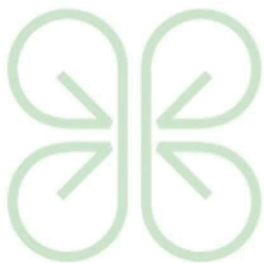




RHODE ISLAND INFRASTRUCTURE BANK

A Component Unit of the State of Rhode Island



RHODE ISLAND
INFRASTRUCTURE BANK

Basic Financial Report
June 30, 2024 and 2023

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Rhode Island Infrastructure Bank
Providence, Rhode Island

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Rhode Island Infrastructure Bank, a component unit of the State of Rhode Island, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Rhode Island Infrastructure Bank's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Rhode Island Infrastructure Bank, as of June 30, 2024 and 2023, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Rhode Island Infrastructure Bank and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Rhode Island Infrastructure Bank's ability to continue as a going concern for twelve 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 Rhode Island Infrastructure 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 Rhode Island Infrastructure 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 on pages 4-8 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 audits 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.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rhode Island Infrastructure Bank’s basic financial statements. The accompanying combining schedules of net position, combining schedules of revenues, expenses, and changes in net position, and state supplementary schedules on pages 38-44 are presented for purposes of additional analysis and are 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 state supplementary schedules are 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 23, 2024 on our consideration of the Rhode Island Infrastructure 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 Rhode Island Infrastructure 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 Rhode Island Infrastructure Bank’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Cranston, Rhode Island
September 23, 2024

Management's Discussion and Analysis

INTRODUCTION

The following is Management's Discussion and Analysis of the financial condition and results of operations of Rhode Island Infrastructure Bank (the "Bank"). This commentary should be read in conjunction with the Bank's Financial Report including the companion Notes to financial statements for the fiscal years ending June 30, 2024 and June 30, 2023.

As outlined in greater detail in the financial statements, the Bank was established in 1989 as a quasi-public corporation. The Bank is governed by a Board of Directors consisting of five members, four of whom are members of the public appointed by the Governor, with the advice and consent of the State Senate. The Rhode Island State General Treasurer, or such officer's designee, who shall be a subordinate within the General Treasurer's department, serves as an ex-officio member.

Consistent with the Bank's mission of serving as Rhode Island's central hub for financing infrastructure improvements for municipalities, businesses, and homeowners, the Board and Management are focused on delivering innovative financing solutions for an array of infrastructure-based projects. In addition to the Clean Water and Drinking Water State Revolving Funds, the Bank also supports financing programs for municipal road and bridge, energy efficiency and renewable energy, brownfield remediation, water quality protection, and climate resilience. The latter program includes the Municipal Resilience Program (MRP) and the Stormwater Project Accelerator (SPA) program. MRP provides direct support to communities to identify projects and strategies to improve resilience to hazards related to a changing climate and severe weather events. SPA provides upfront capital for stormwater infrastructure projects that will ultimately be funded upon completion through other funding sources such as State, Local and Federal reimbursement grants.

OVERVIEW OF THE FINANCIAL STATEMENTS

As noted above, Management's Discussion and Analysis is intended to serve as an introduction to the Bank's financial statements. The Bank's three financial statements include:

1. **Statement of Net Position:** The statement of net position presents information on the Bank's assets (plus deferred outflows) and liabilities (plus deferred inflows), with the difference between the two amounts as net position. Over time, increases or decreases in the Bank's net position can serve as a broad indicator of whether the financial position of the Bank is improving or deteriorating.
2. **Statement of Revenues, Expenses and Changes in Net Position:** This statement presents the Bank's operating revenues and expenses, nonoperating revenues and expenses, and changes in net position for the fiscal year.
3. **Statement of Cash Flows:** The Bank's statement of cash flows is presented on the direct method of reporting, which reflects cash flows from operating activities, capital and related financing, non-capital financing activities, and investing activities.

All assets and liabilities and changes in net position are reported upon the occurrence of the underlying event giving rise to that asset or liability and the resulting change in net position regardless of the timing of when the cash is received or paid. This reporting is consistent with the flow of financial resources measurement focus and the accrual basis of accounting for governmental agencies. Consequently, certain revenues and expenses reported in the Statement of Revenues, Expenses and Changes in Net Position will result in cash flow impacts in future periods.

Management's Discussion and Analysis
FINANCIAL HIGHLIGHTS
Statement of Net Position – Condensed

	2024	2023	2022
Current assets	\$ 622,248,248	\$ 613,506,016	\$ 463,239,751
Noncurrent assets	1,254,486,778	1,203,179,735	1,127,133,573
Total assets	1,876,735,026	1,816,685,751	1,590,373,324
Deferred outflows of resources (a)	3,894,977	5,341,617	6,798,938
Current liabilities	286,208,409	290,022,050	191,528,403
Noncurrent liabilities	567,251,608	579,147,914	547,879,829
Total liabilities	853,460,017	869,169,964	739,408,232
Deferred inflows of resources (a)	1,368,176	1,724,562	2,199,308
Net investment in capital assets	137,723	46,177	60,242
Restricted for program purposes	993,042,642	921,271,076	828,273,434
Unrestricted	32,621,445	29,815,589	27,231,046
Total net position	\$1,025,801,810	\$ 951,132,842	\$ 855,564,722

(a) In conjunction with refunding certain above-market rate bonds, the difference between the newly issued bond(s) and the net carrying amount of the refunded bond(s) is(are) recorded as an amount deferred on refunding – either as an outflow or inflow. Please see Note 1, “Summary of Significant Accounting Policies” for more information.

Statement of Net Position – as of fiscal periods ending June 30, 2024 and June 30, 2023

- Total assets for the period ending June 30, 2024 amounted to \$1.877 billion, an increase of \$60.0 million, from the previous year-end when total assets amounted to \$1.817 billion.
- Total investments amounted to \$13.6 million on June 30, 2024, down \$2.5 million from \$16.1 million at the end of the prior fiscal year. The decrease is attributed to fixed income maturities of debt service reserve investments in the fiscal year 2024 being rolled into an overnight government obligations fund to facilitate the redemption of debt.
- Loans outstanding amounted to \$1.354 billion on June 30, 2024, an increase of 4.24% from \$1.299 billion on June 30, 2023. Loan originations amounted to \$188 million in fiscal year 2024, and principal repayments on existing loans equaled \$101.4 million during the same period. Loan originations in 2024 were above the long-term trend and management's expectations.
- Net investment in capital assets increased to \$137,723 on June 30, 2024 from \$46,177 at June 30, 2023. The increase is attributable to the Bank entering into a new lease agreement and implementation of GASB 87 Leases.
- Project costs payable (which are committed loan proceeds that have yet to be disbursed and shown in current liabilities) decreased by \$2.7 million in fiscal year 2024. Such liabilities amounted to

Management's Discussion and Analysis

\$223.0 million and \$225.7 million on June 30, 2024, and June 30, 2023, respectively. The decrease is attributed to the organization's efforts to assist clients in completing their projects timely.

- As of year-end 2024, bonds payable totaled \$622.7 million, marking a decrease of \$13.5 million from \$636.2 million at the end of the previous year. This reduction is due to principal payments of \$55.7 million made on existing bonds. On May 23, 2024, the Bank issued \$41.8 million in Series 2024A bonds. Together with EPA grants and existing capital, these funds supported \$151.9 million in clean water and drinking projects.
- During fiscal year 2024, the Bank's unrestricted net position increased by \$2.8 million, growing from \$29.8 million on June 30, 2023, to \$32.6 million on June 30, 2024.
- Overall, the Bank's financial position improved in 2024. The total net position amounted to \$1.026 billion at fiscal year-end 2024 compared to \$951.1 million on June 30, 2023, an increase of \$74.7 million. In each of the years, increases were substantially related to non-operating grant income which is utilized to increase the capital of certain lending programs.

Statement of Revenues, Expenses and Changes in Net Position – Condensed

	2024	2023	2022
Interest income – loans	\$ 23,467,841	\$ 21,075,786	\$ 21,253,614
Interest income – investments	21,789,621	10,720,620	(142,164)
Other operating income	6,646,929	6,683,126	6,343,546
Grant income – operating	20,500	116,250	100,000
Total operating revenues	<u>51,924,891</u>	<u>38,595,782</u>	<u>27,554,996</u>
Interest expense	15,069,117	12,525,550	14,025,779
Other operating expenses:			
Principal forgiveness	4,515,370	4,437,235	3,867,023
Consulting fees to partner agencies	5,058,010	3,800,404	3,261,078
General administrative	3,634,317	3,396,632	3,547,234
Professional fees	1,133,912	1,138,674	737,120
Total operating expenses	<u>29,410,726</u>	<u>25,298,495</u>	<u>25,438,234</u>
Operating income	22,514,165	13,297,287	2,116,761
Grant income – non-operating	<u>57,654,803</u>	<u>82,270,833</u>	<u>76,169,192</u>
Less: intergovernmental transactions	<u>(5,500,000)</u>	-	-
Change in net position	74,668,968	95,568,120	78,285,953
Net position, beginning of year	<u>951,132,842</u>	<u>855,564,722</u>	<u>777,278,769</u>
Net position, end of year	<u>\$ 1,025,801,810</u>	<u>\$ 951,132,842</u>	<u>\$ 855,564,722</u>

Management's Discussion and Analysis

Statement of Revenues, Expenses and Changes in Net Position – for the fiscal years ending June 30, 2024 and June 30, 2023

- The Bank's operating revenues amounted to \$51.9 million in fiscal year 2024 compared to \$38.6 million for fiscal year 2023, an increase of \$13.3 million. The increase is attributed to investment income as discussed below.
- Interest income on loans increased \$2.3 million in fiscal year 2024 from \$21.1 million in fiscal year 2023. The increase is attributed to loan originations of \$187.9 million throughout the fiscal year.
- Interest income on the Bank's investments is comprised of investment income, gains and losses on investments and arbitrage rebate tax. Investment income rose to \$21.8 million in 2024, up from \$10.7 million in 2023, driven by higher market rates.
- Other operating income, which includes loan origination and servicing fees, totaled \$6.6 million in fiscal year 2024, down from \$6.7 million the previous year. The decrease of \$36,196 is attributed to loans maturing during the fiscal year.
- Interest expense rose to \$15.1 million in 2024, up \$2.6 million from \$12.5 million in 2023. This increase was anticipated by management due to the issuance of the 2024A bonds to finance green resilience projects.
- Principal forgiveness on customer loans increased \$78,135, as capitalization grants from EPA (which have a principal forgiveness component) have been trending higher in recent years and thus the required principal forgiveness component has increased as expected.
- Consulting fees to partner agencies increased \$1.3 million, or 33.1%, and amounted to \$5.1 million compared to \$3.8 million in 2023. The increase is largely attributable to operational increases to expand the clean water and drinking water programs. Partner agencies fees are offset by increases in non-operating grant income provided by EPA.
- The Bank's general administrative expenses amounted to \$3.6 million compared to \$3.4 million in the prior fiscal year. Increase of \$237,684 emanated from marketing, and disposal of assets past their useful life.
- Professional fees for fiscal year 2024 remained stable, ending the year at \$1.1 million, the same as in 2023.
- Non-operating grant income amounted to \$52.1 million in fiscal year 2024, compared to \$82.3 million the previous year. This income includes capitalization grant drawdowns from EPA. The decrease is attributed to the Bank receiving \$28.5 million in contributed capital for fiscal year 2023 and \$21.9 million for fiscal year 2022 to assist with matching EPA grants.
- There were no intergovernmental transactions in fiscal year 2024.
- The change in net position in fiscal year 2024 equaled \$74.7 million which served to increase the net position on June 30, 2024 to \$1,026 billion.

LENDING ACTIVITY

In fiscal year 2024, the Bank issued \$187.9 million in new loans, resulting in a total of \$1.354 billion in outstanding loans by the end of the year. Additionally, the Bank provided \$14.2 million in grants to support resiliency projects throughout Rhode Island.

Segment	2024	2023	2022
Clean Water	78,700,000	\$ 147,250,314	\$ 71,117,300
Stormwater Project Accelerator	2,960,698	-	1,285,377
Drinking Water	73,225,000	13,028,350	19,445,062
Municipal Road and Bridge	3,500,000	2,500,000	16,800,000
Clean Energy*	29,595,000	12,118,000	5,856,413
Total	\$ 187,980,698	\$ 174,896,664	\$ 114,504,152

*Included in the caption are Efficient Building Fund and C-PACE loans.

Rhode Island municipalities accounted for 78% of loan and grant originations, involving 28 distinct municipal borrowers. Water utilities, non-profit organizations, a quasi-state agency, and commercial businesses comprise the remaining portion of our portfolio.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Bank's financial activity. If you have questions about this report or need additional financial information, please contact us at: 275 Promenade Street, Suite 301, Providence, Rhode Island 02908, telephone number (401) 453-4430 or email us at info@riib.org.



Rhode Island Infrastructure Bank (A Component Unit of the State of Rhode Island)

Statements of Net Position – June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current assets:		
Unrestricted:		
Cash, cash equivalents and investments	\$ 8,620,586	\$ 8,274,248
Restricted:		
Cash and cash equivalents	486,201,277	473,650,691
Investments	13,569,516	16,072,645
Total restricted cash, cash equivalents and investments	499,770,793	489,723,336
Other current assets:		
Unrestricted:		
Prepaid expenses, other assets and other receivables	164,033	268,957
Restricted:		
Service fees receivable	1,657,422	1,640,126
Loans receivable	101,661,225	98,353,504
Intergovernmental receivable	-	5,500,000
Accrued interest receivable:		
Loans	8,643,891	8,021,650
Investments	1,730,298	1,724,195
Total current assets	622,248,248	613,506,016
Noncurrent assets:		
Unrestricted:		
Loans receivable	14,388,005	15,691,005
Capital assets - property and equipment, net	2,025,239	2,064,354
Total unrestricted noncurrent assets	16,413,244	17,755,359
Restricted:		
Loans receivable	1,238,073,534	1,185,424,376
Total noncurrent assets	1,254,486,778	1,203,179,735
Total assets	1,876,735,026	1,816,685,751
Deferred Outflows of Resources	3,894,977	5,341,617
Liabilities		
Current liabilities:		
Project costs payable	223,038,353	225,740,069
Bonds payable	57,789,055	58,889,632
Lease liability	144,350	130,661
Accrued interest payable	4,939,455	4,549,898
Accounts payable and accrued expenses	297,196	711,790
Total current liabilities	286,208,409	290,022,050
Noncurrent liabilities:		
Bonds payable	564,894,203	577,260,398
Lease liability	1,743,166	1,887,516
Accrued arbitrage rebate	614,239	-
Total noncurrent liabilities	567,251,608	579,147,914
Total liabilities	853,460,017	869,169,964
Deferred Inflows of Resources	1,368,176	1,724,562
Net position		
Net investments in capital assets	137,723	46,177
Restricted for program purposes	993,042,642	921,271,076
Unrestricted	32,621,445	29,815,589
Total net position	\$ 1,025,801,810	\$ 951,132,842

See notes to financial statements.



Rhode Island Infrastructure Bank (A Component Unit of the State of Rhode Island)

Statements of Revenues, Expenses, and Changes in Net Position – Years Ended June 30, 2024 and 2023		
	2024	2023
Operating revenues:		
Interest income - loans	\$ 23,467,841	\$ 21,075,786
Interest income - Investments	21,789,621	10,720,620
Loan servicing fees	4,978,630	4,945,409
Loan origination fees	1,668,299	1,737,717
Grant income - program administration	20,500	116,250
Total operating revenues	51,924,891	38,595,782
Operating expenses:		
Interest expense, net of premium amortization	15,069,117	12,525,550
Program administration, partner agencies	5,058,010	3,800,404
Principal forgiveness	4,515,370	4,437,235
Compensation and benefits	2,230,944	2,193,662
Debt issuance	524,272	556,103
Professional services	455,083	483,162
Legal	411,446	307,703
Correspondent and trustee	118,903	183,469
Information technology	123,619	135,198
Marketing	134,425	104,998
Audit and accounting	72,000	89,340
Financial advisory	76,480	75,000
Loan origination service	139,964	86,347
Occupancy and office expense	159,848	199,245
Depreciation and amortization	232,826	21,655
Insurance	53,256	60,259
Business and travel	15,703	16,667
Dues and subscriptions	12,247	13,801
Seminars	7,213	8,697
Total operating expenses	29,410,726	25,298,495
Operating income	22,514,165	13,297,287
Non-operating revenue:		
Grant income and other contributed capital	57,654,803	82,270,833
Intergovernmental transactions	5,500,000	-
Change in net position	74,668,968	95,568,120
Net position, beginning of the year	951,132,842	855,564,722
Net position, end of the year	\$ 1,025,801,810	\$ 951,132,842

See notes to financial statements.



Rhode Island Infrastructure Bank (A Component Unit of the State of Rhode Island)

Statements of Cash Flows – Years Ended June 30, 2024 and 2023		
	2024	2023
Cash flows from operating activities:		
Loan repayments	\$ 101,454,077	\$ 112,742,289
Operating grants	20,500	116,250
Origination fees	1,668,299	1,737,717
Loan servicing fees	4,961,334	4,859,389
Investment income	21,795,723	3,649,926
Loan disbursements	(155,644,874)	(37,747,115)
Payments for goods and services	(6,740,671)	(5,586,382)
Bond issuance costs	(524,272)	(556,103)
Payments for personnel-related costs	(2,218,731)	(2,169,754)
Net cash provided by (used for) operating activities	(35,228,615)	77,046,217
Cash flows from capital and related financing activities:		
Purchases of property and equipment	(87,739)	2,064,355
Cash flows from noncapital financing activities:		
Proceeds from bond issuance	41,780,000	77,260,000
Repayment of bond principal	(55,720,000)	(59,120,012)
Non-operating grants	64,495,531	76,770,833
Payment of intergovernmental transfers	(5,500,000)	-
Interest paid on bonds	(19,145,519)	(18,381,447)
Net cash used for noncapital financing activities	25,910,012	76,529,374
Cash flows from investing activities:		
Interest income - loans	22,845,600	21,417,444
Arbitrage rebate paid to U.S. Treasury	262,781	(1,555,905)
Proceeds from (purchases of) investments, net	(805,115)	2,644,228
Net cash provided by investing activities	22,303,266	22,505,767
Cash and cash equivalents, beginning of the year	481,924,939	303,779,226
Cash and cash equivalents, end of the year	\$ 494,821,863	\$ 481,924,939

See notes to financial statements.



Rhode Island Infrastructure Bank (A Component Unit of the State of Rhode Island)

Statements of Cash Flows – Years Ended June 30, 2024 and 2023 continued

	<u>2024</u>	<u>2023</u>
Operating Income	\$ 22,514,165	\$ 13,297,287
Adjustments		
Depreciation	232,826	21,655
Amortization of bond premiums and discounts, net	(5,653,216)	(6,505,188)
Increase in investments receivable	6,103	735,388
Interest income - loans	(23,467,841)	(24,378,515)
Interest expense	20,722,333	19,022,363
Loan principal forgiveness	4,515,370	4,437,235
Net disbursements of loans receivable	(54,393,505)	70,356,703
Increase in prepaid expenses	(102,148)	(67,140)
Increase in accounts payable	414,594	187,118
(Increase) decrease in accounts receivable - service fees	(17,296)	(60,689)
Net cash used by operating activities	<u>\$ (35,228,615)</u>	<u>\$ 77,046,217</u>
Supplementary cash flow information:		
Noncash transactions:		
Increase in loans receivable issued related to project costs payable	\$ 463,084	\$ 110,280,133
Increase (decrease) in fair value of investments	\$ (3,308,244)	\$ (1,717,180)

See notes to financial statements.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Organization: Rhode Island Infrastructure Bank (Bank) was established in 1989 by the State of Rhode Island (State) General Assembly, under Chapter 46-12.2 of the Rhode Island General Laws (1986) as amended. While the Bank is a body politic and corporate and public instrumentality of the State, it has a distinct legal existence separate from the State and is not considered a department of State government. For financial reporting purposes, the Bank is considered a component unit of the State.

In accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units – an Amendment of GASB Statement 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, the financial statements must present the Bank and its component units, which, for the periods included here, there were none in existence. As noted above, however, the Bank is considered a component unit of the State and, accordingly, its financial statements are incorporated with and into the financial statements of the State.

The Bank is governed by a Board of Directors (Board) consisting of five members, four of whom are members of the public appointed by the Governor, with the advice and consent of the state senate. The General Treasurer, or such officer's designee, who shall be a subordinate within the General Treasurer's department, shall serve as an ex-officio member. While it appoints a voting majority of the Bank's governing board, the state bears no responsibility for the Bank's debt.

Description of business: The Bank facilitates financing infrastructure improvements for municipalities, businesses, and homeowners in the State. Lending programs include clean water, drinking water, transportation, energy efficiency and renewable energy, brownfield remediation, and stormwater and climate resiliency. The Bank supports and finances infrastructure investments through the origination of loans and mobilization of public and private capital. Projects financed through the Bank serve to help build and maintain a strong system of infrastructure which boosts economic productivity in both the short- and long-term while enhancing the state's environment.

Pursuant to an operating agreement between the Environmental Protection Agency (EPA) and the Bank, the Bank manages the state's Clean Water and Drinking Water State Revolving Fund (SRF) programs, CWSRF and DWSRF, respectively. The SRF programs, which were authorized by Federal legislation (the Water Quality Act of 1987 for the CWSRF and the Safe Drinking Water Act of 1996 for the DWSRF), were established to provide a perpetual source of capital for water infrastructure that protects public health and the environment. SRFs provide eligible borrowers with below market loans and other forms of low-cost financing to build, repair and improve wastewater (e.g., sewage treatment and stormwater management) and drinking water infrastructure.

The SRF programs are "revolving" in nature because the revenue received by the Bank from borrower debt service payments is greater than the debt service the Bank owes on its bonds and these excess funds, together with residual amounts released from reserve funds as the Bank's debt is retired, are used to originate new loans to borrowers that are pledged as a source of payment and security, for new SRF bonds or for other eligible purposes.

In addition, since the SRFs were established, Congress has provided an annual federal grant, called a "capitalization grant," to add to the available capital of the SRFs. States are required to match 20% of the capitalization grant with state funds. Federal and state contributions, as well as revolved funds, are limited to specific uses by laws and regulations, the operating agreement noted above, and a capitalization grant agreement with the EPA. Because of these limitations on use, these funds are classified as "restricted" on the statements of net position.

The Bank's SRF programs are leveraged by issuing bonds to provide additional funds to finance program-eligible projects. Federal and state grants and other monies available to the Bank are pledged to secure the bonds by either funding reserves or financing loans pledged to the bonds. Earnings on these pledged assets are used to pay a portion of the debt service on the related bonds, thereby allowing for a reduction in the borrowers' loan repayment obligation. Generally, the Bank lends to borrowers at 67% and 75% of the

Notes to Financial Statements
Note 1. Summary of Significant Accounting Policies (continued)

current market rate for the CWSRF and DWSRF, respectively. In addition to providing low-cost financing, including interim financing, for eligible projects, the Bank's SRF programs primary activities include the issuance of debt, the investment of program funds, and the management and coordination of the programs.

In addition to the CWSRF and DWSRF, the Bank also manages the following programs:

Program	Summary
Clean Water and Stormwater Infrastructure Fund (CWSWIF)	The Fund provides financial assistance to eligible borrowers to develop water pollution control abatement projects. In addition, the CWSWIF provides upfront capital to municipalities and organizations who have received reimbursement grants for design and construction of green stormwater infrastructure projects.
Commercial – Property Assessed Clean Energy (C-PACE)	C-PACE provides financing for a broad array of energy efficiency and renewable energy projects (and related improvements) in commercial and industrial properties. As the Bank does not directly provide financing for C-PACE loans, property owners are free to arrange financing directly with one of the Bank's third-party capital providers. The program produced its first round of loans during the spring of 2017.
Community Septic System Loan Program (CSSLP)	Included in the CWSRF program, CSSLP provides discounted financing to communities to address nonpoint source pollution abatement issues with end loans being offered to residents with cesspools or substandard septic systems. The DEM is responsible for producing a PPL of eligible communities for the Bank to provide financing. Revolved capital from CWSRF provides funding for this program.
Efficient Buildings Fund (EBF)	The Fund provides financing to municipalities and quasi-public agencies for renewable energy and energy efficiency improvements. The Rhode Island Office of Energy Resources is responsible for producing a PPL of eligible projects for the Bank to provide financing. Bank capital is supplemented by allocated rate-payer funds and Regional Greenhouse Gas Initiative (RGGI) proceeds.

Notes to Financial Statements
Note 1. Summary of Significant Accounting Policies (continued)

Program	Summary
Municipal Road and Bridge Revolving Fund (MRB)	The Fund provides financing to municipalities for transportation-based infrastructure projects. The Rhode Island Department of Transportation is responsible for producing a PPL of eligible projects for the Bank to provide financing. Funding for the program is provided by the State through legislative appropriations and premiums received on state bond issuances.
Rhode Island Water Pollution Control Revolving Fund (including the Facility Plan Loan Program (FPLP) and the Sewer Tie-In Loan Fund (STILF))	The Fund provides discounted financing for water pollution abatement projects that do not meet the requirements of the CWSRF. In addition, under the FPLP, the Fund also provides financing to municipalities for the completion of water pollution abatement project facility plans, and amendments or updates to such plans. The Fund also supports the STILF program which, like CSSLP, allows communities to borrow funds to address nonpoint source wastewater pollution abatement issues with end loans being offered to residents to connect to the local sewer systems. These programs are funded through capitalization grants from state general obligation bond issues.
Water Quality Protection Charge (WQPC) Fund	The WQPC Fund provides financing for the protection of watershed lands to help ensure water quality. This Fund accounts for water quality protection charges received from various Rhode Island water suppliers. The WQPC provides funding to water suppliers for watershed protection land acquisition, water pipe replacement, and other related projects.
Climate Resilience	Climate Resilience includes two programs: Municipal Resilience Program (MRP) and Stormwater Project Accelerator. MRP provides technical assistance and grants to communities for eligible projects that support climate resilience. The Stormwater Project Accelerator provides upfront capital for stormwater infrastructure projects that will eventually be funded through state and local reimbursement grants.

The Bank does not possess the power to raise or collect taxes of any kind or to establish any generally applicable fees and charges, other than loan origination and servicing fees charged directly to those borrowers that receive financing from the Bank. The Bank, at its discretion, may also charge cost of issuance fees to borrowers.

Note 1. Summary of Significant Accounting Policies (continued)

Basis of accounting: The accompanying basic financial statements of the Bank have been prepared in conformance with generally accepted accounting principles (GAAP) as prescribed by the GASB. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Bank is engaged only in “business-type” activities and its operations are financed and operated in a manner like a non-governmental business, where the intent is that the costs of providing services is financed through user charges. The financial statements of the Bank are prepared using the economic resources measurement focus and accrual basis of accounting which aims to report all inflows, outflows and balances affecting an entity’s net position and to recognize the effects of transactions, events and inter-fund activity when they occur regardless of the timing of related cash flows.

Revenue recognition: Operating income emanates through the origination and servicing of loans to eligible borrowers and includes revenues (i.e., interest income on loans and related investments) and expenses incurred in loan-related business activities and other program management expenses. All other revenues and expenses are reported as nonoperating revenues and expenses.

Funding from Federal capitalization grants and state matching grants are reported as nonoperating revenue. Federal capitalization grant revenue is recognized in accordance with funding availability schedules contained within the individual grant agreements. Revenue recognition associated with these grants is based on the standard principles of eligibility, including timing requirements. The Bank recognizes grant revenue upon acceptance of its request for drawdowns by the grantor agency (EPA) and satisfaction of qualifying commitments and all other grant requirements.

The Bank’s Federal capitalization grants, beginning with the American Recovery and Reinvestment Act of 2009 (ARRA) grant, required that a portion of the grant funds be provided as additional subsidization in the form of principal forgiveness, grants, or negative interest loans. The Bank provides the additional subsidization in the form of principal forgiveness, which is recorded as an operating expense.

Fund accounting: To ensure compliance with the limitations and restrictions placed on the use of resources available to the Bank, the accounts of the Bank are maintained in individual funds – essentially by program as described above. For the presentation of the Bank’s financial position and results of operations, these funds are presented on a consolidated basis.

Cash and cash equivalents: The Bank’s cash equivalents include cash deposits at financial institutions and institutional money market accounts. The Bank’s policy is to treat all highly liquid investments with original maturities of three months or less when purchased as cash and cash equivalents.

Investments: Investments with maturity dates of greater than one year at the time of purchase are reported at fair value using quoted market prices. Fair value is defined by GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72), as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

As more fully disclosed in Note 3 “Investments,” the Bank’s investments as of June 30, 2024 and 2023 consisted of U.S. agency obligations (e.g., FannieMae, FreddieMac, and the Federal Home Loan Bank), and GICs. The Bank’s various indentures or depository and administrative payment agreements (DAPAs) governing its outstanding bond issues restrict the Bank’s ability to invest the proceeds of bonds issued. In addition to those listed above, permitted investments under either an indenture or DAPA, include, for example, repurchase agreements, certificates of deposit, money market funds, and commercial paper – each subject to specific ratings and/or other restrictions. Management actively manages its investment portfolio with a focus on asset allocation, diversification, and duration within the parameters of the permitted investments.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

In accordance with Section 35-10.1-7 of the General Laws of the State, dealing with the collateralization of public deposits, all certificates of deposits with maturities of greater than 60 days and all deposits in institutions that do not meet its minimum capital standards as required by its Federal regulator must be collateralized. The Bank did not have any deposits in fiscal year 2024 and 2023 which required collateralization.

Investment income: All investment income, including changes in the fair value of investments, is reported as revenue in the accompanying statements of revenue, expenses and changes in net position except for the guaranteed investment contracts (GIC) that is reported at contract value. Contract value represents contributions made under the contract plus earnings, less withdrawals and administrative expense.

Property and equipment: Property and equipment are stated at cost. The Bank's threshold for capitalizing any individual item is \$5,000 and a useful life in excess of one year. Depreciation is determined using a straight-line basis over the estimated useful life of the asset per the following schedule:

Asset Category	Estimated Useful Life
Computer equipment and software	3 years
Equipment, furniture, and fixtures	3 – 5 years
Leasehold improvements	7 – 20 years

Bond issuance costs: Bond issuance costs are recorded as operating expenses as incurred.

Allowance for loan losses: Management reviews loan receivable balances and borrowers on a continual basis for possible uncollectible amounts. In the event management determines a specific need for an allowance, provision for loss will then be provided. Should a borrower default on a loan, potential remedies are contained in the loan agreement which is backed by the full taxing power of the borrowing municipality in the form of a general obligation pledge or in the full revenue collecting ability of the Bank's revenue borrowers. Further, the Indenture of Trust (Indenture) as it relates to the Local Interest Subsidy Trust (LIST) serves as a debt service reserve fund. An allowance for loan losses has not been established at either June 30, 2024 or June 30, 2023 since historical collection experience has shown amounts to be fully collectible when due.

Deferred inflows and outflows of resources: A deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statements as revenues and expenses until the period to which they relate. Deferred inflows and outflows of resources of the Bank consist entirely of deferred refunding costs.

The Bank has refunded certain bond obligations which had the effect of reducing aggregate debt service. The difference between the reacquisition price and the net carrying amount of the refunded bonds is recorded as an amount deferred on refunding. The deferred amount on refunding is amortized over the remaining life of the refunded bonds, or the life of the new bonds, whichever is shorter. The amortization amount is a component of interest expense.

Accrued arbitrage rebate: The Bank has bonds outstanding which are subject to arbitrage limitations. The term "arbitrage rebate" refers to the required payment to the U.S. Treasury Department (Treasury) of earnings received on applicable tax-exempt bond proceeds that are invested at a higher yield than the yield of the tax-exempt bond issue. The Bank's ultimate rebate of arbitrage earnings on these issues is contingent on numerous factors, but principally yields on invested proceeds. The amount the Bank will be required to remit to the Treasury could differ materially from the estimated liability – even in the near term.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

Based on calculations that were performed as of June 30, 2024 and 2023, the Bank had accrued arbitrage rebate liabilities totaling \$614,239 and \$0, respectively. The rebate obligations are generally computed and adjusted, as applicable, on an annual basis in accordance with regulations promulgated by the Treasury. Required rebates are generally due and payable in five-year intervals during the life of debt issues, with rebates due no later than 60 days after the retirement of the debt issues. Actual calculation and payment dates may be accelerated because of refundings/defeasances. Arbitrage rebate expense is recorded as a reduction in interest income – investments.

Loan origination fees: The Bank assesses loan origination fees at the time of loan closing and recognizes such revenue in the period received.

Project costs payable: Project costs payable represents the liability of amounts loaned to borrowers that have not been requisitioned. On June 30, 2024 and 2023, undrawn funds amounted to \$223,038,353 and \$225,740,069 respectively.

Bond premium: Bond premiums, included in long-term debt, are amortized using the effective interest method over the respective life of the associated bond issues. Amortization of bond premiums, which are credited to interest expense, amounted to \$5,653,216 and \$6,505,205 for fiscal years 2024 and 2023, respectively.

Compensated absences: The Bank permits employees to receive compensation for unused sick leave benefits, up to a maximum number of five days per fiscal year. Such compensation is paid annually. The liability for unused sick leave benefits at both period ends were di minimis and as such not recognized.

Net position: Net investment in capital assets represents capital assets, net of accumulated depreciation. Net position of the Bank is classified as restricted when external constraints are imposed by debt agreements, grantors, contributors, or laws or regulations of governments or constraints imposed by law through constitutional provisions or enabling legislation. The Bank's net position is restricted by debt covenants and grantor restrictions. Unrestricted net position has no external restrictions and is available for the operations of the Bank. Unrestricted net position may be designated by actions of the Board.

Operating revenues and expenses: Substantially all revenues and expenses, including interest received on investments and loans and interest paid on bonds, are considered operating items since the Bank issues bonds to finance loans for specific projects. All other revenues and expenses not meeting these criteria are reported as nonoperating revenue and expenses. In accordance with GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, federal EPA capitalization grants and state grants are shown below operating income (loss) on the statements of revenue, expenses and changes in net position.

Restricted assets: Restricted assets of the Bank consist of cash and cash equivalents, investments designated primarily for borrower construction drawdowns (and any interest earned on such investments), borrower interest rate subsidies, and arbitrage rebate liabilities. In each instance the preceding relates to the CWSRF, DWSRF, CWSWIF, Rhode Island Water Pollution Control Revolving Fund, EBF (including rate payer funds and RGGI proceeds), C-PACE, MRB, WQPC, and the Brownfields RLF programs. Certain loans receivable in the CWSRF and DWSRF provide security for the related bonds. Loan payments received are restricted for payment of bond debt service.

Intergovernmental transactions: Such amounts represent compulsory payments made to the State as part of its budget requirements.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

Resource use: When both restricted and unrestricted resources are available for use, it is the Bank's policy to use restricted resources first, then unrestricted resources as they are needed.

Recent pronouncements: The GASB has issued the following standards that were effective during the current reporting period or will be effective in future periods:

In April of 2022, GASB issued Statement No. 99 – *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument
- Clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives
- Clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset
- Clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP)
- Disclosures related to nonmonetary transactions
- Pledges of future revenues when resources are not received by the pledging government
- Clarification of provisions in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements
- Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position
- Terminology used in Statement 53 to refer to resource flows statements.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

The requirements of this Statement that are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

The requirements of this Statement had no impact on the Bank's financial statements.

In May 2020, the Government Accounting Standards Board (GASB) issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). This standard requires the recognition of certain intangible right-to-use subscription assets and a corresponding subscription liability for SBITAs, which are defined as contracts that convey the right to use a SBITA vendor's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. The Rhode Island Infrastructure Bank adopted the requirements effective July 1, 2022, has applied the provisions of this standard to the beginning of the period of adoption, and has determined that the impact of implementing GASB Statement No. 96 is not material to the Bank's financial statements.

In June of 2022, GASB issued Statement No. 100 – *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The requirements of this Statement had no impact on the Bank's financial statements.

In June of 2022, GASB issued Statement No. 101 – *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income tax: The Bank is a component unit of the State and is therefore, generally exempt from Federal income taxes under Section 115 of the Internal Revenue Code.

Notes to Financial Statements
Note 2. Cash and Cash Equivalents

At June 30, 2024 and 2023, the carrying amount of the Bank's cash deposits was \$125,464,829 and \$75,499,848, respectively. The difference between the carrying amount and the depository balance is attributable to outstanding reconciling items (primarily outstanding checks) at year-end. Pursuant to GASB 79, Certain External Investment Pools and Pool Participants, the Bank's institutional money market accounts represent qualifying external investment pools that measure for financial reporting purposes all its investments at amortized cost.

In accordance with Chapter 35-10.1 of the Rhode Island General Laws dealing with Public Finance, depository institutions holding public deposits shall insure or pledge eligible collateral equal to one-hundred percent (100%) of any time deposit with maturities greater than sixty (60) days. If any depository institution does not meet its minimum capital standards as prescribed by its federal regulator, they shall insure or pledge eligible collateral equal to one-hundred percent (100%) of all public deposits. None of the cash deposits of the Corporation were required to be collateralized at June 30, 2024 pursuant to this statutory provision.

Cash and cash equivalents, including restricted amounts, consisted of the following at year-end:

Description	2024	2023
Deposits with financial institutions	\$ 125,464,829	\$ 75,499,848
Institutional money market accounts – government portfolio	369,357,034	406,425,091
Cash and cash equivalents	<u>\$494,821,863</u>	<u>\$ 481,924,939</u>

Description	2024	2023
Unrestricted:		
Deposits with financial institutions	\$ 8,594,950	\$ 8,249,688
Institutional money market accounts – government portfolio	25,636	24,560
Subtotal	<u>8,620,586</u>	<u>8,274,248</u>
Restricted:		
Deposits with financial institutions	116,869,879	67,250,160
Institutional money market accounts – government portfolio	369,331,398	406,400,531
Subtotal	<u>486,201,277</u>	<u>473,650,691</u>
Cash and cash equivalents	<u>\$ 494,821,863</u>	<u>\$ 481,924,939</u>

Unrestricted cash: Cash and cash equivalents of \$8,594,950 and \$8,249,688 as of June 30, 2024 and 2023, respectively are classified as unrestricted. While classified as unrestricted, those assets are subject to use only within the proper purpose of the Bank as established through its enabling legislation discussed in Note 1 and the directives and programs approved by the Board.

Custodial credit risk - Cash and Cash Equivalents: Custodial credit risk is the risk that in the event of insolvency, the Bank's deposits may not be returned in full. The Bank does not have a formal deposit policy for custodial credit risk and therefore, does not limit the amount of its deposits with its depositories. The Bank mitigates custodial credit risk by (i) ensuring that cash deposits that exceed federal depository insurance are collateralized and (ii) investing in institutional money market accounts – government portfolio that are "AAA" rated.

For fiscal year end 2024 and 2023, institutional money market accounts consisted of the following:

Issuer	2024	2023
First American Funds – Government Obligations	\$ 364,549,306	\$ 400,099,106
First American Funds – U.S. Treasury	4,756,456	6,325,985
Total	<u>\$ 369,305,762</u>	<u>\$ 406,425,091</u>

First American Funds was assigned the highest credit ratings by Standard & Poor's, Moody's, and Fitch.

Notes to Financial Statements
Note 3. Investments

The Bank's investments consisted of the following at June 30, 2024:

2024	Amount	Maturity Date(s)	Interest Rate(s)	Credit Ratings Moody's/S&P
US agency and Treasury securities:				
Federal National Mortgage Association	\$ 146,824	2024-2026	1.25% - 2.00%	AAA/AA+
Federal Home Loan Mortgage Corp	6,286,429	2024 - 2028	1.75% - 2.35%	AAA/AA+
Subtotal	6,433,253			
Guaranteed investment contracts ¹ :				
Mass Mutual Life Insurance Company	755,907	2024	4.71%	Aa3/AA+
Mass Mutual Life Insurance Company	988,046	2025	4.67%	Aa3/AA+
Mass Mutual Life Insurance Company	1,630,830	2027	4.79%	Aa3/AA+
Mass Mutual Life Insurance Company	3,761,480	2029	4.50%	Aa3/AA+
Subtotal	7,136,263			
Total investments	<u>\$ 13,569,516</u>			

¹Credit ratings reflect the rating of the issuer.

The Bank's investments consisted of the following at June 30, 2023:

2023	Amount	Maturity Date(s)	Interest Rate(s)	Credit Ratings Moody's/S&P
US agency and Treasury securities:				
Federal National Mortgage Association	\$ 140,421	2024-2026	1.25% - 2.00%	AAA/AA+
Federal Home Loan Mortgage Corp	6,696,745	2023 - 2028	1.75% - 2.35%	AAA/AA+
Subtotal	6,837,166			
Guaranteed investment contracts ¹ :				
Mass Mutual Life Insurance Company	1,493,970	2024	4.71%	Aa3/AA+
Mass Mutual Life Insurance Company	1,922,407	2025	4.67%	Aa3/AA+
Mass Mutual Life Insurance Company	2,057,622	2027	4.79%	Aa3/AA+
Mass Mutual Life Insurance Company	3,761,480	2029	4.50%	Aa3/AA+
Subtotal	9,235,479			
Total investments	<u>\$ 16,072,645</u>			

¹Credit ratings reflect the rating of the issuer.

Custodial credit risk - Investments: Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the Bank will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Bank requires that all investment agreements be collateralized either upon execution of such agreement or upon the happening of certain events, and always thereafter, by securities or other obligations issued or guaranteed by the United States, by certain Federal agencies having a market value of not less than 100% of the amount currently on deposit or in accordance with their respective agreement. The Bank has a policy which requires the monthly monitoring of custodial credit risk, including the review of institutional credit ratings.

Credit risk: Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The risk is evidenced by a rating issued by a nationally recognized statistical rating organization, which regularly rate such obligations. Most of the Bank's investments are in Treasury, agency securities, municipals, or GICs. Securities issued by the U.S. Treasury are all backed by the full faith and credit of the Federal government.

Notes to Financial Statements
Note 3. Investments (continued)

The Bank has GICs with one provider who maintains the contributed investments. GIC providers must meet the following ratings from S&P and Moody's: domestic banks rated at least AA/Aa2; U.S. branches of foreign banks rated at least AA/Aa2; insurance companies (or corporations whose obligations are guaranteed by an insurance company, in the form of an insurance policy, or by an insurance holding company) rated AAA/Aaa. As discussed in Note 1, the GICs are reported at contract value. The providers are contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Bank. In accordance with GASB 72, the fair value of these investments is measured at such contract value outside of the fair value hierarchy. The Bank's GICs \$7,136,263 and \$9,235,479 as of June 30, 2024 and 2023, respectively. There are no reserves against contract value for credit risk of the provider or otherwise. The crediting interest rates are based on a formula agreed upon by each provider.

Interest rate risk: Interest rate risk is the risk that an investment's value will change due to a change in the absolute level of interest rates, in the spread between two rates, in the shape of the yield curve, or in any other interest rate relationship. Such changes usually affect securities market value inversely. The Bank manages its exposure to interest rate risk by matching the duration of its investments to anticipated obligations.

At June 30, 2024 and 2023, maturities of the Bank's investment by sector were as follows:

Sector – 2024	Total Fair Value	Years			
		Less than 1	1 - 5	6 - 10	More than 10
U.S. agency securities	\$ 6,433,253	\$ 2,864,283	\$ 3,568,970	\$ -	\$ -
Guaranteed investment contracts	7,136,263	755,907	6,380,356	-	-
	<u>\$ 13,569,516</u>	<u>\$ 3,620,190</u>	<u>\$ 9,949,326</u>	<u>\$ -</u>	<u>\$ -</u>

Sector – 2023	Total Fair Value	Years			
		Less than 1	1 - 5	6 - 10	More than 10
U.S. agency securities	\$ 6,837,166	\$ 696,351	\$ 6,140,815	\$ -	\$ -
Guaranteed investment contracts	9,235,479	2,099,217	7,136,262	-	-
	<u>\$ 16,072,645</u>	<u>\$ 2,795,568</u>	<u>\$ 13,277,077</u>	<u>\$ -</u>	<u>\$ -</u>

Fair value measurement: The Bank's investments are recorded at fair value as of June 30, 2024 and 2023, pursuant to the provisions of GASB No. 31, *Certain Investments and External Investment Pools* (GASB 31), and GASB 72. GASB 31 established accounting and financial reporting standards for certain investments to be reported at fair value and for external investment pools. GASB No. 72 addresses accounting and financial reporting issues related to fair value measurements. The Statement establishes a hierarchy of inputs to valuation techniques used to measure fair value.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Notes to Financial Statements
Note 3. Investments (continued)

Level	Valuation Methodology
1	Investments whose values are based on quoted prices (unadjusted) for identical assets in active markets that the Bank can access at the measurement date.
2	Investments with inputs, other than quoted prices included in Level 1, that are observable for an asset, either directly or indirectly.
3	Investments classified as Level 3 have unobservable inputs for an asset and may require a degree of professional judgment.

The Bank's investments within the fair value hierarchy (which do not include the GICs) are summarized below as of June 30, 2024 and 2023:

2024	Quotes Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total Fair Value
Investment Sector			
U.S. agency securities	\$ -	\$ 6,433,253	\$ 6,433,253
Total investments	\$ -	\$ 6,433,253	\$ 6,433,253

2023	Quotes Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total Fair Value
Investment Sector			
U.S. agency securities	\$ -	\$ 6,837,166	\$ 6,837,166
Total investments	\$ -	\$ 6,837,166	\$ 6,837,166

The Bank had no investments that were categorized as Level 3 at either June 30, 2024 or June 30, 2023 and therefore that information is not presented in the above tables. Certain investments that are measured at fair value using the net asset value (NAV) per share as a practical expedient have not been classified in the fair value hierarchy.

Concentration of credit risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the Bank's investment in a single issuer. Excluding U.S. Treasury securities, the issuers where investments exceeded 5% of the Bank's total investments at either period end are:

Issuer	Percentage of Total Investments	
	2024	2023
Federal Home Loan Mortgage Corp	46%	42%
Federal National Mortgage Association	1%	1%
Mass Mutual Life Insurance Company	53%	57%

Notes to Financial Statements
Note 4. Loans Receivable

At June 30, 2024 and 2023, the Bank had loans outstanding of \$1,354,122,764 and \$1,299,468,885 respectively, including all unused outstanding loan commitments (project costs payable).

Borrowers are obligated to repay the full balance of loan agreements; however, funds are disbursed by the Bank in accordance with the loan agreements as costs are incurred for the projects for which the loans are intended. The Bank disburses funds to the borrowers and/or vendors after receipt of a request for disbursement, which is accompanied by supporting documentation. The Bank is obligated to disburse funds only up to the value of the loan agreement and is not responsible for any excess costs incurred by the borrower. The borrower, in turn, is obligated to make principal and interest payments in accordance with the repayment schedules per the loan agreement even if funds have not been fully disbursed by the Bank at the time of first payment. Loan terms and conditions do vary but loans are generally repaid over 20 years with either level principal or level total payments. Loan amounts may include capitalized interest expense incurred by the borrower during the construction period.

As noted in the “Allowance for loan losses” caption in Note 1, the Bank has various LIST funds, which are restricted by the indenture between the trustee and the Bank and may be used to make the required bond payments in the event of default by a borrower.

Capitalization Grants: The Bank receives capitalization grants from the EPA for the CWSRF and DWSRF. The grants are used to fund the Banks lending activities with a commitment for state matching funds of 20% of the Federal grant award. CWSRF grant eligible expenses allow the Bank to reimburse the DEM for up to 4% of the capitalization grant for expenses incurred for services they provide the Bank related to these lending activities. DWSRF grants also provide funding for various improvement programs administered by the DOH – ostensibly to support water supplier’s efforts to meet the minimum standards for quality outlined in the Federal Act. The DWSRF allows the DOH to set-aside up to 31% of the annual capitalization grants in four accounts as follows: 1) 4% for program administration which is to be split between the DOH and the Bank, 2) up to 2% for technical assistance, 3) up to 10% for state program management, and 4) up to 15% for local assistance.

Principal forgiveness loans: Loans made to eligible borrowers under the CWSRF and DWSRF programs may be forgiven through capitalization grants from the EPA. Certain criteria must be met to qualify, 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 Bank’s historical capitalization grants, state matching funds, principal forgiveness component and principal forgiveness loans for CWSRF are summarized below:

Capitalization Grant	Capitalization Grant Award	State Matching funds	Principal Forgiveness Component	Principal Forgiveness Loans Issued as of FY2024
2009-2017	\$104,976,600	\$20,995,320	\$19,449,730	\$19,449,730
2018	10,777,000	2,155,400	1,077,700	1,077,700
2019	10,669,000	2,133,800	1,066,900	1,066,900
2020	10,670,000	2,134,000	1,067,000	-
2021	10,669,000	2,133,800	1,066,900	1,827,300
2022	20,348,000	2,749,000	8,037,500	5,124,805
2023	19,033,000	2,407,000	7,865,440	5,199,024
	<u>\$187,142,600</u>	<u>\$34,708,320</u>	<u>\$ 39,631,170</u>	<u>\$ 33,745,459</u>

Notes to Financial Statements

Note 4. Loans Receivable (continued)

The Bank's historical capitalization grants available for principal forgiveness loans for DWSRF are summarized below:

Capitalization Grant	Capitalization Grant Award	State Matching funds	Principal Forgiveness Component	Principal Forgiveness Loans Issued as of FY2024
2009-2017	\$94,072,000	\$18,814,400	\$26,963,500	\$26,132,523
2018	11,107,000	2,221,400	2,221,400	2,221,400
2019	11,004,000	2,200,800	2,200,800	2,200,800
2020	11,011,000	2,202,200	2,202,200	28,009
2021	11,001,000	2,200,200	2,200,200	662,000
2022	60,905,000	3,200,800	31,664,180	2,107,500
2023	62,283,000	3,093,100	32,938,163	21,711,000
	<u>\$ 261,383,000</u>	<u>\$ 33,932,900</u>	<u>\$ 100,390,443</u>	<u>\$ 55,063,232</u>

The Bank recognizes principal forgiveness expense as the related loans are repaid. The total amount forgiven under these programs in fiscal years 2024 and 2023 was \$4,515,370 and \$4,437,235 respectively. The amounts are included in loan principal forgiveness in the statements of revenues, expenses, and changes in net position.

Note 5. Bonds Payable

Since its inception, the Bank has issued revenue bonds to investors to finance infrastructure projects. The bonds are limited obligations of the Bank and repayment is made by a combination of revenue from the loans, debt service funds, and recycled capital.

In addition, from time to time the Bank issues conduit bonds. The term conduit bonds refers to certain limited-obligation revenue bonds issued by the Bank for the express purpose of providing capital financing for a specific third party. Although conduit debt obligations bear the name of the Bank, it has no obligation for the debt beyond the resources provided by a loan with the third party on whose behalf the conduit bonds are issued. As of June 30, 2024 and 2023, there were seven series of conduit bonds outstanding, with an aggregate principal amount payable of \$35,900,000 and \$37,885,000 respectively.

Notes to Financial Statements
Note 5. Bonds Payable (continued)

The Bank had the following revenue bonds outstanding at June 30, 2024:

Clean Water Program	2024	2023
2014 Series A Bonds, dated February 20, 2014, with serial bonds of \$55,925,000 at rates varying from 2.00% to 5.00% due annually from October 1, 2015 through October 1, 2034. On December 18, 2019, and September 1, 2021 the Bank advance refunded \$31,335,000 and \$5,340,000 respectively, of the outstanding bonds.	-	2,495,000
2015 Series A Bonds, dated July 30, 2015, with serial bonds of \$56,275,000 at rates varying from 3.00% to 5.00% due annually from October 1, 2017 through October 1, 2044. On December 18, 2019, and September 1, 2021 the Bank advance refunded \$2,880,000 and \$39,010,000 respectively, of the outstanding bonds.	2,090,000	4,085,000
2015 Series B Refunding Bonds, dated October 6, 2015, with serial bonds of \$24,345,000 at rates varying from 2.00% to 5.00% due annually from October 1, 2016 through October 1, 2026. The Bank's defeasance of the 2005A resulted in economic present value savings of \$2,562,154 or 9%.	5,830,000	8,325,000
2015 Series C Refunding Bonds, dated October 6, 2015, with serial bonds of \$23,355,000 at rates varying from 1.75% to 5.00% due annually from October 1, 2018 through October 1, 2027, respectively. The Bank's defeasance of the 2006A bonds resulted in economic present value savings of \$2,697,705 or 11%. On September 1, 2021 the Bank advance refunded \$5,730,000 of the outstanding bonds.	2,220,000	4,415,000
2016 Series A Refunding Bonds, dated June 2, 2016, with serial bonds of \$49,060,000 at rates varying from 1.75% to 5.00% due annually from October 1, 2018 through October 1, 2030. The Bank's defeasance of the 2007A and 2009A bonds resulted in economic present value savings of \$6,074,803 or 11%. On September 1, 2021 the Bank advance refunded \$8,410,000 of the outstanding bonds.	23,310,000	26,870,000
2016 Series B Bonds, dated June 2, 2016, with serial bonds of \$18,790,000 at rates varying from 2.00% to 5.00% due annually from October 1, 2017 through October 1, 2037. On September 1, 2021 the Bank advance refunded \$12,715,000 of the outstanding bonds.	1,705,000	2,495,000
2017 Series A Bonds, dated April 13, 2017, with serial bonds of \$28,130,000 at rates varying from 3.00% to 5.00% due annually from October 1, 2018 through October 1, 2036.	15,375,000	17,350,000
2017 Series B Bonds, dated June 28, 2017, with serial bonds of \$41,120,000 at rates varying from 3.00% to 5.00% due annually from October 1, 2021 through October 1, 2032. The Bank's defeasance of the 2010B and 2011A bonds resulted in economic present value savings of \$4,655,796 or 10%.	30,820,000	34,430,000
2018 Series A Bonds, dated April 25, 2018, with serial bonds of \$17,715,000 at rates varying from 3.00% to 4.00% due annually from October 1, 2025 through October 1, 2037.	17,715,000	17,715,000
2019 Series A Bonds, dated December 18, 2019, with serial bonds of \$112,870,000 at rates varying from 4.00% to 5.00% due annually from October 1, 2020 through October 1, 2034. The Bank's defeasance of the 1999A, 2010A, 2010B, 2012A, 2013A, 2014A, and 2015A bonds resulted in economic present value savings of \$6,414,291 or 7%.	89,480,000	98,420,000
2021 Series A Bonds, dated August 17, 2021, with serial bonds of \$103,380,000 at rates varying from .16% to 2.77% due annually from October 1, 2021 through October 1, 2044. The Bank's defeasance of the 2012A, 2012B, 2014A, 2015A, 2015C, 2016A and 2016B bonds resulted in economic present value savings of \$5,002,055 or 8%.	91,830,000	98,610,000
2023 Series A Bonds, dated June 13, 2023, with serial bonds of \$72,890,000 at rates varying from 4.00% to 5.00% due annually from October 1, 2023 through October 1, 2053.	71,600,000	72,890,000
2024 Series A Bonds, dated May 8, 2024, with serial bonds of \$41,780,000 at rates of 5.00% due annually from October 1, 2025 through June 30, 2054	41,780,000	-
Program Total	393,755,000	388,100,000

Notes to Financial Statements

Note 5. Bonds Payable (continued)

Drinking Water Program	2024	2023
2013 Series A Bonds, dated May 14, 2013, with serial bonds of \$35,780,000 at rates varying from 3.00% to 5.00% due annually from October 1, 2015 through October 1, 2034. On December 18, 2019, and September 1, 2021 the Bank advance refunded \$10,095,000 and \$12,325,000 respectively, of the outstanding bonds.	1,660,000	3,240,000
2013 Series B Refunding Bonds, dated June 26, 2013, with serial bonds of \$38,790,000 at rates varying from 3.00% to 5.00% due annually from October 1, 2015 through October 1, 2024.	4,830,000	9,440,000
2014 Series A Bonds, dated December 4, 2014, with serial bonds of \$13,090,000 at rates varying from 2.00% to 5.00% due annually from October 1, 2016 through October 1, 2036 and term bonds of \$1,085,000 at 3.50% due October 1, 2025 and term bonds of \$3,350,000 at 5.00% due October 1, 2036. On December 18, 2019, and September 1, 2021 the Bank advance refunded \$3,350,000 and \$1,080,000 respectively of the outstanding bonds.	4,750,000	5,325,000
2015 Series A Bonds, dated December 17, 2015, with serial bonds of \$22,640,000 at rates varying from 2% to 5% due annually from October 1, 2017 through October 1, 2037. On September 1, 2021 the Bank advance refunded \$4,620,000 of the outstanding bonds.	10,945,000	12,045,000
2017 Series A Bonds, dated February 28, 2017, with serial bonds of \$23,785,000 at rates varying from 2% to 5% due annually from October 1, 2018 through October 1, 2036. The Bank's defeasance of the 2008A bonds resulted in economic present value savings of \$2,608,056 or 11%.	12,955,000	15,270,000
2017 Series B Bonds, dated May 10, 2017, with serial bonds of \$11,350,000 at rates varying from 2% to 5% due annually from October 1, 2019 through October 1, 2036.	9,035,000	9,535,000
2018 Series A Bonds, dated June 19, 2018, with serial bonds of \$5,000,000 at a fixed rate of 2.76% due annually from October 1, 2018 through October 1, 2022.	-	-
2019 Series A Bonds, dated June 27, 2019, with serial bonds of \$31,600,000 at rates of 4.00% and 5% due annually from October 1, 2023 through October 1, 2039.	31,330,000	31,600,000
2019 Series B Refunding Bonds, dated June 27, 2018, with serial bonds of \$10,205,000 at rates varying from 2.07% to 2.76% due annually from October 1, 2019 through October 1, 2029. The Bank's defeasance of the 2005A and 2008A bonds resulted in economic present value savings of \$1,127,646 or 12%.	8,015,000	8,450,000
2019 Series C Bonds, dated December 18, 2019, with serial bonds of \$6,490,000 at a rate of 5% due annually from October 1, 2023 through October 1, 2030. The Bank's advanced refunding of the 2009A bonds resulted in economic present value savings of \$1,370,822 or 17%.	6,305,000	6,490,000

Notes to Financial Statements

Note 5. Bonds Payable (continued)

2019 Series D Bonds, dated December 18, 2019, with serial bonds of \$112,870,000 at rates varying from 1.73% to 2.88% due annually from October 1, 2020 through October 1, 2034. The Bank's defeasance of the 2012A, 2013A, 2014A bonds resulted in economic present value savings of \$2,683,561 or 8%. 34,475,000 36,935,000

2021 Series A Bonds, dated September 1, 2021, with serial bonds of \$24,220,000 at rates varying from .16% to 2.17% due annually from October 1, 2021 through October 1, 2035. The Bank's defeasance of the 2012A, 2013A, 2014A, and 2015A bonds resulted in economic present value savings of \$1,438,458 or 9%. 23,130,000 23,490,000

2023 Series A Bonds, dated June 13, 2023, with serial bonds of \$4,370,000 at rates varying from 4.00% to 5.00% due annually from October 1, 2023 through October 1, 2039. 3,710,000 4,370,000

Program Total 151,140,000 166,190,000

Municipal Road & Bridge	2024	2023
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2018 Series A Bonds, dated June 20, 2018, with serial bonds of \$13,965,000 at rates varying from 2% to 5% due annually from October 1, 2019 through October 1, 2037. 10,235,000 11,050,000

2019 Series A Bonds, dated May 2, 2019, with serial bonds of \$15,440,000 at rates of 4% to 5% due annually from October 1, 2019 through October 1, 2035. 12,800,000 13,370,000

2020 Series A Bonds, dated April 16, 2020, with serial bonds of \$12,765,000 at rates of 4% and 5% due annually from October 1, 2021 through October 1, 2031. 9,570,000 10,750,000

Program Total 32,605,000 35,170,000

Efficient Buildings Fund	2024	2023
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2018 Series A Bonds, dated November 29, 2018, with serial bonds of \$18,310,000 at rates varying from 3% to 5% due annually from October 1, 2019 through October 1, 2033. 12,290,000 13,630,000

2020 Series A Bonds, dated October 14, 2020, with serial bonds of \$13,970,000 at a rate of 4% due annually from October 1, 2021 through October 1, 2040. 12,100,000 12,740,000

Program Total 24,390,000 26,370,000

Subtotal 601,890,000 615,830,000

Bond premium, net of amortization 26,721,003 28,525,163

Refunding credits, net of amortization (5,927,745) (8,205,133)

Total bonds payable \$ 622,683,258 \$ 636,150,030

Notes to Financial Statements
Note 5. Bonds Payable (continued)

Long-term liability activity for the year ended June 30, was as follows:

2024	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Long term debt:					
Revenue bonds	\$ 615,830,000	\$41,780,000	\$55,720,000	\$ 601,890,000	\$54,190,000
Plus bond premium, net of amortization	28,525,163	3,849,056	5,653,216	26,721,003	5,621,907
Less refunding credits, net of amortization	8,205,133	-	2,277,388	5,927,745	2,022,852
Total long-term debt	<u>\$ 636,150,030</u>	<u>\$ 45,629,056</u>	<u>\$ 59,095,828</u>	<u>\$ 622,683,258</u>	<u>\$ 57,789,055</u>

2023	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Long term debt:					
Revenue bonds	\$ 597,690,012	\$77,260,000	\$59,120,012	\$ 615,830,000	\$55,720,000
Plus bond premium, net of amortization	29,948,564	5,081,804	6,505,205	28,525,163	5,621,907
Less refunding credits, net of amortization	10,795,500	431,746	3,022,113	8,205,133	2,452,275
Total long-term debt	<u>\$ 616,843,076</u>	<u>\$ 81,910,058</u>	<u>\$ 62,603,104</u>	<u>\$ 636,150,030</u>	<u>\$ 58,889,632</u>

Annual principal and interest requirements are as follows for the year ending June 30, 2024:

Years	Principal	Interest	Total
2025	\$ 54,190,000	\$ 19,679,906	\$ 73,869,906
2026	48,205,000	18,247,927	66,452,927
2027	48,490,000	16,625,443	65,115,443
2028	45,950,000	14,984,573	60,934,573
2029-2030	89,205,000	25,673,678	114,878,678
2031-2035	174,480,000	41,989,773	216,469,773
2036-2040	84,175,000	19,130,335	103,305,335
2041-2046	12,065,000	12,619,851	24,684,851
2047-2050	20,870,000	6,015,800	26,885,800
2051-2054	24,260,000	2,024,853	26,284,853
Total	<u>\$ 601,890,000</u>	<u>\$ 176,992,139</u>	<u>\$ 778,882,139</u>

Advanced refunding of debt: As described in Note 1 (please see “Deferred inflows and outflows of resources”), the Bank will occasionally refund bonds if market conditions are amenable to reducing the aggregate debt service. When a bond is refunded, the Bank deposits bond proceeds from refunding bonds with an escrow agent to provide resources for all future debt service payments on the refunded bonds. As a result, the bonds are defeased and the liability is no longer included in the Bank’s financial statements.

In prior years, the Bank defeased certain bonds in the same manner as described above. At June 30, 2024 and 2023, the Bank had \$91,725,000 and \$89,230,000 of bonds outstanding, respectively, that are defeased.

Notes to Financial Statements
Note 5. Bonds Payable (continued)

Deferred outflows and inflows of resources: When the Bank refunds or advance refunds its bonds, it calculates the difference between the reacquisition price and the net carrying amount of the old debt. The resulting accounting gain or loss is then amortized over the life of the refunding bonds or remaining life of the defeased bonds, whichever is lesser. The excess of the reacquisition price over the carrying value of the defeased bonds is recorded as deferred outflows of resources on the statement of net position. The excess of the carrying value of the defeased bond over the reacquisition price is recorded as deferred inflows of resources on the same.

The deferred outflows were as follows at June 30:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Ending balance – June 30, 2022	\$ 6,798,938	\$ 2,199,308
Additions	-	-
Reductions	(1,457,321)	(474,746)
Ending balance – June 30, 2023	5,341,617	1,724,562
Additions	-	-
Reductions	(1,446,640)	(356,386)
Ending Balance - June 30, 2024	\$ 3,894,977	\$ 1,368,176

Note 6. Lease Liability

The Bank leases it's office under a long-term, non-cancelable lease agreement that expires in May of 2033. Total future minimum lease payments under the lease agreement are as follows:

Year Ending	Principal	Interest	Total
2025	144,350	90,134	234,483
2026	158,944	82,556	241,500
2027	174,491	74,226	248,717
2028	191,046	65,095	256,141
2029	208,749	55,109	263,858
2030 - 2033	1,009,936	101,572	1,111,509
	<u>1,887,516</u>	<u>468,692</u>	<u>2,356,208</u>

Note 7. Deferred Compensation

The Bank sponsors a deferred compensation plan for the benefit of its employees, known as the "Rhode Island Infrastructure Bank Deferred Compensation Plan" (Plan) and created in accordance with Internal Revenue Code Section 457. The Plan, available to all Bank employees – after certain tenure requirements are met – permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Board is responsible for establishing or amending the Plan's provisions and establishing or amending contribution requirements. The Bank has an obligation to provide for the prudent management of these monies and has contracted with Voya Retirement Insurance and Annuity Company to serve as the Plan administrator.

The Bank implemented the Governmental Accounting Standards Board, Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. All assets and income of the Plan are held in trust for the exclusive benefit of the participants and their beneficiaries. As a result, deferred compensation investments and the respective liability are not included in the Bank's

Notes to Financial Statements
Note 7. Deferred Compensation (continued)

financial statements for the years ended June 30, 2024 and 2023. The Bank currently remits to the Plan administrator an amount equal to 10% of eligible employees' compensation (gross) monthly. The Board establish the contribution percentage on an annual basis. Employees immediately vest in the employer contributions, therefore, there are no employee forfeitures. The Bank's contribution totaled \$146,447 and \$139,686 for the years ended June 30, 2024 and 2023, respectively. Employees can make contributions to the Plan up to, but not exceeding, the lesser of 33 and 1/3% of their individual compensation or \$23,000 (\$30,500 if age 50 or older). There is no additional obligation incurred by the Bank.

Note 8. Property and Equipment

The summary of changes in property and equipment are summarized below:

	Balance at		Balance at	
	June 30, 2023	Additions	Retirements	June 30, 2024
Cost:				
Computer equipment and software	\$ 424,351	\$ 12,612	\$ (389,468)	\$ 47,495
Furniture and fixtures	95,187	157,239	(95,187)	157,239
Equipment	35,538	61,225	(35,538)	61,225
Right of use asset - office lease	2,028,728	-	-	2,028,728
Leasehold improvements	90,415	-	(90,415)	-
Total cost	\$ 2,674,219	231,076	(610,608)	2,294,687
Accumulated depreciation:				
Computer equipment and software	(410,264)	(5,647)	389,470	(26,441)
Furniture and fixtures	(90,805)	(16,577)	91,648	(15,734)
Equipment	(35,538)	(7,494)	35,538	(7,494)
Right of use asset - office lease	(17,048)	(202,731)	-	(219,779)
Leasehold improvements	(56,210)	(377)	56,587	-
Total accumulated depreciation	(609,865)	(232,826)	573,243	(269,448)
Net capital assets	\$ 2,064,354	\$ (1,750)	\$ (37,365)	\$ 2,025,239

	Balance at		Balance at	
	June 30, 2022	Additions	Retirements	June 30, 2023
Cost:				
Computer equipment and software	\$410,265	\$ 14,086	\$ -	\$ 424,351
Furniture and fixtures	95,187	-	-	95,187
Equipment	35,538	-	-	35,538
Right of use asset - office lease	-	2,028,728	-	2,028,728
Leasehold improvements	90,415	-	-	90,415
Total cost	631,405	2,042,814	-	2,674,219
Accumulated depreciation:				
Computer equipment and software	(410,924)	-	(660)	(410,264)
Furniture and fixtures	(73,011)	(17,794)	-	(90,805)
Equipment	(35,538)	-	-	(35,538)
Right to use asset - office lease	-	(17,048)	-	(17,048)
Leasehold improvements	(51,690)	(4,520)	-	(56,210)
Total accumulated depreciation	(571,163)	(39,362)	(660)	(609,865)
Net capital assets	\$ 60,242	\$ 2,003,452	\$ (660)	\$ 2,064,354

Note 9. Commitments and Contingencies

The Bank receives grants from the EPA and the State to fund its loan program activities. These amounts are subject to audit and adjustment by the Federal government. Any disallowed claims, including amounts already collected may constitute a liability of the Bank. The EPA conducts annual fiscal and regulatory compliance reviews to determine that Bank activities follow EPA regulations. As of June 30, 2024 and 2023, no expenditures of the Bank have been disallowed. Management does not believe that any future disallowance of expenditures would be material. Like other areas of the country, some Rhode Island communities continue to experience budget challenges. The impact of these economic conditions on the Bank's borrowers and their ability to continue to make timely loan repayments is difficult to determine; however, the loans are secured predominantly by revenues from essential water and sewer services. Some communities, particularly smaller communities, may generally be more vulnerable to the effects of downturns in the economy. The Bank continues to monitor the financial status of its borrowers as part of an overall loan portfolio monitoring process.

Note 10. Risk Management

The Bank is exposed to various risks of loss related to tort; theft of, damage to, or destruction of assets; errors or omissions and injuries to employees. The Bank has purchased commercial insurance to protect itself from potential liabilities from losses or claims. To date, the Bank has not incurred any claims or losses. There were no significant reductions in insurance coverage from the prior year, and there have been no settlements that exceed the Bank's insurance coverage during the past five years.

**RHODE ISLAND INFRASTRUCTURE BANK
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING SCHEDULE OF NET POSITION
June 30, 2024**

	Bank	Clean Water	RIWPCRF	DWSRF	MRBRF	WQPCF	EBF	Total
Assets								
Current assets:								
Cash, cash equivalents and investments	\$ 8,620,586	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,620,586
Unrestricted:								
Cash and cash equivalents								
Restricted:								
Cash and cash equivalents	528,295	231,704,485	73,175,472	92,713,194	53,082,319	6,917,222	28,080,290	486,201,277
Investments	-	6,815,345	-	6,754,171	-	-	-	13,569,516
Total restricted cash, cash equivalents and investments	528,295	238,519,830	73,175,472	99,467,365	53,082,319	6,917,222	28,080,290	499,770,793
Other current assets:								
Unrestricted:								
Prepaid expenses, other assets and other receivables	163,033	-	-	-	1,000	-	-	164,033
Restricted:								
Service fees receivable	1,528,405	-	-	-	129,017	-	-	1,657,422
Loans receivable	1,339,364	52,644,360	1,135,289	34,373,697	6,505,515	-	5,663,000	101,661,225
Intergovernmental receivable	-	-	-	-	-	-	-	-
Accrued interest receivable:								
Loans	147,982	5,011,201	4,759	2,780,868	347,874	-	351,307	8,643,891
Investments	-	1,029,914	196,847	302,240	163,532	892	36,873	1,730,298
Prepaid expenses, other assets and other receivables	7,671,201	19,054,200	(19,177,024)	(6,886,683)	(4,500)	(596,330)	(60,864)	-
Total current assets	19,998,766	316,259,505	55,335,343	130,037,487	60,224,757	6,321,784	34,070,606	622,248,248
Noncurrent assets:								
Unrestricted:								
Loans receivable	14,388,005	-	-	-	-	-	-	14,388,005
Capital assets - property and equipment, net	2,025,239	-	-	-	-	-	-	2,025,239
Total unrestricted noncurrent assets	16,413,244	-	-	-	-	-	-	16,413,244
Restricted:								
Loans receivable	363,636	694,879,687	14,728,838	385,215,415	91,262,000	-	51,623,958	1,238,073,534
Total noncurrent assets	16,776,880	694,879,687	14,728,838	385,215,415	91,262,000	-	51,623,958	1,254,486,778
Total assets	36,775,646	1,011,139,192	70,064,181	515,252,902	151,486,757	6,321,784	85,694,564	1,876,735,026
Deferred Outflows of Resources	-	2,795,055	-	1,099,922	-	-	-	3,894,977
Liabilities								
Current liabilities								
Project costs payable	255,040	124,034,547	4,618,205	73,874,663	13,845,882	-	6,410,016	223,038,353
Bonds payable	-	33,785,000	-	19,249,055	2,690,000	-	2,065,000	57,789,055
Lease liability	144,350	-	-	-	-	-	-	144,350
Accrued interest payable	-	3,074,571	-	1,244,668	368,091	-	252,125	4,939,455
Accounts payable and accrued expenses	280,460	6,337	5,909	0	4,490	-	0	297,196
Total current liabilities	679,850	160,900,455	4,624,114	94,368,386	16,908,463	-	8,727,141	286,208,409
Noncurrent liabilities:								
Bonds payable	-	372,015,548	-	136,596,634	32,194,275	-	24,087,746	564,894,203
Arbitrage	1,743,166	326,513	-	255,158	-	-	32,568	614,239
Lease liability	-	-	-	-	-	-	-	-
Total noncurrent liabilities	1,743,166	372,342,061	-	136,851,792	32,194,275	-	24,120,314	567,251,608
Total liabilities	2,423,016	533,242,516	4,624,114	231,220,178	49,102,738	-	32,847,455	853,460,017
Deferred Inflows of Resources	-	1,131,673	-	236,503	-	-	-	1,368,176
Net Position								
Net investments in capital assets	137,723	-	-	-	-	-	-	137,723
Restricted for program purposes	1,593,462	479,560,058	65,440,067	284,896,143	102,384,019	6,321,784	52,847,109	993,042,642
Unrestricted	32,621,445	-	-	-	-	-	-	32,621,445
Total net position	34,352,630	479,560,058	65,440,067	284,896,143	102,384,019	6,321,784	52,847,109	1,025,801,810

**RHODE ISLAND INFRASTRUCTURE BANK
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING SCHEDULE OF NET POSITION
June 30, 2023**

	Bank	Clean Water	RIWPCRF	DWSRF	MRBRF	WQPCF	EBF	Total
Assets								
Current assets:								
Cash, cash equivalents and investments								
Unrestricted:								
Cash and cash equivalents	\$ 8,274,248	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,274,248
Restricted:								
Cash and cash equivalents	406,234	260,286,078	54,421,082	85,382,203	48,059,904	5,917,407	19,178,783	473,650,691
Investments	-	8,769,928	-	7,302,717	-	-	-	16,072,645
Total restricted cash, cash equivalents and investments	406,234	269,056,006	54,421,082	92,684,920	48,059,904	5,917,407	19,178,783	489,723,336
Other current assets:								
Unrestricted:								
Prepaid expenses, other assets and other receivables	267,957	-	-	-	1,000	-	-	268,957
Restricted:								
Service fees receivable	1,503,492	-	-	-	136,634	-	-	1,640,126
Loans receivable	1,266,000	54,033,869	1,154,927	30,587,708	6,813,000	-	4,498,000	98,353,504
Intergovernmental receivable	-	-	5,500,000	-	-	-	-	5,500,000
Accrued interest receivable:								
Loans	167,244	4,015,874	44,449	2,821,283	623,507	-	349,293	8,021,650
Investments	-	1,219,669	26,017	361,296	102,698	1,241	13,274	1,724,195
Prepaid expenses, other assets and other receivables	2,995,476	18,695,434	(19,016,830)	(2,674,080)	-	-	-	-
Total current assets	14,880,651	347,020,852	42,129,645	123,781,127	55,735,743	5,918,648	24,039,350	613,506,016
Noncurrent assets:								
Unrestricted:								
Loans receivable	15,691,005	-	-	-	-	-	-	15,691,005
Capital assets - property and equipment, net	2,064,354	-	-	-	-	-	-	2,064,354
Total unrestricted noncurrent assets	17,755,359	-	-	-	-	-	-	17,755,359
Restricted:								
Loans receivable	-	673,793,136	13,787,089	346,364,113	94,267,515	-	57,212,523	1,185,424,376
Total noncurrent assets	17,755,359	673,793,136	13,787,089	346,364,113	94,267,515	-	57,212,523	1,203,179,735
Total assets	32,636,010	1,020,813,988	55,916,734	470,145,240	150,003,258	5,918,648	81,251,873	1,816,685,751
Deferred Outflows of Resources	-	3,957,244	-	1,384,373	-	-	-	5,341,617
Liabilities								
Current liabilities								
Project costs payable	-	167,492,517	2,670,063	30,532,803	13,544,329	-	11,500,357	225,740,069
Bonds payable	-	36,959,424	-	16,829,550	2,885,344	-	2,215,314	58,889,632
Lease liability	130,661	-	-	-	-	-	-	130,661
Accrued interest payable	-	2,534,420	-	1,340,050	400,153	-	275,275	4,549,898
Accounts payable and accrued expenses	383,615	(1,650)	13,893	296,754	8,990	-	10,188	711,790
Total current liabilities	514,276	206,984,711	2,683,956	48,999,157	16,833,816	-	14,001,134	290,022,050
Noncurrent liabilities:								
Bonds payable	-	361,766,490	-	153,937,944	35,270,295	-	26,285,669	577,260,398
Lease liability	1,887,516	-	-	-	-	-	-	1,887,516
Total noncurrent liabilities	1,887,516	361,766,490	-	153,937,944	35,270,295	-	26,285,669	579,147,914
Total liabilities	2,401,792	568,751,201	2,683,956	202,937,101	52,109,111	-	40,286,803	869,169,964
Deferred Inflows of Resources	-	1,353,120	-	371,442	-	-	-	1,724,562
Net Position								
Net investments in capital assets	46,177	-	-	-	-	-	-	46,177
Restricted for program purposes	372,452	454,666,911	53,232,778	268,221,070	97,894,147	5,918,648	40,965,070	921,271,076
Unrestricted	29,815,589	-	-	-	-	-	-	29,815,589
Total net position	\$ 30,234,218	\$ 454,666,911	\$ 53,232,778	\$ 268,221,070	\$ 97,894,147	\$ 5,918,648	\$ 40,965,070	\$ 951,132,842

**RHODE ISLAND INFRASTRUCTURE BANK
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
June 30, 2024**

	Bank	Clean Water	RIWPCRF	DWSRF	MRBRF	WQPCF	EBF	Total
Operating revenues:								
Interest income - loans	\$ 449,004	\$ 12,506,044	\$ 100,197	\$ 7,528,177	\$ 1,823,801	\$ -	\$ 1,060,618	\$ 23,467,841
Interest income - Investments	1,802,767	10,260,728	3,194,615	3,641,737	2,021,841	178,166	689,767	21,789,621
Loan servicing fees	4,588,739	-	-	-	389,891	-	-	4,978,630
Loan origination fees	1,668,299	-	-	-	-	-	-	1,668,299
Grant income - program administration	20,500	-	-	-	-	-	-	20,500
Total operating revenues	<u>8,529,309</u>	<u>22,766,772</u>	<u>3,294,812</u>	<u>11,169,914</u>	<u>4,235,533</u>	<u>178,166</u>	<u>1,750,385</u>	<u>51,924,891</u>
Operating expenses:								
Interest expense, net	97,003	9,847,200	-	3,584,340	900,759	-	639,815	15,069,117
Program administration, partner agencies	20,501	473,788	48,523	4,515,198	-	-	-	5,058,010
Principal forgiveness	-	1,430,066	-	3,085,304	-	-	-	4,515,370
Personnel	2,230,944	-	-	-	-	-	-	2,230,944
Debt issuance	4,672	519,600	-	-	-	-	-	524,272
Professional services	373,672	460	63,870	-	-	-	17,081	455,083
Legal	403,057	-	8,389	-	-	-	-	411,446
Correspondent and trustee	117,883	-	-	1,020	-	-	-	118,903
Information technology	123,619	-	-	-	-	-	-	123,619
Marketing	134,425	-	-	-	-	-	-	134,425
Audit and accounting	72,000	-	-	-	-	-	-	72,000
Financial advisory	75,000	-	-	1,480	-	-	-	76,480
Loan origination expense	128,964	-	-	5,000	6,000	-	-	139,964
Office expense	159,848	-	-	-	-	-	-	159,848
Depreciation	232,826	-	-	-	-	-	-	232,826
Insurance	53,256	-	-	-	-	-	-	53,256
Business and travel	15,703	-	-	-	-	-	-	15,703
Dues and subscriptions	12,247	-	-	-	-	-	-	12,247
Seminars	7,213	-	-	-	-	-	-	7,213
Total operating expenses	<u>4,262,833</u>	<u>12,271,114</u>	<u>120,782</u>	<u>11,192,342</u>	<u>906,759</u>	<u>-</u>	<u>656,896</u>	<u>29,410,726</u>
Operating income	4,266,476	10,495,658	3,174,030	(22,428)	3,328,774	178,166	1,093,489	22,514,165
Non-operating revenue:								
Grant income and other contributed capital	144,495	16,464,478	9,031,922	14,372,270	1,126,098	226,990	10,788,550	52,154,803
Non-operating expenses:								
Intergovernmental transactions	-	-	-	-	-	-	-	-
Change in net position	4,410,971	26,960,136	12,205,952	14,349,842	4,454,872	405,156	11,882,039	74,668,968
Transfer from (to) other funds	(292,559)	(2,066,989)	1,337	2,325,231	35,000	(2,020)	-	-
Net position, beginning of the year	30,234,218	454,666,911	53,232,778	268,221,070	97,894,147	5,918,648	40,965,070	951,132,842
Net position, end of the year	<u>\$ 34,352,630</u>	<u>\$ 479,560,058</u>	<u>\$ 65,440,067</u>	<u>\$ 284,896,143</u>	<u>\$ 102,384,019</u>	<u>\$ 6,321,784</u>	<u>\$ 52,847,109</u>	<u>\$ 1,025,801,810</u>

**RHODE ISLAND INFRASTRUCTURE BANK
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
June 30, 2023**

	Bank	Clean Water	RIWPCRF	DWSRF	MRBRF	WQPCF	EBF	Total
Operating revenues:								
Interest income - loans	\$ 478,501	\$ 9,975,993	\$ 140,731	\$ 7,689,113	\$ 1,842,506	\$ -	\$ 948,942	\$ 21,075,786
Interest income - Investments	870,085	4,540,532	1,370,411	1,869,989	1,450,441	93,435	525,727	10,720,620
Loan servicing fees	4,538,124	-	-	-	407,285	-	-	4,945,409
Loan origination fees	1,737,717	-	-	-	-	-	-	1,737,717
Grant income - program administration	116,250	-	-	-	-	-	-	116,250
Total operating revenues	<u>7,740,677</u>	<u>14,516,525</u>	<u>1,511,142</u>	<u>9,559,102</u>	<u>3,700,232</u>	<u>93,435</u>	<u>1,474,669</u>	<u>38,595,782</u>
Operating expenses:								
Interest expense, net	8,374	6,945,220	-	3,932,894	956,815	-	682,247	12,525,550
Program administration, partner agencies	-	435,591	-	3,284,534	-	-	80,279	3,800,404
Principal forgiveness	-	1,296,259	-	3,140,976	-	-	-	4,437,235
Personnel	2,193,662	-	-	-	-	-	-	2,193,662
Debt issuance	1,600	530,260	-	24,243	-	-	-	556,103
Professional services	463,835	-	-	1,473	-	-	17,854	483,162
Legal	249,729	55,655	-	2,319	-	-	-	307,703
Correspondent and trustee	177,940	-	1,029	-	4,500	-	-	183,469
Information technology	135,198	-	-	-	-	-	-	135,198
Marketing	104,998	-	-	-	-	-	-	104,998
Audit and accounting	89,340	-	-	-	-	-	-	89,340
Financial advisory	86,347	-	-	-	-	-	-	86,347
Loan origination expense	199,245	-	-	-	-	-	-	199,245
Office expense	21,655	-	-	-	-	-	-	21,655
Depreciation	60,259	-	-	-	-	-	-	60,259
Insurance	16,667	-	-	-	-	-	-	16,667
Business and travel	13,801	-	-	-	-	-	-	13,801
Dues and subscriptions	8,697	-	-	-	-	-	-	8,697
Seminars	3,906,347	9,262,985	1,029	10,386,439	961,315	-	780,380	25,298,495
Total operating expenses	<u>3,834,330</u>	<u>5,253,540</u>	<u>1,510,113</u>	<u>(827,337)</u>	<u>2,738,917</u>	<u>93,435</u>	<u>694,289</u>	<u>13,297,287</u>
Operating income								
Non-operating revenue:								
Grant income and other contributed capital	-	18,027,705	20,000,000	24,566,322	9,309,292	377,514	10,000,000	82,270,833
Non-operating expenses:								
Intergovernmental transactions	-	-	-	-	-	-	-	-
Change in net position	<u>3,834,330</u>	<u>23,281,245</u>	<u>21,510,113</u>	<u>23,728,985</u>	<u>12,048,209</u>	<u>470,949</u>	<u>10,694,289</u>	<u>95,568,120</u>
Transfer from (to) other funds	<u>(891,400)</u>	<u>4,483,217</u>	<u>(46,170)</u>	<u>(4,232,742)</u>	<u>24,417</u>	<u>596,499</u>	<u>66,179</u>	<u>-</u>
Net position, beginning of the year	<u>27,291,288</u>	<u>426,902,449</u>	<u>31,768,835</u>	<u>248,724,827</u>	<u>85,821,521</u>	<u>4,851,200</u>	<u>30,204,602</u>	<u>855,564,722</u>
Net position, end of the year	<u>\$ 30,234,218</u>	<u>\$ 454,666,911</u>	<u>\$ 53,232,778</u>	<u>\$ 268,221,070</u>	<u>\$ 97,894,147</u>	<u>\$ 5,918,648</u>	<u>\$ 40,965,070</u>	<u>\$ 951,132,842</u>

RHODE ISLAND INFRASTRUCTURE BANK
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATE REQUIRED STATEMENTS OF NET POSITION
JUNE 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,620,586	\$ 8,274,248
Receivables (net)	12,031,611	11,385,971
Restricted assets:		
Cash and cash equivalents	486,201,277	473,650,691
Investments	13,569,516	16,072,645
Receivables (net)	101,661,225	98,353,504
Other assets	164,033	268,957
Due from primary government	-	-
Due from other component units	-	5,500,000
Due from other governments	-	-
Inventories	-	-
Other assets	-	-
Total current assets	<u>622,248,248</u>	<u>613,506,016</u>
Noncurrent assets:		
Investments	-	-
Receivables (net)	14,388,005	15,691,005
Restricted assets:		
Cash and cash equivalents	-	-
Investments	-	-
Receivables (net)	1,238,073,534	1,185,424,376
Other assets	-	-
Due from other component units	-	-
Capital assets - nondepreciable	-	-
Capital assets - depreciable (net)	2,025,239	2,064,354
Other assets, net of amortization	-	-
Total noncurrent assets	<u>1,254,486,778</u>	<u>1,203,179,735</u>
Total assets	<u>1,876,735,026</u>	<u>1,816,685,751</u>
Deferred Outflows of Resources		
Hedging instruments	-	-
Deferred loss on refunding of debt	3,894,977	5,341,617
Deferred pension amounts	-	-
Other deferred outflows of resources	-	-
Total deferred outflows of resources	<u>3,894,977</u>	<u>5,341,617</u>

RHODE ISLAND INFRASTRUCTURE BANK
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATE REQUIRED STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Liabilities		
Current liabilities:		
Cash overdraft	\$ -	\$ -
Accounts payable	297,196	842,451
Due to primary government	-	-
Due to other component units	-	-
Due to other governments	-	-
Unearned revenue	-	-
Other current liabilities	228,122,158	230,289,967
Current portion of long-term debt	57,789,055	58,889,632
Total current liabilities	<u>286,208,409</u>	<u>290,022,050</u>
Noncurrent liabilities:		
Due to primary government	-	-
Due to other component units	-	-
Due to other governments	-	-
Net pension liability	-	-
Net OPEB obligation	-	-
Unearned revenue	-	-
Notes payable	-	-
Loans payable	-	-
Obligations under capital leases	1,743,166	1,887,516
Compensated absences	-	-
Bonds payable	564,894,203	577,260,398
Other liabilities	614,239	-
Total noncurrent liabilities	<u>567,251,608</u>	<u>579,147,914</u>
Total liabilities	<u>853,460,017</u>	<u>869,169,964</u>
Deferred Inflows of Resources		
Deferred gain on refunding of debt	1,368,176	1,724,562
Deferred pension amounts	-	-
Total deferred inflows of resources	<u>1,368,176</u>	<u>1,724,562</u>
Net Position		
Net investment in capital assets	137,723	46,177
Restricted for:		
Debt	-	-
Other	993,042,642	921,271,076
Unrestricted	32,621,445	29,815,589
Total net position	<u>\$ 1,025,801,810</u>	<u>\$ 951,132,842</u>

**RHODE ISLAND INFRASTRUCTURE BANK
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATE REQUIRED STATEMENT OF ACTIVITIES
YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
Expenses	\$ 29,410,726	\$ 25,298,495
Program Revenues		
Charges for services	6,646,929	6,683,126
Operating grants and contributions	20,500	116,250
Capital grants and contributions	57,654,803	82,270,833
Total program revenues	<u>64,322,232</u>	<u>89,070,209</u>
Net (expenses) revenues	<u>34,911,506</u>	<u>63,771,714</u>
General Revenues		
Interest and investment earnings	45,257,462	31,796,406
Miscellaneous revenue	-	-
Total general revenues	<u>45,257,462</u>	<u>31,796,406</u>
Special items	-	-
Intergovernmental transfers	(5,500,000)	-
Extraordinary items	-	-
Change in net position	74,668,968	95,568,120
Total net position - beginning	<u>951,132,842</u>	<u>855,564,722</u>
Total net position - ending	<u>\$ 1,025,801,810</u>	<u>\$ 951,132,842</u>

**RHODE ISLAND INFRASTRUCTURE BANK
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATE REQUIRED SCHEDULE OF DEBT SERVICE TO MATURITY (BONDS ONLY)
LONG TERM DEBT**

Fiscal Year Ending 30-Jun	Long-Term Debt	
	Principal	Interest
2025	\$ 54,190,000	\$ 19,679,906
2026	48,205,000	18,247,927
2027	48,490,000	16,625,443
2028	45,950,000	14,984,573
2029-2030	89,205,000	25,673,678
2031-2035	174,480,000	41,989,773
2036-2040	84,175,000	19,130,335
2041-2046	12,065,000	12,619,851
2047-2050	20,870,000	6,015,800
2051-2054	24,260,000	2,024,853
	<u>\$ 601,890,000</u>	<u>\$ 176,992,139</u>

**RHODE ISLAND INFRASTRUCTURE BANK
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATE REQUIRED SCHEDULE OF CHANGES IN LONG-TERM DEBT
YEAR ENDED JUNE 30, 2024**

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due Thereafter
Bonds and leases payable, restricted	\$ 615,830,000	\$ 41,780,000	\$ 55,720,000	\$ 601,890,000	\$ 54,190,000	\$ 547,700,000
Net unamortized premium / discount	28,525,163	3,849,057	5,653,217	26,721,003	5,621,907	21,099,096
Refunding credits	(8,205,133)		(2,277,388)	(5,927,745)	(2,022,852)	(3,904,893)
Bonds payable	<u>636,150,030</u>	<u>45,629,057</u>	<u>59,095,829</u>	<u>622,683,258</u>	<u>57,789,055</u>	<u>564,894,203</u>
Notes payable	-	-	-	-	-	-
Loans payable	-	-	-	-	-	-
Obligations under capital leases	2,018,177		130,661	1,887,516	144,350	1,743,166
Net OPEB liability	-	-	-	-	-	-
Net pension obligation	-	-	-	-	-	-
Due to primary government	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-
Due to other governments and agencies	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Compensated absences	-	-	-	-	-	-
Reported as other liabilities						
Arbitrage rebate	-	614,240	-	614,240	-	614,240
Pollution remediation	-	-	-	-	-	-
Items not listed above	-	-	-	-	-	-
Other liabilities	<u>-</u>	<u>614,240</u>	<u>-</u>	<u>614,240</u>	<u>-</u>	<u>614,240</u>
	<u>\$ 638,168,207</u>	<u>\$ 46,243,297</u>	<u>\$ 59,226,490</u>	<u>\$ 625,185,014</u>	<u>\$ 57,933,405</u>	<u>\$ 567,251,609</u>

**RHODE ISLAND INFRASTRUCTURE BANK
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATE REQUIRED SCHEDULE OF CHANGES IN LONG-TERM DEBT
YEAR ENDED JUNE 30, 2023**

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due Thereafter
Bonds and leases payable, restricted	\$ 597,690,012	\$ 77,260,000	\$ 59,120,012	\$ 615,830,000	\$ 55,720,000	\$ 560,110,000
Net unamortized premium / discount	29,948,564	5,081,804	6,505,205	28,525,163	5,621,907	22,903,256
Refunding credits	(10,795,500)	(431,746)	(3,022,113)	(8,205,133)	(2,452,275)	(5,752,858)
Bonds payable	<u>616,843,076</u>	<u>81,910,058</u>	<u>62,603,104</u>	<u>636,150,030</u>	<u>58,889,632</u>	<u>577,260,398</u>
Notes payable	-	-	-	-	-	-
Loans payable	-	-	-	-	-	-
Obligations under capital leases	-	2,028,728	-	2,028,728	130,661	1,887,516
Net OPEB liability	-	-	-	-	-	-
Net pension obligation	-	-	-	-	-	-
Due to primary government	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-
Due to other governments and agencies	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Compensated absences	-	-	-	-	-	-
Reported as other liabilities						
Arbitrage rebate	1,689,111	162,550	1,851,661	-	-	-
Pollution remediation	-	-	-	-	-	-
Items not listed above	-	-	-	-	-	-
Other liabilities	<u>1,689,111</u>	<u>162,550</u>	<u>1,851,661</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 618,532,187</u>	<u>\$ 84,101,336</u>	<u>\$ 64,454,765</u>	<u>\$ 638,178,758</u>	<u>\$ 59,020,293</u>	<u>\$ 579,147,914</u>

**RHODE ISLAND INFRASTRUCTURE BANK
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATE REQUIRED SCHEDULE OF TRAVEL AND ENTERTAINMENT
YEAR ENDED JUNE 30, 2024**

Traveler(s)	Date(s)	Location	Amount	Purpose
William Fazioli	11/12-11/15/23	OKC	1,733.93	CIFA Conference
William Fazioli	4/1-4/4/24	DC	1,684.02	CIFA Conference
William Fazioli	7/10/2024	Philadelphia	201.00	Bond Buyer Conference
Jeffrey Diehl	7/1/2023	DC	50.00	National Green Bank Retreat
Jeffrey Diehl	7/1/2023	DC	50.00	MBE DOE Connect Summit
Jeffrey Diehl	7/1/2023	DC	150.00	CIFA Conference
Jeffrey Diehl	7/1/2023	DC	50.00	CIFA / Sen. Reed Meeting
Jeffrey Diehl	7/1/2023	MA	50.00	EBC Inaugral Stormwater Summit
Jeffrey Diehl	7/1/2023	DC	50.00	Greenbank Conference
Jeffrey Diehl	7/1/2023	New York	100.00	Pace Nation Summit
James Braz	6/11-6/14/24	Nashville	783.88	Pace Nation Summit
Jeffrey Diehl	7/1-6/30/24	RI	384.18	In state meetings
Anna Coelho Cortes	9/12/2023	Boston	120.00	EPA training
Joanna L'Heureux	4/1-4/4/24	DC	1,511.21	CIFA Conference
Kenneth Viera	9/13/2023	Boston	19.00	EPA training
Lilit Rose	9/14/2023	Boston	111.00	EPA training
James Braz	7/1-6/30/24	RI	348.51	In state meetings
Greg Miller	11/16-11/20/24	Long Beach	419.57	CIFA Conference
Aaron Qureshi	11/16-11/20/24	Long Beach	414.92	CIFA Conference
Anthony Hebert	4/9-4/10/24	DC	894.43	RI Days Conference
William Fazioli	7/1-6/30/23	RI	235.97	Miles for in state meetings
James Braz	7/1-6/30/23	RI	5,043.96	Miles for in state meetings
Paige Myatt	7/1-6/30/24	RI	583.58	Miles for in state meetings
Greg Miller	7/1-6/30/24	RI	179.96	Miles for in state meetings
Anna Coelho Cortes	7/1-6/30/24	RI	155.63	Miles for in state meetings
Anthony Hebert	7/1-6/30/24	RI	259.86	Miles for in state meetings
Jeffrey Diehl	7/1-6/30/24	RI	117.91	Miles for in state meetings
Subtotal			15,702.52	
Other incidental travel and entertainment			-	
Total			\$ 15,702.52	



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Rhode Island Infrastructure Bank
Providence, Rhode Island

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of Rhode Island Infrastructure Bank as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Rhode Island Infrastructure Bank's basic financial statements, and have issued our report thereon dated September 23, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Cranston, Rhode Island
September 23, 2024



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