RHODE ISLAND INFRASTRUCTURE BANK

A Component Unit of the State of Rhode Island

Basic Financial Report
June 30, 2021 and 2020

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Independent Auditors' Report

To the Board of Directors
Rhode Island Infrastructure Bank
Providence, Rhode Island

Report on the Financial Statements

We have audited the accompanying financial statements of the Rhode Island Infrastructure Bank, a component unit of the State of Rhode Island and Providence Plantations, as of and for the year ended June 30, 2021, 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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, 2021, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements as of June 30, 2020 were audited by Blum, Shapiro & Company, P.C., whose partners and staff joined CliftonLarsonAllen LLP as of January 1, 2021 and has subsequently ceased operations. Blum, Shapiro & Company, P.C.'s report dated September 17, 2020 expressed an unmodified opinion on those statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Rhode Island Infrastructure Bank's basic financial statements. The 2021 combining schedule of net position and the combining schedule of revenues, expenses, and changes in net position are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The 2020 supplementary information was subjected to the auditing procedures applied in the 2020 audit of the basic financial statements by Blum, Shapiro & Company, P.C., whose report on such information stated that it was fairly stated in all material respects in relation to the 2020 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 14, 2021 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 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 the Rhode Island Infrastructure Bank's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Cranston, Rhode Island
September 14, 2021

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, 2021 and June 30, 2020.

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.

IMPACT OF CORONAVIRUS (COVID-19)

Early in 2020, the global outbreak of COVID-19 was declared a pandemic by the World Health Organization. In response to this pandemic, Federal, State and Local governments declared states of emergency to provide greater administrative flexibility in responding to the outbreak and provide needed financial, medical, and technical resources. Most critically was development of effective vaccines to ward off the disease. Numerous measures to mitigate the spread and effects of COVID-19 were undertaken, including the imposition of travel bans, closure of non-essential businesses, limitations on gatherings, stay at home advisories and social distancing measures. In accordance with Executive Orders issued by the Governor, the Bank transitioned its staff to working remotely in March of 2020. The transition was seamless, and the Bank was able to continue its normal business operations with no service disruption to its clients. Following subsequent Executive Orders, Bank transitioned to a hybrid model with staff rotating for in-office and remote working.

Throughout the pandemic, the Bank has remained in regular communication with its borrower pool and continues to assess with them any potential financial impact, both in the near- and long-term, that may result from the pandemic and its variants. To date, the Bank has experienced no borrower delinquencies with respect to its existing loan programs. Notwithstanding two economic stimulus packages (The Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, and The American Rescue Plan Act of 2021), the potential loss to local governments and utilities of tax and other revenues could adversely impact timely receipt of loan payments which are the Bank's primary source of repayment of its bonds.

The Bank continues to closely monitor the pandemic in coordination with guidance from the Centers for Disease Control and Prevention, the Rhode Island Department of Health, and the Rhode Island Emergency Management Agency. It is expected that the information received through these monitoring efforts will help guide the Bank in making appropriate and timely decisions relative to its operating activities.

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.

Financial Highlights

Statement of Net Position – Condensed

	2021	2020	2019
Current assets	$ 452,487,674	$ 454,980,989	$ 486,813,954
Noncurrent assets	1,170,492,626	1,205,474,891	1,252,646,608
Total assets	1,622,980,300	1,660,455,880	1,739,460,562
Deferred outflows of resources (a)	5,219,372	5,975,498	5,378,818
Current liabilities	187,749,437	189,471,627	255,931,433
Noncurrent liabilities	661,123,351	724,908,764	776,046,506
Total liabilities	848,872,788	914,380,391	1,031,977,939
Deferred inflows of resources (a)	2,048,115	2,342,473	734,416
Net investment in capital assets	87,167	176,435	269,647
Restricted for program purposes	750,047,721	723,081,858	662,135,008
Unrestricted	27,143,881	26,450,221	49,722,370
Total net position	$ 777,278,769	$ 749,708,514	$ 712,127,025

(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, 2021 and June 30, 2020

- Total assets for the period ending June 30, 2021 amounted to $1.623 billion, a decrease of $37.5 million, or 2.3%, from the previous year end when total assets amounted to $1.660 billion.

- Total investments amounted to $29.8 million on June 30, 2021, down $30.2 million from $60.0 million at the end of the prior fiscal year. The decrease is attributed to fixed income maturities in fiscal year 2021 being rolled into an overnight government obligations fund and the liquidation of certain bonds to facilitate the redemption of debt (see note below on bonds payable). Like the second half of fiscal year 2020, the market continued to present significant challenges for fixed income investors throughout all of 2021. The combined impact of the Federal Reserve's holding overnight rates at 25 basis points[1] and open market activities with bond purchases have kept rates in the Bank's time horizon at historically low levels. As there was no yield "give up" between the overnight fund compared to short-duration fixed income securities, funds from maturing fixed income securities were rolled into the overnight sector.

- Loans outstanding amounted to $1.277 billion on June 30, 2021, a decrease of 1.6% from $1.297 billion on June 30, 2020. While loan originations amounted to $83.8 million in fiscal year 2021, principal repayments on existing loans equaled $97.3 million during the same period. Against the backdrop of the pandemic and borrower uncertainty around eligibility of CARES Act and American Rescue Plan Act funds for infrastructure projects, which might supplant lending from the Bank's programs, loan originations in 2021 were in-line with the long-term trend and management's expectations.

- Net investment in capital assets decreased to $87,167 on June 30, 2021 from $176,435 at June 30, 2020. The decrease is attributable to depreciation as there were no new capital assets in 2021.

- Project costs payable (which are committed loan proceeds that have yet to be disbursed and shown in current liabilities) were largely unchanged in fiscal year 2021. Such liabilities amounted to $110.9 million and $112.4 million on June 30, 2021 and June 30, 2020, respectively.

- Bonds payable amounted to $730.0 million at year-end 2021, a decrease of $63.4 million from $793.4 million at the prior year-end. The decrease is largely attributable to principal payments made on existing bonds outstanding of $64.5 million in fiscal year 2021 compared to $55.6 million in the prior year. Additionally, the Bank redeemed, with available liquidity, certain callable bonds with a par amount of $9.5 million. Lastly, in October 2020, the Bank issued $13.97 million in bonds under the Efficient Buildings Fund.

- During fiscal year 2021, the Bank's unrestricted net position increased $693,660 and amounted to $27.1 million on June 30, 2021. The Bank's unrestricted cash position amounted to $6.3 million at fiscal year-end 2021, up from $4.3 million on June 30, 2020.

- Overall, the Bank's financial position improved in 2021. The total net position amounted to $777.3 million at fiscal year-end 2021 compared to $749.7 million on June 30, 2020, an increase of $27.6 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 Net Position – as of fiscal periods ending June 30, 2020 and June 30, 2019

- Total assets for the period ending June 30, 2020 amounted to $1.660 billion, a decrease of $79.0 million from the previous year end when total assets amounted to $1.739 billion.

- The total net position amounted to $749.7 million on June 30, 2020 compared to $712.1 million at June 30, 2019, an increase of $37.6 million. As was the case in the year ended June 30, 2021, the increase was substantially related to non-operating grant income.

[1] A basis point is one hundredth of one percent.

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

	2021	2020	2019
Interest income – loans	$ 23,963,242	$ 23,981,078	$ 24,640,810
Interest income – investments	(743,453)	6,253,156	9,084,762
Other operating income	6,283,859	6,051,766	6,996,449
Grant income – operating	246,707	1,371,633	2,582,228
Total operating revenues	29,750,355	37,657,633	43,304,249
Interest expense	17,136,574	21,334,595	22,244,946
Other operating expenses:			
Principal forgiveness	2,705,141	2,654,317	2,133,647
Consulting fees to partner agencies	2,991,780	3,817,475	4,118,416
General administrative	3,314,030	3,730,289	3,608,355
Professional fees	1,398,905	986,283	1,150,832
Total operating expenses	27,546,430	32,522,959	33,256,196
Operating income	2,203,926	5,134,674	10,048,053
Grant income – non-operating	25,366,329	54,236,815	52,342,610
Less; intergovernmental transactions	0	21,790,000	4,000,000
Change in net position	27,570,255	37,581,489	58,390,663
Net position, beginning of year	749,708,514	712,127,025	653,736,362
Net position, end of year	$ 777,278,769	$ 749,708,514	$ 712,127,025

Statement of Revenues, Expenses and Changes in Net Position – for the fiscal years ending June 30, 2021 and June 30, 2020

- The Bank's operating revenues amounted to $29.8 million in fiscal year 2021 compared to $37.7 million for fiscal year 2020, a decrease of $7.9 million or 21%. As discussed below, $7.0 million of the decrease is attributed to investment income with the balance emanating from grant income – operating.

- Interest income on loans was essentially unchanged and amounted to approximately $24.0 million in fiscal year 2021 and 2020. The interest income on loans caption also includes amortization of upfront payments made to borrowers emanating from refunding activities. Such amounts are capitalized and are being amortized over the average life of the new debt issued. Such amortization equaled $1.6 million in both fiscal year 2021 and 2020.

- Interest income on the Bank's investments fell appreciably and swung to expense of $743,453 in fiscal year 2021 versus $6.3 million in income in the prior fiscal year. This expense is largely attributable to the decline in market rates across the yield curve due to the pandemic and remained at historically low levels throughout all of fiscal year 2021. In addition, expense related to the Bank's arbitrage rebate[2] liability amounted to $1.1 million in fiscal year 2021 compared to $368,833 in the prior fiscal year.

[2] When investment earnings are more than the related bond yield then an arbitrage rebate is payable to the Internal Revenue Service. For the Bank, the entirety of the liability is attributable to its guaranteed investment contracts which carry yields that are significantly above current market yields – please see Note 3 to the financial statements for more information.

- Other operating income, which consists of loan origination and servicing fees was $6.3 million in fiscal year 2021 compared to $6.1 million a year earlier, an increase of $232,093 or 4%. The increase is entirely attributable to loan origination fees which reflects an increase in loan originations in fiscal year 2021 compared to 2020. Such income increased by $342,664 in fiscal year 2021. Loan servicing fees fell by $110,571 and is attributed to lower loans outstanding and the impact of the reduction in the loan servicing fee from 50 basis points per annum on the unpaid principal balance to 30 basis points effective for loans originated after December 31, 2019.

- Grant income – operating amounted to $246,707 in fiscal year 2021 compared to $1.4 million in fiscal year 2020. In 2021 such income represented receipt of grant funds from the Economic Development Administration to provide assistance with the inventory and assessment of surplus U.S. Navy property and infrastructure on Aquidneck Island. In fiscal year 2020, the income was largely related to drinking water capital grant drawdowns from Environmental Protection Agency (EPA) for further payment to the partner agency for their oversight of the program – such income in 2021 was classified as grant income and other contributed capital.

- Owing to the combined impact of previously refunded debt and lower average outstanding balances, interest expense, net of premium amortization, decreased $4.2 million and amounted to $17.1 million for fiscal year 2021 compared to $21.3 million in the year ago period.

- Principal forgiveness on customer loans increased $50,824 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 well.

- Consulting fees to partner agencies decreased $825,695, or 22%, and amounted to $3.0 million compared to $3.8 million in 2020. The decrease is largely a function of timing and deferred spending attributable to the pandemic.

- The Bank's general administrative expenses decreased by 11% and amounted to $3.3 million compared to $3.7 million in the prior fiscal year. Most of the decrease emanated from reduced bond issuance costs. Decreased expenses also occurred in marketing, related to reduced spending due to the pandemic, and depreciation expense on capitalized fixed assets. These decreases were partially offset by increases in compensation and benefit expense and information technology-related costs.

- Professional fees increased $412,622 in fiscal year ending June 30, 2021 and amounted to $1.4 million compared to $986,283 in the prior year. The increase was driven by the cost sharing relationship related to the property and infrastructure study on Aquidneck Island (noted above), costs related to the Bank's MRP program, and household income surveys to determine qualification to receive principal forgiveness. Other costs in the caption such as general legal, correspondent and trustee fees, audit services, and financial advisory fees were largely unchanged in fiscal year 2021 compared to the year ago period.

- Grant income – non-operating amounted to $25.4 million in fiscal year 2021 compared to $54.2 million for the prior fiscal year. Capitalization grant drawdowns from EPA are recorded under this caption and were down appreciably in 2021. This decrease is a function of timing with (i) assignment of capitalization grants to borrowers and (ii) borrower draw requests. Also contributing to the decrease was the $9.9 million in State Water Pollution Abatement funds received in fiscal year 2020 and a $9.0 million decrease in capital received from the state for the benefit of the Municipal Road and Bridge (MRB) program.

- While there were no intergovernmental transactions in fiscal year 2021, in the prior year such transfers amounted to $21.8 million and included $9.0 million of unrestricted operating capital and $12.8 million of capital from the MRB program. The total of all funds transferred to the state over the prior three years amounted to $29.3 million.

- The change in net position in fiscal year 2021 equaled $27.6 million which served to increase the net position on June 30, 2021 to $777.3 million.

Statement of Revenues, Expenses and Changes in Net Position – for the fiscal years ending June 30, 2020 and June 30, 2019

- The Bank's operating revenues amounted to $37.7 million in fiscal year 2020 versus $43.3 million for FY 2019, a decrease of $5.6 million or 13%.
- Interest expense and operating expenses amounted to $21.3 million and $32.5 million, respectively, for the 2020 fiscal year compared to $22.2 million and $33.3 million, respectively, in the 2019 fiscal year.
- Grant income amounted to $54.2 million and $52.3 million in fiscal year 2020 and 2019, respectively.
- After intergovernmental transactions, the change in net position amounted to $37.6 million in fiscal year 2020 compared to $58.4 million in fiscal year 2019.
- The net position on June 30, 2021 and June 30, 2020 amounted to $749.7 million and $712,127 million, respectively.

Lending Activity

During fiscal year 2021 the Bank originated $83.8 million in new loans. In addition, the Bank facilitated the origination of $20.0 million of C-PACE loans which are funded by third-party lenders. At fiscal year-end 2021, total loans outstanding amounted to $1.276 billion.

Segment	2021	2020	2019
Clean Water	$ 4,100,000	$ 5,162,500	$ 50,765,000
Stormwater Project Accelerator	1,800,000	2,059,176	300,000
Drinking Water	50,705,125	11,680,000	70,642,496
Municipal Road and Bridge*	-	32,500,000	24,000,000
Clean Energy**	47,229,579	60,619,045	6,053,584
Total	$ 103,834,704	$ 112,020,721	$ 151,761,080

*Due to the pandemic, there were three MRB loans equaling $17.8 million that will close early in the 2022 fiscal year.
**Included in the caption are C-PACE loans. Such lending amounted to $20.0 million, $58.2 million, and $2.6 million in 2021, 2020, and 2019, respectively.

In addition to the above lending activities, the Bank also completed direct grants of $1,553,853 and $505,470 under the Municipal Resilience Program and Water Quality Protection Charge, respectively.

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: 235 Promenade Street, Suite 119, Providence, Rhode Island 02908, telephone number (401) 453-4430 or email us at info@riib.org.

RHODE ISLAND INFRASTRUCTURE BANK

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

Statements of Net Position – June 30, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Unrestricted:		
Cash, cash equivalents and investments	$ 6,291,929	$ 4,330,604
Restricted:		
Cash and cash equivalents	298,898,445	285,464,555
Investments	29,782,277	60,019,409
Total restricted cash, cash equivalents and investments	328,680,722	345,483,964
Other current assets:		
Unrestricted:		
Prepaid expenses, other assets and other receivables	163,413	215,677
Restricted:		
Service fees receivable	1,786,834	1,869,967
Loans receivable	106,297,539	92,115,890
Accrued interest receivable:		
Loans	8,308,266	8,419,676
Investments	958,971	2,545,211
Total current assets	452,487,674	454,980,989
Noncurrent assets:		
Unrestricted:		
Loans receivable	65,731,715	83,483,005
Capital assets - property and equipment, net	87,167	176,435
Total unrestricted noncurrent assets	65,818,882	83,659,440
Restricted:		
Loans receivable	1,104,673,744	1,121,815,451
Total noncurrent assets	1,170,492,626	1,205,474,891
Total assets	1,622,980,300	1,660,455,880
Deferred Outflows of Resources	5,219,372	5,975,498
Liabilities		
Current liabilities:		
Project costs payable	110,920,770	112,401,685
Bonds payable	70,253,107	69,598,427
Accrued interest payable	6,113,390	6,626,338
Accounts payable and accrued expenses	462,170	412,673
Accrued arbitrage rebate	-	432,504
Total current liabilities	187,749,437	189,471,627
Noncurrent liabilities:		
Bonds payable	659,698,359	723,844,544
Accrued arbitrage rebate	1,424,992	1,064,220
Total noncurrent liabilities	661,123,351	724,908,764
Total liabilities	848,872,788	914,380,391
Deferred Inflows of Resources	2,048,115	2,342,473
Net position		
Net investments in capital assets	87,167	176,435
Restricted for program purposes	750,047,721	723,081,858
Unrestricted	27,143,881	26,450,221
Total net position	$ 777,278,769	$ 749,708,514

See notes to financial statements.

RHODE ISLAND
INFRASTRUCTURE BANK

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, 2021 and 2020

	2021	2020
Operating revenues:		
Interest income - loans	$ 23,963,242	$ 23,981,078
Interest income - Investments	(743,453)	6,253,156
Loan servicing fees	5,445,128	5,555,699
Loan origination fees	838,731	496,067
Grant income - program administration	246,707	1,371,633
Total operating revenues	29,750,355	37,657,633
Operating expenses:		
Interest expense, net of premium amortization	17,136,574	21,334,595
Program administration, partner agencies	2,991,780	3,817,475
Principal forgiveness	2,705,141	2,654,317
Compensation and benefits	2,234,275	1,957,270
Debt issuance	343,195	925,253
Professional services	780,197	307,042
Legal	177,459	191,978
Correspondent and trustee	260,289	319,443
Information technology	160,331	143,627
Marketing	118,079	152,415
Audit and accounting	62,460	59,845
Financial advisory	118,500	107,975
Loan origination service	127,500	150,678
Occupancy and office expense	175,033	176,140
Depreciation	89,268	146,489
Insurance	52,800	48,939
Business and travel	121	12,691
Dues and subscriptions	10,162	14,957
Seminars	3,265	1,830
Total operating expenses	27,546,429	32,522,959
Operating income	2,203,926	5,134,674
Non-operating revenue:		
Grant income and other contributed capital	25,366,329	54,236,815
Non-operating expenses:		
Intergovernmental transactions	-	21,790,000
Change in net position	27,570,255	37,581,489
Net position, beginning of the year	749,708,514	712,127,025
Net position, end of the year	$ 777,278,769	$ 749,708,514

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, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Loan repayments	$ 97,338,045	$ 92,955,020
Operating grants	246,707	1,371,633
Origination fees	838,731	496,067
Loan servicing fees	5,528,261	5,525,340
Investment income	842,787	6,643,095
Loan disbursements	(85,536,558)	(125,425,748)
Payments for goods and services	(5,007,946)	(5,697,135)
Bond issuance costs	(343,195)	(925,253)
Payments for personnel-related costs	(2,217,098)	(1,960,391)
Net cash provided by (used for) operating activities	11,689,734	(27,017,372)
Cash flows from capital and related financing activities:		
Purchases of property and equipment	-	(53,277)
Cash flows from noncapital financing activities:		
Proceeds from bond issuance	16,033,589	30,797,329
Repayment of bond principal	(64,528,866)	(55,553,214)
Refunding credits paid to borrowers	-	(8,408,641)
Non-operating grants	25,366,329	54,236,815
Intergovernmental transactions	-	(21,790,000)
Interest paid on bonds	(25,411,696)	(27,893,679)
Net cash used for noncapital financing activities	(48,540,644)	(28,611,390)
Cash flows from investing activities:		
Interest income - loans	24,074,652	24,512,541
Arbitrage rebate paid to U.S. Treasury	(1,192,721)	(507,430)
Proceeds from (purchases of) investments, net	29,364,194	24,130,416
Net cash provided by investing activities	52,246,125	48,135,527
Cash and cash equivalents, beginning of the year	289,795,159	297,341,671
Cash and cash equivalents, end of the year	$ 305,190,374	$ 289,795,159

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, 2021 and 2020 continued

	2021	2020
Operating Income	$ 2,203,926	$ 5,134,674
Adjustments		
Depreciation	89,268	146,489
Amortization of bond premiums and discounts, net	(8,223,944)	19,789,442
Increase in investments receivable	1,586,241	389,939
Interest income - loans	(23,963,242)	(23,981,078)
Interest expense	25,360,518	1,545,153
Loan principal forgiveness	2,705,141	2,654,317
Net disbursements of loans receivable	12,017,726	(32,469,351)
Increase in prepaid expenses	(52,264)	2,685
Increase in accounts payable	49,497	(199,283)
(Increase) decrease in accounts receivable - service fees	(83,133)	(30,359)
Net cash used by operating activities	$ 11,689,734	$ (27,017,372)
Supplementary cash flow information:		
Noncash transactions:		
Increase in loans receivable issued related to project costs payable	$ 32,512,835	$ 14,157,295
Increase (decrease) in fair value of investments	$ (872,938)	$ 3,016,803
Noncash activity related to refunding bonds	$ -	$ 145,356,976

See 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

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
Brownfields Revolving Loan Fund (Brownfields RLF)	The Fund provides financing for the remediation of properties contaminated with hazardous substances. The Rhode Island Department of Environmental Management (DEM), in partnership with the Rhode Island Commerce Corporation (RICC), is responsible for producing a project priority list (PPL) of eligible sites for the Bank to provide financing. In June 2016, the Bank was awarded an initial grant of $820,000 from the EPA.
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.

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 flow of financial resources measurement focus (which shows the extent to which financial resources obtained during a period are sufficient to cover expenses incurred during that period against financial resources) and the accrual basis of accounting as specified by the GASB requirements for a special purpose entity engaged solely in business-type activities.

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 Footnote 3 "Investments," the Bank's investments as of June 30, 2021 and 2020 consisted of U.S. Treasury obligations, U.S. agency obligations (e.g., FannieMae, FreddieMac, and the Federal Home Loan Bank), municipal bonds, 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.

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 2021 and 2020 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. 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, 2021 or June 30, 2020 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.

Note 1. Summary of Significant Accounting Policies (continued)

Based on calculations that were performed as of June 30, 2021 and 2020, the Bank had accrued arbitrage rebate liabilities totaling $1,424,992 and $1,496,724, respectively. During 2021 and 2020, the Bank paid to the Treasury $1,192,721 and $507,356, 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, 2021 and 2020, undrawn funds amounted to $110,920,770 and $112,401,685 respectively. Narragansett Bay Commission (NBC), the Bank's largest borrower, did not have any undrawn project costs as of June 30, 2021; however, at the prior year-end, NBC had $6,916,739 in undrawn funds.

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 $8,223,944 and $7,498,211 for fiscal years 2021 and 2020, 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.

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 November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. While the Statement was effective for reporting periods beginning after June 15, 2019, it had no effect on the Bank's financial statements.

In January 2018, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement is designed to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement was effective for reporting periods beginning after December 15, 2019 and had no impact on the Bank's financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement was established to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement become effective for reporting periods beginning after June 15, 2021. Management is currently evaluating the impact this Statement will have on the Bank's financial statements.

In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.* This statement's primary objective is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement became effective for reporting periods beginning after June 15, 2019 and had no impact on the Bank's financial statements.

In June 2018, GASB issued Statement No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of

Note 1. Summary of Significant Accounting Policies (continued)

paragraphs 5−22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement became effective for reporting periods beginning after December 15, 2020 and had no impact on the Bank's financial statements.

In August 2018, GASB issued Statement No. 90 *Majority Equity Interests.* The primary objective of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance will include only transactions that occurred subsequent to the acquisition. The requirements of this Statement became effective for reporting periods beginning after December 15, 2019 and had no impact on the financial statements.

In May 2020, GASB issued Statement No. 91 – *Conduit Debt Obligations.* Once effective, GASB 91 will improve existing standards for government issuers by eliminating diversity in practice associated by providing a single method to report conduit debt obligations and related commitments. The GASB's existing standards, Interpretation No. 2, *Disclosure of Conduit Debt Obligations*, which allowed government issuers either to recognize conduit debt obligations as their own debt or to disclose them, which adversely affects the comparability of financial statement information.

While with the adoption of Statement 91 government issuers will no longer report conduit debt obligations as liabilities, issuers will be required to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Certain issuers may need to recognize a liability related to commitments they make or voluntarily provide associated with conduit debt if qualitative factors indicate that it is more likely than not that it will support one or more debt service payments for a conduit debt obligation. Irrespective, the issuer is required to disclose the same general information as noted above. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021 and GASB encourages earlier application. Management is currently evaluating the impact this Statement will have on the Bank's financial statements.

Note 1. Summary of Significant Accounting Policies (continued)

In January of 2020, GASB issued Statement No. 92 – *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports;
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan;
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits;
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements;
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition;
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers;
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature; and,
- Terminology used to refer to derivative instruments.

The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective for fiscal years beginning after June 15, 2021. The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020. The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020. The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021. The requirements of this Statement had no impact on the Bank’s financial statements.

In March of 2020, GASB issued Statement No. 93 – *Replacement of Interbank Offered Rates*. This statement addresses the issue raised about how the London Interbank Offered Rate (LIBOR) was determined and its expected cessation by the end of 2021. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022 (June 30, 2023 or December 31, 2023).

In March of 2020, GASB issued Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment

Note 1. Summary of Significant Accounting Policies (continued)

arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

In May of 2020, GASB issued Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

In May of 2020, GASB issued Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This statement addresses cloud computing and other subscription-based forms of software applications and data storage. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

In June of 2020, GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. The requirements of this Statement had no impact on the Bank's financial statements.

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.

Reclassification of prior year presentation: Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

Note 2. Cash and Cash Equivalents

At June 30, 2021 and 2020, the carrying amount of the Bank's cash deposits was $36,686,948 and $19,462,522, respectively, of which $319,709 was covered by the Federal Depository Insurance Corporation and $36,367,239 and $19,212,522, respectively, was uninsured and uncollateralized. 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.

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

Description	2021	2020
Deposits with financial institutions	$ 36,686,948	$ 19,462,521
Institutional money market accounts – government portfolio	268,503,426	270,332,638
Cash and cash equivalents	$ 305,190,374	$ 289,795,159

Description	2021	2020
Unrestricted:		
Deposits with financial institutions	$ 6,289,704	$ 3,989,130
Institutional money market accounts – government portfolio	2,225	341,474
Subtotal	6,291,929	4,330,604
Restricted:		
Deposits with financial institutions	30,397,244	15,473,391
Institutional money market accounts – government portfolio	268,501,201	269,991,164
Subtotal	298,898,445	285,464,555
Cash and cash equivalents	$ 305,190,374	$ 289,795,159

Unrestricted cash: Cash and cash equivalents of $6,291,929 and $4,330,604 as of June 30, 2021 and 2020, 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 2021 and 2020, institutional money market accounts consisted of the following:

Issuer	2021	2020
First American Funds – Government Obligations	$ 250,489,160	$ 250,759,861
First American Funds – U.S. Treasury	18,014,266	19,572,777
Total	$ 268,503,426	$ 270,332,638

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

Note 3. Investments

The Bank's investments consisted of the following at June 30, 2021:

2021	Amount	Maturity Date(s)	Interest Rate(s)	Credit Ratings Moody's/S&P
US agency and Treasury securities:				
Federal National Mortgage Association	$ 541,394	2023 – 2026	1.25% - 2.00%	AAA/AA+
Federal Home Loan Mortgage Corp	8,501,324	2020 – 2028	1.75% - 2.35%	AAA/AA+
Federal Home Loan Bank	3,035,792	2021 – 2023	4.75% - 5.63%	AAA/AA+
Treasury Bonds and Notes	2,010,594	2020 – 2022	1.37% - 2.25%	AAA/AAA
Subtotal	14,089,104			
Municipal bonds:				
Oregon State	2,062,145	2021 – 2023	4.87% - 5.02%	AA2/AA
Guaranteed investment contracts[1]:				
FSA Capital Management[2]	2,868,684	2024	4.71%	A2/AA
FSA Capital Management[2]	4,114,385	2025	4.67%	A2/AA
FSA Capital Management[2]	2,886,479	2027	4.79%	A2/AA
Mass Mutual Life Insurance Company	3,761,480	2029	4.50%	Aa3/AA+
Subtotal	13,631,028			
Total investments	$ 29,782,277			

[1]Credit ratings reflect the rating of the issuer.
[2]Guaranteed by Assured Guaranty Municipal Corporation. With consent from the Bank, FSA Capital Management GICs were transferred to Mass Mutual Life Insurance Company on August 18, 2021.

The Bank's investments consisted of the following at June 30, 2020:

2020	Amount	Maturity Date(s)	Interest Rate(s)	Credit Ratings Moody's/S&P
US agency and Treasury securities:				
Federal National Mortgage Association	$ 791,997	2023 – 2026	1.25% - 2.00%	AAA/AA+
Federal Home Loan Mortgage Corp	11,155,039	2020 – 2028	1.75% - 2.35%	AAA/AA+
Federal Home Loan Bank	4,517,637	2021 – 2023	4.75% - 5.63%	AAA/AA+
Treasury Bonds and Notes	17,472,538	2020 – 2022	1.37% - 2.25%	AAA/AAA
Subtotal	33,937,211			
Municipal bonds:				
Oregon State	3,640,863	2021 – 2023	4.87% - 5.02%	AA2/AA
Guaranteed investment contracts[1]:				
FSA Capital Management[2]	3,486,554	2024	4.71%	A2/AA
FSA Capital Management[2]	5,310,321	2025	4.67%	A2/AA
FSA Capital Management[2]	3,289,620	2027	4.79%	A2/AA
Citigroup Financial Products[3]	6,593,360	2027	4.81%	A3/BBB+
Mass Mutual Life Insurance Company	3,761,480	2029	4.50%	Aa3/AA+
Subtotal	22,441,335			
Total investments	$ 60,019,409			

[1]Credit ratings reflect the rating of the issuer.
[2]Guaranteed by Assured Guaranty Municipal Corporation.
[3]Guaranteed by Citigroup, Inc. As of June 30, 2021, Citigroup's rating is below the minimum rating requirement as disclosed in Note 1 "Summary of Significant Accounting Policies". Management has determined that the current ratings and outlook do not warrant subsequent action.

Note 3. Investments (continued)

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.

The Bank has GICs with multiple providers who maintain 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 totaled $13,631,028 and $22,441,335 as of June 30, 2021 and 2020, 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, 2021 and 2020, maturities of the Bank's investment by sector were as follows:

		Years			
Sector – 2021	Total Fair Value	Less than 1	1 - 5	6 - 10	More than 10
U.S. agency securities	$ 12,078,510	$ 2,009,611	$ 7,775,144	$ 2,293,755	$ -
U.S. Treasury securities	2,010,594	1,647,884	362,710	-	-
Municipal bonds	2,062,146	1,587,952	474,194	-	-
Guaranteed investment contracts	13,631,028	-	6,983,069	6,647,959	-
	$ 29,782,278	$ 5,245,447	$ 15,595,117	$ 8,941,714	$ -

		Years			
Sector – 2020	Total Fair Value	Less than 1	1 - 5	6 - 10	More than 10
U.S. agency securities	$ 16,464,673	$ 4,191,686	$ 9,924,127	$ 2,348,860	$ -
U.S. Treasury securities	17,472,538	15,437,459	2,035,079	-	-
Municipal bonds	3,640,863	1,498,812	2,142,051	-	-
Guaranteed investment contracts	22,441,335	-	8,796,875	13,644,460	-
	$ 60,019,409	$ 21,127,957	$ 22,898,132	$ 15,993,320	$ -

Note 3. Investments (continued)

Fair value measurement: The Bank's investments are recorded at fair value as of June 30, 2021 and 2020, 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:

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, 2021 and 2020:

2021 Investment Sector	Quotes Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total Fair Value
U.S. agency securities	$ -	$ 12,078,510	$ 12,078,510
U.S. Treasury securities	2,010,594	-	2,010,594
Municipal bonds	-	2,062,146	2,062,146
Total investments	$ 2,010,594	$ 14,140,656	$ 16,151,250

2020 Investment Sector	Quotes Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total Fair Value
U.S. agency securities	$ -	$ 16,464,673	$ 16,464,673
U.S. Treasury securities	17,472,538	-	17,472,538
Municipal bonds	-	3,640,863	3,640,863
Total investments	$ 17,472,538	$ 20,105,536	$ 37,578,074

The Bank had no investments that were categorized as Level 3 at either June 30, 2021 or June 30, 2020 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.

Note 3. Investments (continued)

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:

	Percentage of Total Investments	
Issuer	2021	2020
Treasury Bonds and Notes	7%	30%
FSA Capital Management	33%	20%
Federal Home Loan Mortgage Corp	30%	19%
Citigroup Financial Products	0%	11%
Federal Home Loan Bank	10%	8%
Oregon State	7%	6%
Mass Mutual Life Insurance Company	13%	6%
Bayern LB	0%	0%

Note 4. Loans Receivable

At June 30, 2021 and 2020, the Bank had loans outstanding of $1,276,702,998 and $1,297,414,346, 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.

At June 30, 2021, the Bank's top three borrowers had loans receivable of $572,559,243 representing approximately 47% of total loans receivable, compared to 44% of total loans receivable at June 30, 2020.

Principal forgiveness loans: On an annual basis, the Bank receives capitalization grants which are used to originate loans with some of its principal forgiven. The Bank's historical capitalization grants available for principal forgiveness loans for CWSRF are summarized below:

Capitalization Grant	Capitalization Grant Award	Principal Forgiveness Component	Principal Forgiveness Loans Issued as of FY2021
2009-2016	$ 96,084,600	$ 18,560,530	$ 18,560,530
2017	8,892,000	889,200	889,200
2018	10,777,000	1,077,700	1,077,700
2019	10,669,000	1,066,900	1,066,900
2020	10,670,000	1,067,000	-
	$ 137,092,600	$ 22,661,330	$ 21,594,330

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		Principal Forgiveness Component		Principal Forgiveness Loans Issued as of FY2021
2009-2016	$	85,831,000	$	25,315,300	$	24,484,323
2017		8,241,000		1,648,200		1,648,200
2018		11,107,000		2,221,400		2,221,400
2019		11,004,000		2,200,800		2,200,800
2020		11,011,000		2,202,200		28,009
	$	127,194,000	$	33,587,900	$	30,582,732

Loans made to eligible borrowers under the CWSRF and DWSRF programs may be forgiven if certain continuing criteria are met, including that the borrower continues to make debt service payments, continues to operate the project in compliance with laws and regulations, and does not dispose of or discontinue the project. For purposes of the basic financial statements, the Bank recognizes principal forgiveness expense as the related loans are repaid. The total amount forgiven under these programs in fiscal years 2021 and 2020 was $2,690,823 and $2,654,317, 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 and are included in its financial statements, 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, 2021 and 2020, there were seven series of conduit bonds outstanding, with an aggregate principal amount payable of $55,310,000 and $62,919,000 respectively.

The Bank had the following revenue bonds outstanding at June 30, 2021:

Clean Water Program		2021		2020
2000 Series A Bonds, dated December 1, 2000 with serial bonds of $26,550,000 at rates varying from 4.50% to 5.125% due annually from October 1, 2001 through October 1, 2020. On May 6, 2010, the Bank advance refunded $7,430,000 of the outstanding bonds. Bond was redeemed on August 17, 2020	$	-	$	825,000
2002 Series A Bonds, dated April 1, 2002 with serial bonds of $29,305,000 at rates varying from 3.00% to 5.50% due annually from October 1, 2002 through October 1, 2022. On May 6, 2010, the Bank advance refunded $7,505,000 of the outstanding bonds. Bond was redeemed on August 17, 2020.		-		2,855,000

Note 5. Bonds Payable (continued)

2002 Series B Bonds, dated October 1, 2002, with serial bonds of $76,035,000 at rates varying from 2.0% to 5.0% due annually from October 1, 2004 through October 1, 2022. On May 6, 2010, the Bank advance refunded $25,260,000 of the outstanding bonds. Bond was partially redeemed on August 17, 2020.	6,350,000	7,325,000
2006 Series A Bonds, dated December 21, 2006, with serial bonds of $57,795,000 at rates varying from 3.40% to 5.00% due annually from October 1, 2007 through October 1, 2027. On October 6, 2015, the Bank advance refunded $27,085,000 of the outstanding bonds. Bond was redeemed on August 17, 2020	-	5,855,000
2010 Series A Refunding Bonds, dated May 6, 2010, with serial bonds of $77,140,000 at rates varying from 2.00% to 5.00% due annually from October 1, 2010 through October 1, 2023. On December 18, 2019, the Bank advance refunded $10,735,000 of the outstanding bonds.	-	7,750,000
2010 Series B Bonds, dated June 24, 2010, with serial bonds of $30,145,000 at rates varying from 3.00% to 5.00% due annually from October 1, 2012 through October 1, 2030. On June 28, 2017 and December 18, 2019, the Bank advance refunded $17,480,000 and $960,000, respectively, of the outstanding bonds.	-	2,110,000
2011 Series A Bonds, dated March 29, 2011, with serial bonds of $40,200,000 at rates varying from 2.00% to 5.00% due annually from October 1, 2012 through October 1, 2032. *On June 28, 2017, the Bank advance refunded $27,105,000 of the outstanding bonds.*	-	1,675,000
2012 Series A Bonds, dated June 28, 2012, with serial bonds of $25,620,000 at rates varying from 2.00% to 5.00% due annually from October 1, 2014 through October 1, 2033. On December 18, 2019, the Bank advance refunded $10,340,000 of the outstanding bonds.	6,605,000	8,045,000
2012 Series B Refunding Bonds, dated November 8, 2012, with serial bonds of $65,860,000 at rates varying from 2.00% to 5.00% due annually from October 1, 2013 through October 1, 2025.	24,505,000	30,385,000
2013 Series A Bonds, dated June 6, 2013, with serial bonds of $52,070,000 at rates varying from 1.50% to 5.00% due annually from October 1, 2015 through October 1, 2034. On December 18, 2019, the Bank advance refunded $40,225,000 of the outstanding bonds.	4,315,000	6,210,000
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, the Bank advance refunded $31,335,000 of the outstanding bonds.	12,535,000	14,730,000
2015 Series A Bonds, dated July 30, 2015, with serial bonds of $56,275,000 at rates varying from 3% to 5% due annually from October 1, 2017 through October 1, 2044. On December 18, 2019, the Bank advance refunded $2,880,000 of the outstanding bonds.	46,815,000	48,570,000

Note 5. Bonds Payable (continued)

2015 Series B and 2015 Series C Refunding Bonds, dated October 6, 2015, with serial bonds of $24,345,000 at rates varying from 2% to 5% due annually from October 1, 2016 through October 1, 2026; and serial bonds of $23,355,000 at rates varying from 1.75% to 5% due annually from October 1, 2018 through October 1, 2027, respectively. The Bank's defeasance of the 2005A and 2006A bonds resulted in economic present value savings of $5,259,859 or 10%.	27,905,000	32,470,000
2016 Series A Refunding Bonds, dated June 2, 2016, with serial bonds of $49,060,000 at rates varying from 1.75% to 5% 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%.	42,170,000	45,395,000
2016 Series B Bonds, dated June 2, 2016, with serial bonds of $18,790,000 at rates varying from 2% to 5% due annually from October 1, 2017 through October 1, 2037.	16,685,000	17,375,000
2017 Series A Bonds, dated April 13, 2017, with serial bonds of $28,130,000 at rates varying from 3% to 5% due annually from October 1, 2018 through October 1, 2036.	21,690,000	23,905,000
2017 Series B Bonds, dated June 28, 2017, with serial bonds of $41,120,000 at rates varying from 3% to 5% 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%.	41,120,000	41,120,000
2018 Series A Bonds, dated April 25, 2018, with serial bonds of $17,715,000 at rates varying from 3% to 4% 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% to 5% 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%.	109,815,000	112,870,000
Program Total	378,225,000	427,185,000

Drinking Water Program	2021	2020
2012 Series A Bonds, dated June 14, 2012, with serial bonds of $34,620,000 at rates varying from 0.55% to 5.00% due annually from October 1, 2014 through October 1, 2033. On December 18, 2019, the Bank advance refunded $18,975,000 of the outstanding bonds.	5,420,000	6,940,000
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, the Bank advance refunded $10,095,000 of the outstanding bonds.	18,505,000	19,870,000
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.	18,170,000	22,300,000

Note 5. Bonds Payable (continued)

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, the Bank advance refunded $3,350,000 of the outstanding term bonds due October 1, 2036.	7,525,000	8,065,000
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.	18,790,000	19,810,000
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%.	19,480,000	21,400,000
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.	10,485,000	10,925,000
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.	2,081,533	3,075,399
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.	31,600,000	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%.	9,315,000	9,735,000
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%.	6,490,000	6,490,000
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%.	38,950,000	39,805,000
Program Total	186,811,533	200,015,399

Municipal Road & Bridge	2021	2020
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.	12,570,000	13,290,000
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.	14,425,000	14,915,000
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.	12,765,000	12,765,000
Program Total	39,760,000	40,970,000

Note 5. Bonds Payable (continued)

Efficient Buildings Fund	2021	2020
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.	16,110,000	17,265,000
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.	13,970,000	-
Program Total	30,080,000	17,265,000

Conduit Bonds	2021	2020
2008 Wastewater Revenue Bonds (City of Warwick), dated April 30, 2008, with serial bonds of $4,000,000 at 4.85% due annually from March 1, 2009 through March 1, 2028	1,835,000	2,050,000
2011 Series A Bonds, (City of Newport), dated March 31, 2011 with serial bonds of $10,345,000 at 4.30% due annually from September 1, 2011 through September 1, 2026	4,980,000	5,685,000
2011 Series A Bonds, (City of Newport), dated September 30, 2011 with serial bonds of $6,640,000 at 3.4% due annually from September 1, 2012 through September 1, 2027.	3,365,000	3,780,000
2012 Series A Bonds (City of Warwick), dated June 26, 2012, with serial bonds of $2,400,000 at 3.285% due annually from August 1, 2012 through August 1, 2022.	542,000	800,000
2015 Series Refunding Bonds (City of Pawtucket), dated December 18, 2015, with serial bonds of $24,265,000 at rates varying from 3.5% to 5% due annually from October 1, 2025 through October 1, 2035. The Bank's defeasance of the 2003A and 2003B bonds resulted in economic present value savings of $4,237,086 or 16%.	24,265,000	24,265,000
2017 Series Bonds (Cranston-Triton), dated January 31, 2017 with serial bonds of $27,705,000 at 4.30% due annually from September 1, 2018 through September 1, 2022. The Bank's defeasance of the 1997 bonds resulted in economic present value savings of $1,127,085 or 4%.	13,585,000	19,600,000
2018 Series A Refunding Revenue Bonds (Town of Coventry), dated August 30, 2018 with serial bonds of $6,740,000 at 4.250% due annually from September 1, 2018 through September 1, 2028.	6,738,000	6,739,000
Program Total	55,310,000	62,919,000
Subtotal	690,186,533	748,354,399
Bond premium, net of amortization	46,899,421	53,059,776
Refunding credits, net of amortization	(7,134,488)	(7,971,204)
Total bonds payable	$ 729,951,466	$ 793,442,971

Note 5. Bonds Payable (continued)

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

2021	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Long term debt:					
Revenue bonds	$ 748,354,399	$ 13,970,000	$ 72,137,866	$ 690,186,533	$ 63,032,500
Plus bond premium, net of amortization	53,059,776	2,063,589	8,223,944	46,899,421	8,052,013
Less refunding credits, net of amortization	7,971,204	-	836,716	7,134,488	831,406
Total long-term debt	$ 793,442,971	$ 16,033,589	$ 79,525,094	$ 729,951,466	$ 70,253,107

2020	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Long term debt:					
Revenue bonds	$ 777,334,590	$ 171,930,001	$ 200,910,192	$ 748,354,399	$ 62,397,866
Plus bond premium, net of amortization	68,624,913	4,224,305	19,789,442	53,059,776	8,048,057
Less refunding credits, net of amortization	-	8,408,641	437,437	7,971,204	847,496
Total Long-term debt	$ 845,959,503	$ 167,745,665	$ 220,262,197	$ 793,442,971	$ 69,598,427

Annual principal and interest requirements are as follows for the year ending June 30, 2021:

Years	Principal	Interest	Total
2022	$ 55,411,500	$ 23,745,789	$ 79,157,289
2023	56,590,011	21,532,151	78,122,162
2024	51,135,000	19,333,593	70,468,593
2025	51,170,000	17,211,287	68,381,287
2026	45,365,000	15,178,404	60,543,404
2027-2031	205,440,022	49,868,007	255,308,029
2032-2036	132,355,000	16,748,390	149,103,390
2037-2041	31,605,000	3,201,928	34,806,928
2042-2046	5,805,000	453,413	6,258,413
Subtotal	634,876,533	167,272,962	802,149,495
Conduit Bonds	55,310,000	13,721,428	69,031,428
Total	$ 690,186,533	$ 180,994,390	$ 871,180,923

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, 2021 and 2020, the Bank had $117,200,000 and $161,785,000 of bonds outstanding, respectively, that are defeased.

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, 2019	$ 5,378,818	$ 734,416
Additions	1,699,379	1,825,803
Reductions	(1,102,699)	(217,746)
Ending balance – June 30, 2020	5,975,498	2,342,473
Additions	-	-
Reductions	(756,126)	(294,358)
Ending balance – June 30, 2021	$ 5,219,372	$ 2,048,115

Note 6. Capitalization Grants

Under Title VI of the Federal Clean Water Act of 1972, as amended by the Federal Water Quality Act of 1987 and subsequent regulations, the General Assembly of the State enacted the Clean Water Act, which established the CWSRF to be managed by the Bank. Under the CWSRF, the DEM promulgates rules and regulations pertaining to applications by borrowers seeking financial assistance for water pollution abatement projects. No project is eligible for financing by the Bank until the DEM has issued its Certificate of Approval. The Certificate of Approval specifies, among other things, the estimated project costs that are eligible for financial assistance and other terms and conditions relating to the construction and operation of projects. The DEM and the Bank operate under a Memorandum of Understanding pursuant to which the DEM has programmatic responsibilities while the Bank has financial and operational responsibilities for the CWSRF including the determination of the type and extent of financial assistance to be provided to borrowers.

The Bank receives capitalization grants from the EPA for the CWSRF. These grants are used to fund the Bank's lending activities and 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. To obtain the Federal monies, the Bank must also obtain a commitment for state matching funds of 20% of the Federal award. The following is a table of the federal and state matching funds awarded to the Bank and the balances remaining for drawdown as of June 30:

Grant Year	Award	Balance Remaining for Drawdown
2019:		
Federal award	$ 10,669,000	$ 9,857,624
State match	2,133,800	-
2020:		
Federal award	10,670,000	10,670,000
State match	2,134,000	2,134,000

Note 6. Capitalization Grants (continued)

For 2021, the Bank has applied for a federal award of $10,669,000.

In 1996, Congress amended the Safe Drinking Water Act of 1974 to provide financial support for improving the nation's public water systems. As required by the amendment, the General Assembly of the State enacted the Water Projects Revolving Loan Fund which established the DWSRF. Under the DWSRF, the Department of Health (DOH) promulgates rules and regulations pertaining to applications by borrowers seeking financial assistance for drinking water projects. No project is eligible for financing by the Bank until the DOH has issued its Certificate of Approval. The Certificate of Approval specifies, among other things, the estimated project costs that are eligible for financial assistance and other terms and conditions relating to the construction and operation of projects. The DOH and the Bank operate under a Memorandum of Understanding pursuant to which the DOH has programmatic responsibilities while the Bank has financial and operational responsibilities of the DWSRF including the determination of the type and extent of financial assistance to be provided to borrowers.

The Bank also receives capitalization grants from the EPA for the DWSRF. These grants are used to fund the Bank's lending activities and to 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. To obtain the Federal monies, the Bank must commit 20% of the Federal award in the form of State matching funds. 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.

The following is a table of the Federal and state matching funds awarded to the Bank and the balances remaining for drawdown as of June 30:

Grant Year	Award	Balance Remaining for Drawdown
2018:		
Federal award	$ 11,107,000	$ 305,223
State match	2,221,400	-
2019:		
Federal award	11,004,000	7,559,419
State match	2,200,800	-
2020:		
Federal award	11,011,000	10,642,689
State match	2,202,200	-

For 2021, the Bank has applied for a federal award of $11,100,000.

In 2002, Congress approved the Small Business Liability Relief and Brownfields Revitalization Act which created financial assistance for brownfields revitalization, including grants to capitalize Brownfields RLF. In 2015, the General Assembly of the State enacted the Brownfields RLF. Under the Brownfields RLF, the DEM, in consultation with the RICC, is to develop project evaluation criteria used to rank eligible projects on a project priority list. After enactment of the Brownfields RLF, the Bank promulgated rules and regulations establishing the parameters under which project financing is provided through the program.

Note 6. Capitalization Grants (continued)

The Bank received a capitalization grant from the EPA for the Brownfields RLF. This grant will be used to fund the Bank's brownfield-related lending activities. To obtain the Federal monies, the Bank must also obtain a commitment for state matching funds of 20% of the Federal award. The following is a table of the Federal awards to the Bank and the balances remaining for drawdown as of June 30:

Grant Year	Award	Balance Remaining for Drawdown
2016:		
Federal award	$ 820,000	$ 820,000

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 financial statements for the years ended June 30, 2021 and 2020. 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 $159,022 and $132,817 for the years ended June 30, 2021 and 2020, 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 $18,000 ($24,000 if age 50 or older). There is no additional obligation incurred by the Bank. Employee contributions to the Plan for the years ended June 30, 2021 and 2020 were $24,990 and $10,812, respectively.

Note 8. Operating Lease

The bank leases its corporate offices located in Providence, Rhode Island. The lease is set to expire on January 31, 2022. The Bank incurred rent expenses of $117,443 and $114,778 in 2021 and 2020, respectively, under this lease agreement. Future minimum lease payments under the operating lease amount to $68,838.

Note 9. Property and Equipment

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

	Balance at June 30, 2020	Additions	Retirements	Balance at June 30, 2021
Cost:				
Computer equipment and software	$ 410,265	$ -	$ -	$ 410,265
Furniture and fixtures	95,187	-	-	95,187
Equipment	35,538	-	-	35,538
Leasehold improvements	90,415	-	-	90,415
Total cost	631,405	-	-	631,405
Accumulated depreciation:				
Computer equipment and software	(343,902)	(62,260)	-	(406,162)
Furniture and fixtures	(35,777)	(19,592)	-	(55,369)
Equipment	(32,643)	(2,895)	-	(35,538)
Leasehold improvements	(42,648)	(4,521)	-	(47,169)
Total accumulated depreciation	(454,970)	(89,268)	-	(544,238)
Net capital assets	$ 176,435	$ (89,268)	$ -	$ 87,167

	Balance at June 30, 2019	Additions	Retirements	Balance at June 30, 2020
Cost:				
Computer equipment and software	$ 398,592	$ 11,673	$ -	$ 410,265
Furniture and fixtures	53,583	41,604	-	95,187
Equipment	35,538	-	-	35,538
Leasehold improvements	90,415	-	-	90,415
Total cost	578,128	53,277	-	631,405
Accumulated depreciation:				
Computer equipment and software	(222,274)	(121,628)	-	(343,902)
Furniture and fixtures	(21,226)	(14,551)	-	(35,777)
Equipment	(26,854)	(5,789)	-	(32,643)
Leasehold improvements	(38,127)	(4,521)	-	(42,648)
Total accumulated depreciation	(308,481)	(146,489)	-	(454,970)
Net capital assets	$ 269,647	$ (93,212)	$ -	$ 176,435

Note 10. 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, 2021 and 2020, 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. Commitments and Contingencies (continued)

The Bank is a defendant in a lawsuit. Although the outcome of the lawsuit is not presently determinable, in the opinion of management, the resolution of this matter will not have a material adverse effect on the financial condition of the Bank.

Impact of Coronavirus: In early 2020, COVID-19 spread throughout the United States and the State and was declared a pandemic by the World Health Organization. In response to the outbreak, federal, state and local governments, including the State, declared states of emergency in order to provide greater administrative flexibility in responding to the outbreak as well as make available additional financial, medical, and technical resources. Most critically was development of effective vaccines to ward off the disease. Federal, state and local governments, including the State and the local governments and utilities that make up the borrower pool for the Bank's existing loan programs, as well as private and public entities, implemented numerous measures to mitigate the spread and effects of COVID-19, including the imposition of travel bans, closure of non-essential businesses, limitations on gatherings, stay at home advisories and a number of other social distancing measures. The Bank made this transition seamlessly and continues its normal business operations with no service disruption to its clients.

The Bank continues to closely monitor the COVID-19 pandemic in coordination with guidance from the Centers for Disease Control and Prevention, the Rhode Island Department of Health, and the Rhode Island Emergency Management Agency. The Bank anticipates that additional national and state actions may be taken to further mitigate the spread and effects of COVID-19 variants. It is expected that the information received through these monitoring efforts will help guide the Bank in making appropriate and timely decisions relative to its operating activities. It is unclear at this time whether, and the extent to which these legislative, regulatory or other governmental actions will have the positive effect intended.

The COVID-19 outbreak and its variants have affected and are expected to continue to affect travel, commerce and financial markets globally and in the State. Although the ultimate impact and cost to the Bank of the economic effects of COVID-19 cannot be determined at this time, the outbreak still has the potential to have a significant adverse impact on the State and the Bank's borrower pool. The impact on the borrower pool and its ability to make timely repayments on outstanding Bank loans cannot be predicted due to the dynamic nature of the outbreak, including: (i) uncertainties relating to the duration and severity of the outbreak and any variants; (ii) the extent to which the borrower pool will incur additional costs as a result; (iii) the extent to which the borrower pool will experience a reduction in revenues, including property taxes, local meals and room taxes, motor vehicle excise taxes, water and sewer user fees and other fees and charges; and (iv) the extent to which state aid for the borrower pool will be affected due to the fiscal impact of the epidemic on the State.

As noted above, the Bank remains in regular communication with its borrower pool and continues to assess with them any potential financial impact, both in the near- and long-term, that may result from the COVID-19 pandemic. To date, the Bank has experienced no non- payment issues with respect to its existing loan programs. No assurances can be given, however, that the continued spread of COVID-19 will not materially impact the national, State and local economies. The repayment of outstanding bonds and other indebtedness under the Bank's various programs is dependent on the timely receipt of loan repayments from its borrower pool, including the Borrowers. Accordingly, the potential loss to local governments and utilities of tax and other revenues resulting from COVID-19 mitigation efforts could materially adversely impact such loan repayments, including the receipt of Borrower Bond payments, which are the Bank's primary source of repayment of the bonds.

Note 11. 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.

Note 12. Intergovernmental Transactions

While there were no intergovernmental transactions in fiscal year 2021, in response to a revised appropriations act in support of the state's FY 2020 enacted budget, the Bank was required to transfer to the state $21,790,000 at June 30, 2020. Of this amount, $8,990,000 was transferred from the Bank ($4,000,000 of which was transferred on March 24, 2020) while $12,800,000 was from the MRB fund. Normally capital contributions from the state for the MRB would be restricted when received; however, the appropriations act removed the restriction.

Note 13. Subsequent Events

Management has evaluated potential subsequent events through September 14, 2021, the date the financial statements were issued, the following event is noted:

- On September 1, 2021, the Bank closed on a $127.6 million bond issuance (the Rhode Island Infrastructure Bank State Revolving Fund Refunding Revenue Bonds Series 2021A). The Series 2021A Bonds were issued to finance the advance refunding of certain of the Bank's outstanding clean water and drinking water revenue bonds and fund an upfront payment to borrowers that received loans from the Bank and pay costs of issuance. The issued bonds were the first series of master trust bonds issued by the Bank under a new combined master trust indenture.

There were no additional items requiring adjustment of the financial statements or additional disclosure.

RHODE ISLAND INFRASTRUCTURE BANK
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS)
COMBINING SCHEDULE OF NET POSITION
JUNE 30, 2021

	Bank	Clean Water	RIWPCRF	DWSRF	MRBRF	WQPCF	EBF	Total
Assets								
Current assets:								
Cash, cash equivalents and investments								
Unrestricted:								
Cash and cash equivalents	$ 6,291,929	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,291,929
Restricted:								
Cash and cash equivalents	58,650	122,807,186	35,612,190	48,328,904	65,375,550	4,858,592	21,857,373	298,898,445
Investments	-	16,672,143	1,004,835	10,739,655	1,365,644	-	-	29,782,277
Total restricted cash, cash equivalents and investments	58,650	139,479,329	36,617,025	59,068,559	66,741,194	4,858,592	21,857,373	328,680,722
Other current assets:								
Unrestricted:								
Prepaid expenses, other assets and other receivables	163,413	-	-	-	-	-	-	163,413
Restricted:								
Service fees receivable	1,667,180	-	-	-	119,654	-	-	1,786,834
Loans receivable	8,969,291	59,554,354	3,286,000	25,128,894	5,465,000	-	3,894,000	106,297,539
Accrued interest receivable:								
Loans	175,668	4,268,535	66,396	2,983,437	515,744	-	298,486	8,308,266
Investments	-	548,330	(48,749)	377,873	76,151	56	5,310	958,971
Prepaid expenses, other assets and other receivables	(42,574)	18,112,021	(18,305,954)	240,817	1,000	-	(5,310)	-
Total current assets	17,283,557	221,962,569	21,614,718	87,799,580	72,918,743	4,858,648	26,049,859	452,487,674
Noncurrent assets:								
Unrestricted:								
Loans receivable	65,731,715	-	-	-	-	-	-	65,731,715
Capital assets - property and equipment, net	87,167	-	-	-	-	-	-	87,167
Total unrestricted noncurrent assets	65,818,882	-	-	-	-	-	-	65,818,882
Restricted:								
Loans receivable	-	572,488,790	16,124,185	376,463,105	88,416,619	-	51,181,045	1,104,673,744
Total noncurrent assets	65,818,882	572,488,790	16,124,185	376,463,105	88,416,619	-	51,181,045	1,170,492,626
Total assets	**83,102,439**	**794,451,359**	**37,738,903**	**464,262,685**	**161,335,362**	**4,858,648**	**77,230,904**	**1,622,980,300**
Deferred Outflows of Resources	**-**	**3,870,037**	**-**	**1,349,335**	**-**	**-**	**-**	**5,219,372**
Liabilities								
Current liabilities								
Project costs payable	-	14,195,487	5,172,256	43,301,546	35,109,104	-	13,142,377	110,920,770
Bonds payable	7,621,000	41,818,118	-	15,655,034	2,855,419	-	2,303,536	70,253,107
Accrued interest payable	-	3,653,473	-	1,690,714	450,628	-	318,575	6,113,390
Accounts payable and accrued expenses	400,666	26,063	-	30,951	4,490	-	-	462,170
Accrued arbitrage rebate	-	-	-	-	-	-	-	-
Total current liabilities	8,021,666	59,693,141	5,172,256	60,678,245	38,419,641	-	15,764,488	187,749,437
Noncurrent liabilities:								
Bonds payable	47,689,000	359,208,581	-	180,792,465	41,184,626	-	30,823,687	659,698,359
Accrued arbitrage rebate	-	1,318,888	-	106,104	-	-	-	1,424,992
Total noncurrent liabilities	47,689,000	360,527,469	-	180,898,569	41,184,626	-	30,823,687	661,123,351
Total liabilities	**55,710,666**	**420,220,610**	**5,172,256**	**241,576,814**	**79,604,267**	**-**	**46,588,175**	**848,872,788**
Deferred Inflows of Resources	**-**	**1,907,660**	**-**	**140,455**	**-**	**-**	**-**	**2,048,115**
Net Position								
Net investments in capital assets	87,167	-	-	-	-	-	-	87,167
Restricted for program purposes	160,725	376,193,126	32,566,647	223,894,751	81,731,095	4,858,648	30,642,729	750,047,721
Unrestricted	27,143,881	-	-	-	-	-	-	27,143,881
Total net position	**$ 27,391,773**	**$ 376,193,126**	**$ 32,566,647**	**$ 223,894,751**	**$ 81,731,095**	**$ 4,858,648**	**$ 30,642,729**	**$ 777,278,769**

RHODE ISLAND INFRASTRUCTURE BANK
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS)
COMBINING SCHEDULE OF NET POSITION
JUNE 30, 2020

	Bank	Clean Water	RIWPCRF	DWSRF	MRBRF	WQPCF	EBF	Total
Assets								
Current assets:								
Cash, cash equivalents and investments								
Unrestricted:								
Cash and cash equivalents	$ 4,330,604	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,330,604
Restricted:								
Cash and cash equivalents	-	115,548,131	32,211,560	47,186,873	66,976,068	4,446,092	19,095,831	285,464,555
Investments	-	39,384,077	-	17,163,970	3,471,362	-	-	60,019,409
Total restricted cash, cash equivalents and investments	-	154,932,208	32,211,560	64,350,843	70,447,430	4,446,092	19,095,831	345,483,964
Other current assets:								
Unrestricted:								
Prepaid expenses, other assets and other receivables	214,677	-	-	-	1,000	-	-	215,677
Restricted:								
Service fees receivable	1,771,510	-	-	-	98,457	-	-	1,869,967
Loans receivable	-	61,316,500	3,015,333	21,030,057	4,331,000	-	2,423,000	92,115,890
Accrued interest receivable:								
Loans	174,791	4,536,734	92,151	3,015,800	406,157	-	194,043	8,419,676
Investments	257	1,158,354	(966)	1,290,347	88,109	195	8,915	2,545,211
Prepaid expenses, other assets and other receivables	(56,702)	14,452,817	(14,396,115)	-	-	-	-	-
Total current assets	6,435,137	236,396,613	20,921,963	89,687,047	75,372,153	4,446,287	21,721,789	454,980,989
Noncurrent assets:								
Unrestricted:								
Loans receivable	83,483,005	-	-	-	-	-	-	83,483,005
Capital assets - property and equipment, net	176,435	-	-	-	-	-	-	176,435
Total unrestricted noncurrent assets	83,659,440	-	-	-	-	-	-	83,659,440
Restricted:								
Loans receivable	-	619,700,071	18,412,822	361,945,894	93,881,619	-	27,875,045	1,121,815,451
Total noncurrent assets	83,659,440	619,700,071	18,412,822	361,945,894	93,881,619	-	27,875,045	1,205,474,891
Total assets	**90,094,577**	**856,096,684**	**39,334,785**	**451,632,941**	**169,253,772**	**4,446,287**	**49,596,834**	**1,660,455,880**
Deferred Outflows of Resources	**-**	**4,391,621**	**-**	**1,583,877**	**-**	**-**	**-**	**5,975,498**
Liabilities								
Current liabilities								
Project costs payable	255,028	29,192,505	4,567,842	22,440,259	50,645,102	-	5,300,949	112,401,685
Bonds payable	7,609,000	43,499,381	-	16,125,046	1,210,000	-	1,155,000	69,598,427
Accrued interest payable	-	4,179,751	-	1,819,965	426,097	-	200,525	6,626,338
Accounts payable and accrued expenses	295,142	(8,110)	3,232	-	7,390	-	115,019	412,673
Accrued arbitrage rebate		432,504						432,504
Total current liabilities	8,159,170	77,296,031	4,571,074	40,385,270	52,288,589	-	6,771,493	189,471,627
Noncurrent liabilities:								
Bonds payable	55,310,000	401,565,101	-	204,635,361	44,799,595	-	17,534,487	723,844,544
Accrued arbitrage rebate	-	1,064,220	-	-	-	-	-	1,064,220
Total noncurrent liabilities	55,310,000	402,629,321	-	204,635,361	44,799,595	-	17,534,487	724,908,764
Total liabilities	**63,469,170**	**479,925,352**	**4,571,074**	**245,020,631**	**97,088,184**	**-**	**24,305,980**	**914,380,391**
Deferred Inflows of Resources	**-**	**2,184,929**	**-**	**157,544**	**-**	**-**	**-**	**2,342,473**
Net Position								
Net investments in capital assets	176,435	-	-	-	-	-	-	176,435
Restricted for program purposes	(1,249)	378,378,024	34,763,711	208,038,643	72,165,588	4,446,287	25,290,854	723,081,858
Unrestricted	26,450,221	-	-	-	-	-	-	26,450,221
Total net position	**$ 26,625,407**	**$ 378,378,024**	**$ 34,763,711**	**$ 208,038,643**	**$ 72,165,588**	**$ 4,446,287**	**$ 25,290,854**	**$ 749,708,514**

RHODE ISLAND INFRASTRUCTURE BANK
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS)
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2021

	Bank	Clean Water	RIWPCRF	DWSRF	MRBRF	WQPCF	EBF	Total
Operating revenues:								
Interest income - loans	$ 530,682	$ 12,528,969	$ 215,685	$ 8,434,520	$ 1,458,194	$ -	$ 795,192	$ 23,963,242
Interest income - Investments	90	(989,743)	(16,769)	217,538	32,758	1,290	11,383	(743,453)
Loan servicing fees	5,103,129	-	-	-	341,999	-	-	5,445,128
Loan origination fees	263,246	27,000	-	276,485	-	-	272,000	838,731
Grant income - program administration	246,707	-	-	-	-	-	-	246,707
Total operating revenues	6,143,854	11,566,226	198,916	8,928,543	1,832,951	1,290	1,078,575	29,750,355
Operating expenses:								
Interest expense, net	-	10,383,972	-	5,023,037	1,054,488	-	675,077	17,136,574
Program administration, partner agencies	-	550,397	-	2,441,383	-	-	-	2,991,780
Principal forgiveness	-	1,084,147	-	1,620,994	-	-	-	2,705,141
Personnel	2,234,275	-	-	-	-	-	-	2,234,275
Debt issuance	3,200	-	-	36,695	50,276	-	253,024	343,195
Professional services	740,870	-	-	24,100	-	-	15,227	780,197
Legal	177,459	-	-	-	-	-	-	177,459
Correspondent and trustee	256,307	-	3,952	-	30	-	-	260,289
Information technology	160,331	-	-	-	-	-	-	160,331
Marketing	117,602	-	-	477	-	-	-	118,079
Audit and accounting	62,460	-	-	-	-	-	-	62,460
Financial advisory	115,000	-	3,500	-	-	-	-	118,500
Loan origination expense	112,500	-	-	15,000	-	-	-	127,500
Office expense	175,033	-	-	-	-	-	-	175,033
Depreciation	89,268	-	-	-	-	-	-	89,268
Insurance	52,800	-	-	-	-	-	-	52,800
Business and travel	121	-	-	-	-	-	-	121
Dues and subscriptions	10,162	-	-	-	-	-	-	10,162
Seminars	3,265	-	-	-	-	-	-	3,265
Total operating expenses	4,310,653	12,018,516	7,452	9,161,686	1,104,794	-	943,328	27,546,429
Operating income	1,833,201	(452,290)	191,464	(233,143)	728,157	1,290	135,247	2,203,926
Non-operating revenue:								
Grant Income and other contributed capital	-	3,882,576	131,549	6,887,118	8,837,350	411,070	5,216,666	25,366,329
Non-operating expenses:								
Intergovernmental transactions	-	-	-	-	-			-
Change in net position	1,833,201	3,430,286	323,013	6,653,975	9,565,507	412,360	5,351,913	27,570,255
Transfer from (to) other funds	(1,066,835)	(5,615,184)	(2,520,077)	9,202,133	-	1	(38)	-
Net position, beginning of the year	26,625,407	378,378,024	34,763,711	208,038,643	72,165,588	4,446,287	25,290,854	749,708,514
Net position, end of the year	$ 27,391,773	$ 376,193,126	$ 32,566,647	$ 223,894,751	$ 81,731,095	$ 4,858,648	$ 30,642,729	$ 777,278,769

RHODE ISLAND INFRASTRUCTURE BANK
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS)
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2020

	Bank	Clean Water	RIWPCRF	DWSRF	MRBRF	WQPCF	EBF	Total
Operating revenues:								
Interest income - loans	$ 552,315	$ 12,961,948	$ 276,348	$ 8,540,969	$ 1,070,517	$ -	$ 578,981	$ 23,981,078
Interest income - Investments	489,419	3,024,248	127,221	1,603,523	738,355	44,830	225,559	6,253,155
Loan servicing fees	5,294,220	-	-	-	261,479	-	-	5,555,699
Loan origination fees	33,680	33,625	20,072	59,500	325,000	-	24,191	496,068
Grant income - program administration	50,000	-	-	1,321,633	-	-	-	1,371,633
Total operating revenues	6,419,634	16,019,821	423,641	11,525,625	2,395,351	44,830	828,731	37,657,633
Operating expenses:								
Interest expense, net	-	14,046,600	-	5,863,488	891,062	-	533,445	21,334,595
Program administration, partner agencies	-	538,026	-	3,279,449	-	-	-	3,817,475
Principal forgiveness	-	996,288	-	1,658,029	-	-	-	2,654,317
Personnel	1,957,270	-	-	-	-	-	-	1,957,270
Debt issuance	-	455,202	-	267,780	202,271	-	-	925,253
Professional services	274,265	-	-	9,050	-	-	23,726	307,041
Legal	191,979	-	-	-	-	-	-	191,979
Correspondent and trustee	318,799	-	644	-	-	-	-	319,443
Information technology	143,628	-	-	-	-	-	-	143,628
Marketing	151,605	-	-	810	-	-	-	152,415
Audit and accounting	59,845	-	-	-	-	-	-	59,845
Financial advisory	91,765	380	3,500	10,790	1,540	-	-	107,975
Loan origination expense	150,678	-	-	-	-	-	-	150,678
Office expense	176,140	-	-	-	-	-	-	176,140
Depreciation	146,489	-	-	-	-	-	-	146,489
Insurance	48,939	-	-	-	-	-	-	48,939
Business and travel	12,691	-	-	-	-	-	-	12,691
Dues and subscriptions	14,957	-	-	-	-	-	-	14,957
Seminars	1,830	-	-	-	-	-	-	1,830
Total operating expenses	3,740,880	16,036,496	4,144	11,089,396	1,094,873	-	557,171	32,522,960
Operating income	2,678,754	(16,675)	419,497	436,229	1,300,478	44,830	271,560	5,134,673
Non-operating revenue:								
Grant Income and other contributed capital	117,317	14,178,165	9,948,518	10,893,494	17,793,757	305,565	1,000,000	54,236,816
Non-operating expenses:								
Intergovernmental transactions	8,990,000	-	-	-	12,800,000	-	-	21,790,000
Change in net position	(6,193,929)	14,161,490	10,368,015	11,329,723	6,294,235	350,395	1,271,560	37,581,489
Transfer from (to) other funds	(17,172,681)	(499,545)	7,448,756	1,114,362	9,083,582	-	25,526	-
Net position, beginning of the year	49,992,017	364,716,079	16,946,940	195,594,558	56,787,771	4,095,892	23,993,768	712,127,025
Net position, end of the year	$ 26,625,407	$ 378,378,024	$ 34,763,711	$ 208,038,643	$ 72,165,588	$ 4,446,287	$ 25,290,854	$ 749,708,514