</u>	<u>(13,770)</u>	<u>(13,776)</u>
Net change in total OPEB liability	57,971	(139,185)	(45,244)	44,404	1,818	75,382	(34,232)	118,344
Total OPEB liability – beginning	<u>788,700</u>	<u>927,885</u>	<u>973,129</u>	<u>928,725</u>	<u>926,907</u>	<u>851,525</u>	<u>885,757</u>	<u>767,413</u>
Total OPEB liability – ending (a)	846,671	788,700	927,885	973,129	928,725	926,907	851,525	885,757
Plan fiduciary net position:								
Contributions – employer, contractually required	26,390	38,114	35,735	34,566	31,697	13,746	13,770	13,776
Benefit payments	(26,390)	(38,114)	(35,735)	(34,566)	(31,697)	(13,746)	(13,770)	(13,776)
Administrative expenses	<u>—</u>							
Net change in plan fiduciary net position	—	—	—	—	—	—	—	—
Plan fiduciary net position – beginning	<u>—</u>							
Plan fiduciary net position – ending (b)	<u>—</u>							
Net OPEB liability – ending (a) – (b)	<u>\$ 846,671</u>	<u>\$ 788,700</u>	<u>\$ 927,885</u>	<u>\$ 973,129</u>	<u>\$ 928,725</u>	<u>\$ 926,907</u>	<u>\$ 851,525</u>	<u>\$ 885,757</u>
Plan fiduciary position as a percentage of the total OPEB liability	— %	— %	— %	— %	— %	— %	— %	— %
Covered-employee payroll	\$1,979,000	\$1,979,000	\$1,381,500	\$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	42.8%	39.9%	67.2%	70.4%	82.9%	82.8%	74.9%	77.9%
Contributions as a percentage of covered-employee payroll	1.3%	1.9%	2.6%	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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 193,430	\$ 190,201	\$ 149,178	\$ 147,304	\$ 131,171	\$ 116,353	\$ 119,597	\$ 110,632	\$ 106,367	\$ 101,538
Contributions in relation to the contractually required contribution	<u>(193,430)</u>	<u>(190,201)</u>	<u>(149,178)</u>	<u>(147,304)</u>	<u>(131,171)</u>	<u>(116,353)</u>	<u>(119,597)</u>	<u>(110,632)</u>	<u>(106,367)</u>	<u>(101,538)</u>
Contribution deficiency (excess)	\$ <u>—</u>									
Bond Bank's covered-employee payroll	\$1,954,000	\$1,865,000	\$1,463,000	\$1,430,000	\$1,299,000	\$1,163,000	\$1,196,000	\$1,152,000	\$1,120,000	\$1,141,000
Contributions as a percentage of covered-employee payroll	9.90%	10.20%	10.20%	10.30%	10.10%	10.00%	10.00%	9.60%	9.50%	8.90%

MAINE MUNICIPAL BOND BANK

SCHEDULE OF ACTIVITIES

Year Ended June 30, 2025

	Program Revenues					<u>Net Revenue (Expense) and Changes in Net Position</u>
<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Investment Income</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants/ Contributions</u>	<u>Total</u>	
Functions/Programs:						
Maine Municipal Bond Bank	\$(84,787,929)	\$47,405,903	15,517,160	\$12,921,881	\$76,062,904	\$ 67,119,919
Total	\$(84,787,929)	\$47,405,903	15,517,160	\$12,921,881	\$76,062,904	67,119,919
General revenues:						
Unrestricted interest and investment earnings						545,454
Non program specific grants, contributions and appropriations						-
Miscellaneous income						1,552,960
Loss on assets held for sale						-
Total general revenues						<u>2,098,414</u>
Changes in net position						69,218,333
Net position, beginning of year						<u>1,013,347,471</u>
Net position, end of year						<u>\$ 1,082,565,804</u>

Note 1 – Operating grants and contributions shown above consist of investment income of the Revolving Loan Fund Groups and School Facilities Fund Group.