

Maine State Housing Authority

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

For the Year Ended December 31, 2023
With Independent Auditors' Report

Baker Newman & Noyes LLC
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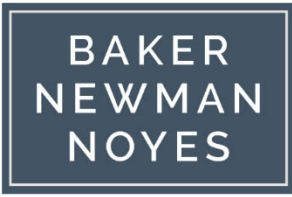
MAINE STATE HOUSING AUTHORITY

FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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INDEPENDENT AUDITORS' REPORT

To The Board of Commissioners
Maine State Housing Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund, of Maine State Housing Authority (MaineHousing), a component unit of the State of Maine, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise MaineHousing's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund, of MaineHousing, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MaineHousing and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

To The Board of Commissioners
Maine State Housing Authority

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of MaineHousing's Proportionate Share of the Net Pension Liability (Asset) and Schedule of MaineHousing's Pension Contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Baker Newman & Noyes LLC
Portland, Maine
March 28, 2024

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2023**

Management's discussion and analysis provides an overview of the Maine State Housing Authority's (MaineHousing) financial activities for the year ended December 31, 2023. It should be read in conjunction with the audited financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

- MaineHousing's net position increased by \$36.3 million to \$451.2 million as a result of program operations and financing activities. The net position of the proprietary funds, which present MaineHousing's business-type activities, increased \$25.2 million while the net position of governmental activities increased \$11.1 million.
- Net operating income of \$36.3 million for 2023 is \$27.7 million or 322.1% higher compared to net operating income of \$8.6 million in 2022. The higher interest rate environment throughout 2023 resulted in a \$21.5 million or 233.7% increase in earnings from investments. Additionally, the fair value of investments had a net effect increase of \$18.8 million due to changes in interest rates in 2023. An unrealized gain of \$3.6 million was recorded in 2023 compared to a \$15.2 million unrealized loss in 2022.
- MaineHousing's loan portfolio increased by \$172.4 million in 2023. The increase was driven by a high volume of loan production and a reduction in loan prepayments. Single-family loan purchases and multi-family loan originations totaled \$306 million, which is an increase of \$15.4 million or 5.3% over an all-time high attained in 2022. Higher market mortgage rates contributed to a lower volume of loan prepayments, which decreased by \$37.6 million or 42.6%.
- Total revenues from governmental activities decreased by \$107.5 million or 21.7% to \$388.4 million. MaineHousing administered a number of different pandemic relief programs for the State of Maine, which provided for an unprecedented amount of revenues for governmental activities in 2022. The decrease in 2023 is due largely to the completion of various relief programs. The overall reduction in revenues was mitigated by \$81.9 million in new program funds provided by the State of Maine, which were primarily to supplement the federal Low Income Home Energy Assistance Program.

OVERVIEW OF MAINEHOUSING

MaineHousing was created in 1969 by an Act of the Maine State Legislature and is a public corporation and government instrumentality of the State of Maine. MaineHousing was established to assist in the financing, development, and rehabilitation of housing in Maine for persons and families of low and moderate income. In this capacity, MaineHousing is authorized to issue bonds for the purchase or origination of notes and mortgages on single-family and multi-family residential properties.

MaineHousing also acts as an agent for the State of Maine in administering various federal housing and energy related programs. These programs are funded through grants and program agreements with the federal government's departments of Housing and Urban Development, Energy, and Health and Human Services, as well as capital and operating subsidies from MaineHousing's own funds.

MaineHousing is a component unit of the State of Maine and receives certain appropriations from the Maine State Legislature, all of which are used in connection with specified housing related programs. MaineHousing also receives federal subawards through the State of Maine and is a subrecipient for various federal programs.

OVERVIEW OF THE FINANCIAL STATEMENTS

MaineHousing's financial statements consist of three parts – this management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include agency-wide financial statements, fund financial statements, and notes to the financial statements.

- Agency-wide financial statements provide information about MaineHousing's overall financial position and operations. These statements, which are presented using the accrual basis of accounting, consist of the Statement of Net Position and the Statement of Activities.

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2023**

- Fund financial statements of MaineHousing include its major proprietary funds, which operate similarly to private-sector businesses, and governmental funds, which consist of activities that are funded from federal grants and state appropriations.
- The basic financial statements include notes to financial statements that provide additional information and explain some of the information in the agency-wide and fund financial statements.
- The required supplementary information presents historical pension information.

The remainder of this overview section of the management's discussion and analysis explains the structure and contents of each of these statements.

Agency-wide Statements

Agency-wide statements report information about MaineHousing as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position presents MaineHousing's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The Statement of Activities presents current year revenues and expenses.

The two agency-wide statements report MaineHousing's net position and results of operations. Net position is one measure of MaineHousing's financial health and position. Agency-wide financial statements are divided into two categories:

- *Business-type activities* – MaineHousing's business-type activities consist of providing mortgage financing on single-family and multi-family residential properties. These activities are funded primarily through the issuance of bonds.
- *Governmental activities* – MaineHousing administers various state and federal housing and energy related programs. These activities are financed by grant and program agreements with the federal government and appropriations from the Maine State Legislature.

Fund Financial Statements

The fund financial statements provide more detailed information about MaineHousing's most significant funds and not MaineHousing as a whole. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. MaineHousing has two kinds of funds:

- *Proprietary funds* – MaineHousing's business-type activities are in its proprietary funds and they are accounted for in a manner similar to businesses operating in the private sector. Funding is primarily through the issuance of bonds, the proceeds of which are mainly used to make various types of loans to finance low and moderate-income housing. The net positions of these funds represent accumulated earnings since their inception and interest rate subsidy amounts contributed from governmental funds. Amounts in the funds are generally restricted for program purposes.
- *Governmental funds* – MaineHousing has five major governmental funds. MaineHousing is the administrator of these funds, the revenues of which are appropriated to MaineHousing for making housing and energy related grants and loans. These fund statements focus on how cash and other financial assets flowing into the funds have been used. A substantial portion of the fund balances for these funds consist of investments reserved for grants or making mortgage loans.

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2023**

AN OVERVIEW OF MAINEHOUSING'S FINANCIAL POSITION AND OPERATIONS

MaineHousing's financial position and operations are summarized on the following pages for the years ended December 31, 2023 and 2022 based on the information included in the financial statements.

Statement of Net Position
(in millions of dollars)

	Business-type Activities		Governmental Activities		Total		Total Percentage Change
	2023	2022	2023	2022	2023	2022	
Cash and investments	\$632.8	\$530.4	\$75.0	\$74.8	\$707.8	\$605.2	17.0%
Mortgage notes receivable	1,669.3	1,519.9	74.2	51.2	1,743.5	1,571.1	11.0%
Other assets	9.4	4.1	46.3	70.2	55.7	74.3	(25.0%)
Total Assets	2,311.5	2,054.4	195.5	196.2	2,507.0	2,250.6	11.4%
Total Deferred Outflows of Resources	2.4	2.9	0.2	0.3	2.6	3.2	(18.8%)
Bonds and notes payable	1,915.6	1,688.6	51.0	54.3	1,966.6	1,742.9	12.8%
Other Liabilities	28.7	22.0	46.3	54.7	75.0	76.7	(2.2%)
Total Liabilities	1,944.3	1,710.6	97.3	109.0	2,041.6	1,819.6	12.2%
Total Deferred Inflows of Resources	16.7	19.0	0.1	0.3	16.8	19.3	(13.0%)
Investment in capital assets	3.9	2.7	0.0	0.0	3.9	2.7	44.4%
Restricted	310.6	287.8	98.3	87.2	408.9	375.0	9.0%
Unrestricted	38.4	37.2	0.0	0.0	38.4	37.2	3.2%
Total Net Position	\$352.9	\$327.7	\$98.3	\$87.2	\$451.2	\$414.9	8.7%

Total assets at December 31, 2023 were \$2.51 billion, an increase of \$256.4 million or 11.4% from December 31, 2022. The change in assets consisted primarily of a \$102.6 million increase in cash and investments and a \$172.4 million net increase to mortgage notes receivable. Other assets decreased by \$18.6 million or 25% due primarily to a reduction in program receivable balances due from federal and state governments.

Total deferred outflows of resources consist of deferred amounts associated with debt refundings and pension expenses and decreased by \$0.6 million. Deferred debt refunding and pension expense amounts decreased by \$0.3 million each in 2023 due to amortization of outstanding balances.

Total liabilities at December 31, 2023 were \$2.04 billion, an increase of \$222 million or 12.2% from December 31, 2022. The increase in liabilities is due mainly to higher outstanding bonds and notes payable, which increased by \$223.7 million to \$1.97 billion at December 31, 2023.

Total deferred inflows of resources, which consist mainly of the accumulated increase in the fair value of interest rate swap agreements and deferred pension credits, decreased \$2.5 million or 13% as a result of fewer available pension credits and an aggregate decrease in the fair value of interest rate swaps.

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2023**

Cash and Investments

Total cash and investments increased by \$102.6 million or 17% due primarily to higher unexpended bond proceeds and an increase in the fair value of investments at December 31, 2023. MaineHousing's investment portfolio is comprised of securities of the U.S. Government, certain Federal agencies, or repurchase agreements and money market funds that are secured by such securities. Investments are carried at fair value and unrealized gains and losses due to fluctuations in market values are recognized in revenues. In 2023, the fair value of investments increased significantly and \$3.6 million of unrealized gains were recorded compared with \$15.2 million of unrealized losses in 2022.

Mortgage Notes Receivable

Total net mortgage notes receivable increased \$172.4 million or 11% in 2023. Total mortgage purchases and originations amounted to \$306 million, which is an increase of \$15.4 million or 5.3% compared with 2022. Single-family loan purchases amounted to \$172.6 million, which is a decrease of \$4.9 million or 2.8% from 2022. Multi-family loan originations totaled \$133.4 million; an increase of \$20.3 million or 17.9% from 2022.

Scheduled loan repayments in 2023 amounted to \$81.9 million, which is an increase of \$41.2 million from the previous year's level of \$40.7 million. Scheduled repayments from multi-family loans with short-terms were substantially higher in 2023. Loan prepayments decreased in 2023 by \$37.6 million or 42.6% to a total of \$50.6 million. The decrease was due to increases in market interest rates during the year, which reduced the volume of single-family loans that were refinanced outside MaineHousing.

Loan foreclosures totaled \$1 million in 2023 and \$1.6 million in 2022. The allowance for loan losses at December 31, 2023 amounted to \$8 million, which is a decrease of \$0.1 million from December 31, 2022.

Bonds and Notes Payable

Bonds and notes payable increased \$223.7 million or 12.8% to \$1.97 billion at December 31, 2023. MaineHousing issues bonds or notes as capital is needed for program purposes and as opportunities for economic refunding occur. For additional details, see the Debt Activity section of the Management's Discussion and Analysis.

Net Position

MaineHousing's net position increased by \$36.3 million or 8.7% to \$451.2 million as a result of program operations and financing activities. For additional information on the net position changes, see the Results of Operations section of the Management's Discussion and Analysis.

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2023**

MaineHousing's business activities are in the proprietary funds and are dissimilar to the activities in the governmental funds. The combined results of operations for both MaineHousing's proprietary and governmental funds are presented on the following table for the years ended December 31, 2023 and 2022:

Agency-wide Changes in Net Position
(in millions of dollars)

	<u>2023</u>	<u>2022</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percentage</u>
Revenues:				
Interest from mortgages and notes	\$67.2	\$60.2	\$7.0	11.6%
Income from investments	30.7	9.2	21.5	233.7%
Net increase (decrease) in fair value of investments	3.6	(15.2)	18.8	123.7%
Fee income	16.8	13.8	3.0	21.7%
Grants and subsidies	371.9	483.8	(111.9)	(23.1%)
Other	0.5	0.7	(0.2)	(28.6%)
Total revenues	<u>490.7</u>	<u>552.5</u>	<u>(61.8)</u>	<u>(11.2%)</u>
Expenses:				
Operating and other program expenses	34.7	30.1	4.6	15.3%
Interest expense	56.0	41.8	14.2	34.0%
Grants and subsidies	363.7	472.0	(108.3)	(22.9%)
Total expenses	<u>454.4</u>	<u>543.9</u>	<u>(89.5)</u>	<u>(16.5%)</u>
Increase in net position	36.3	8.6	27.7	322.1%
Net position at beginning of year	<u>414.9</u>	<u>406.3</u>	<u>8.6</u>	<u>2.1%</u>
Net position at end of year	<u><u>\$451.2</u></u>	<u><u>\$414.9</u></u>	<u><u>\$36.3</u></u>	<u><u>8.7%</u></u>

Changes in business-type and governmental activities are explained in the following Results of Operations sections.

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2023**

RESULTS OF OPERATIONS

Proprietary Funds Results

The net position of MaineHousing's proprietary funds increased by \$25.2 million or 7.7% and totaled \$352.9 million at December 31, 2023. The following table summarizes the Statement of Revenues, Expenses and Changes in Net Position of MaineHousing's proprietary funds for the years ended December 31, 2023 and December 31, 2022:

Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position (in millions of dollars)				
	<u>2023</u>	<u>2022</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percentage</u>
Operating revenues:				
Interest from mortgages and notes	\$67.1	\$60.1	\$7.0	11.6%
Income from investments	27.4	8.1	19.3	238.3%
Net increase (decrease) in fair value of investments	3.6	(15.2)	18.8	123.7%
Fee income	3.9	2.9	1.0	34.5%
Other revenue	0.3	0.7	(0.4)	(57.1%)
Total revenues	<u>102.3</u>	<u>56.6</u>	<u>45.7</u>	<u>80.7%</u>
Operating expenses:				
Operating and other program expenses	23.9	21.6	2.3	10.6%
Interest expense	55.0	40.8	14.2	34.8%
Total expenses	<u>78.9</u>	<u>62.4</u>	<u>16.5</u>	<u>26.4%</u>
Net Operating income (loss)	23.4	(5.8)	29.2	503.4%
Transfers in	1.8	1.8	0.0	0.0%
Change in net position	<u>25.2</u>	<u>(4.0)</u>	<u>29.2</u>	<u>730.0%</u>
Net position at beginning of year	<u>327.7</u>	<u>331.7</u>	<u>(4.0)</u>	<u>(1.2%)</u>
Net position at end of year	<u>\$352.9</u>	<u>\$327.7</u>	<u>\$25.2</u>	<u>7.7%</u>

Operating revenues of MaineHousing's business-type activities are generated principally from earnings on mortgages and investments. Total revenues from business-type activities increased \$45.7 million or 80.7% in 2023 and amounted to \$102.3 million. Of this total, \$94.5 million or 92.4% was from interest earned on mortgages, notes, and non-mortgage investments. Operating expenses of MaineHousing's business-type activities consist primarily of interest expense on debt incurred to fund its various lending programs. The expenses for business-type activities totaled \$78.9 million, of which \$55 million or 69.7% was interest expense.

The 2023 operating results and net position of MaineHousing's proprietary funds were significantly affected by the following:

- Interest earned on mortgages and notes increased by \$7 million or 11.6% due to higher average outstanding mortgage receivable balances and average interest rates.
- Income from investments increased by \$19.3 million or 238.3% due to higher investment balances and an increase in short-term investment yields.

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2023**

- Interest rate changes during the year generated an unrealized gain of \$3.6 million, which is an increase of \$18.8 million compared with the unrealized loss of \$15.2 million recognized in 2022.
- Financing fees from an increase in multi-family lending activities generated a \$1 million increase in fee income.
- Interest expense increased by \$14.2 million or 34.8% as a result of higher average interest rates and outstanding bond balances in 2023.
- Operating and other program administrative expenses increased by \$2.3 million or 10.6%. The increase is due largely to the recognition of a \$0.8 million excess arbitrage expense in 2023. Additionally, in 2022, program administrative costs were reduced as a result of a \$0.5 million loan loss provision recovery.

Governmental Fund Results

The net position of MaineHousing's governmental funds increased by \$11.1 million or 12.7% and totaled \$98.3 million at December 31, 2023. The following table summarizes the Statement of Revenues, Expenditures, and Changes in Fund Balances of MaineHousing's governmental funds for the years ended December 31, 2023 and December 31, 2022:

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
(in millions of dollars)

	<u>2023</u>	<u>2022</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percentage</u>
Revenues:				
Income from mortgages and notes	\$0.1	\$0.1	\$0.0	0.0%
Income from investments	3.3	1.1	2.2	200.0%
Fee income	12.9	10.9	2.0	18.3%
Grant income	255.6	373.2	(117.6)	(31.5%)
Federal rent subsidy income	116.3	110.6	5.7	5.2%
Other revenue	0.2	0.0	0.2	n/a
Total revenues	<u>388.4</u>	<u>495.9</u>	<u>(107.5)</u>	<u>(21.7%)</u>
Expenditures:				
Program administrative expenditures	10.8	8.5	2.3	27.1%
Interest expenditures	1.0	1.0	0.0	0.0%
Grant expenditures	246.7	360.6	(113.9)	(31.6%)
Federal rent subsidy expenditures	117.0	111.4	5.6	5.0%
Total expenditures	<u>375.5</u>	<u>481.5</u>	<u>(106.0)</u>	<u>(22.0%)</u>
Revenues in excess of expenditures	12.9	14.4	(1.5)	(10.4%)
Transfers out	<u>(1.8)</u>	<u>(1.8)</u>	<u>0.0</u>	<u>0.0%</u>
Change in fund balances	11.1	12.6	(1.5)	(11.9%)
Fund balances at beginning of year	<u>87.2</u>	<u>74.6</u>	<u>12.6</u>	<u>16.9%</u>
Fund balances at end of year	<u>\$98.3</u>	<u>\$87.2</u>	<u>\$11.1</u>	<u>12.7%</u>

MaineHousing's revenues from governmental activities are generated primarily from federal grants and rent subsidy income. MaineHousing also receives program revenues from the State of Maine. Revenues from governmental activities total \$388.4 million in 2023, which is a decrease of \$107.5 million or 21.7%. Expenditures associated with governmental activities consist primarily of federal grants and rent subsidies payments. Total expenditures decreased \$106 million or 22% to \$375.5 million for 2023.

**Maine State Housing Authority
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MaineHousing earns fees for administering federal programs, which amounted to \$12.9 million in 2023. Typically, fees earned provide MaineHousing with a revenue source adequate to recover direct and indirect costs of delivering related services.

The 2023 operating results and net position of MaineHousing's governmental activities were significantly affected by the following:

- Grant income decreased by \$117.6 million or 31.5% due to the completion of various federal COVID-19 relief programs. A total of \$69.1 million was received in 2023 for COVID-19 relief programs, which is a decrease of \$192.8 million or 73.6% from 2022. The State of Maine provided new program funds totaling \$81.9 million in 2023, which were primarily to supplement the federal Low Income Home Energy Assistance Program.
- Federal rent subsidy income, which is income associated with various HUD Section 8 programs, increased \$5.7 million or 5.2% due mainly to higher available income for the Section 8 Housing Choice Voucher (HCV) and Performance Based Contract Administration (PBCA) programs. The HCV and PBCA program increased by \$3.4 million and \$2 million, respectively.
- Income from investments increased by \$2.2 million due to higher average investment yields in 2023.
- Administrative fee income increased by \$2 million or 18.3% due mainly to fees earned from the Homeowner Assistance Fund that MaineHousing began administering in 2023. Fee income from this program amounted to \$2.2 million.
- Grant expenditures decreased by \$113.9 million or 31.6% due mainly to the reduction in available federal grant receipts from the COVID-19 relief programs, while federal rent subsidy expenditures increased \$5.6 million or 5% due to higher available income for the Section 8 HCV and PBCA programs.
- Program administrative expenditures increased \$2.3 million or 27.1% due largely to costs associated with the administration of the Homeowner Assistance Fund, which commenced in 2023.

DEBT ACTIVITY

MaineHousing is authorized to issue housing revenue bonds to purchase or originate mortgages or notes on single-family and multi-family residential properties. Total bonds outstanding at December 31, 2023 amounted to \$1.95 billion; an increase of \$226.9 million or 13.2% from 2022. Bond issuances in 2023 totaled \$347.4 million, while principal payments on bonds totaled \$120.5 million. MaineHousing redeemed prior to maturity \$92.1 million of its outstanding bonds in 2023 from reserve funds, mortgage prepayments, surplus revenues, and the proceeds of bond refundings. Scheduled principal payments on bonds totaled \$28.4 million in 2023.

MaineHousing issues variable rate bonds and enters into interest rate swap agreements to provide synthetically fixed interest rates on a portion of the variable rate bonds. At December 31, 2023, the total amount of variable rate debt outstanding was \$282.9 million and represented 14.5% of the \$1.95 billion total bond portfolio. Thirteen interest rate swap agreements have been executed with four counterparties in connection with \$207.3 million of the variable rate bonds to effectively convert them to synthetic fixed rate bonds.

Bonds in MaineHousing's General Mortgage Purchase Bond Resolution were rated Aa1 and AA+ by Moody's Investor Service and Standard & Poor's, respectively, in 2023.

MaineHousing may enter into loan agreements for program and capital funding purposes. At December 31, 2023, MaineHousing had \$13.6 million of outstanding notes payable in its General Administrative Fund. Notes payable decreased by \$0.6 million from 2022 as a result of scheduled principal payments. All proceeds from the loan associated with the outstanding balance at December 31, 2023 provided capital funding for the development of an office facility for MaineHousing.

**Maine State Housing Authority
Management's Discussion and Analysis
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For additional information about MaineHousing's mortgage bonds and notes payables, see Notes 6, 7, 9, 14, and 16 to the financial statements.

ADDITIONAL INFORMATION

MaineHousing's main sources of revenues consist of interest from mortgage loans, investment interest income, and federal and state funded grants and subsidies.

Market interest rates have an effect on both the mortgage program and investment income revenues. If interest rates increase, as occurred in 2023, mortgage and investment income should increase as new loans are originated and new investments are purchased at higher rates. If interest rates decrease, mortgage and investment income should decrease as new loans are originated and new investments are purchased at lower rates. Any decrease in interest rates could also cause an increase in prepayments on higher rate mortgages. These prepayments are used to redeem higher rate bonds to lower interest expense. In 2023, MaineHousing experienced a substantial reduction of prepayments in its single-family loan portfolio and redemption of bonds prior to maturity due to the rising interest rates throughout the year.

Federal and state funded grants and subsidies are subject to appropriations by those governments. In recent years, the federal government has provided significant program funds in response to the COVID-19 pandemic. MaineHousing has administered a number of relief programs for the State of Maine and worked with its partners to assist Maine citizens who were impacted by COVID-19 and the related economic crisis by offering financial assistance to help stabilize their housing situation. Assistance provided included rental, utility, home energy, and homeowners mortgage payments and homeless prevention initiatives.

Most of the federal COVID relief programs contain sunset provisions extending into 2025 unless funding is exhausted before then. In 2023, federal program funding for MaineHousing's governmental activities experienced a substantial reduction due to the completion of various COVID-related programs. MaineHousing program activities in 2024 and beyond will see further reductions as more of these programs are concluded.

REQUESTS FOR INFORMATION

The purpose of this financial report is to provide information needed to understand MaineHousing's financial position and results of operations for the year ended December 31, 2023. Inquiries for additional information may be directed to the Director of Finance at Maine State Housing Authority, 26 Edison Drive, Augusta, Maine 04330-6046, at (207) 626-4600 or at www.mainehousing.org.

MAINE STATE HOUSING AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2023
(IN THOUSANDS OF DOLLARS)

	Business-type Activities	Governmental Activities	Total
ASSETS:			
Current Assets:			
Cash, principally time deposits (note 3)	\$95,062	\$6,256	\$101,318
Investments (notes 3, 9, and 11)	395,433	68,706	464,139
Accounts receivable - government	0	10,173	10,173
Mortgage notes receivable, net (note 4)	35,656	3	35,659
Other assets (note 5)	10,394	646	11,040
Internal balances (note 13)	(35,502)	35,502	0
Total Current Assets	<u>501,043</u>	<u>121,286</u>	<u>622,329</u>
Noncurrent Assets:			
Investments (notes 3, 9, and 11)	142,349	0	142,349
Mortgage notes receivable, net (note 4)	1,633,575	74,186	1,707,761
Capital assets, net	18,127	0	18,127
Derivative instrument - interest rate swaps (note 7)	16,385	0	16,385
Total Noncurrent Assets	<u>1,810,436</u>	<u>74,186</u>	<u>1,884,622</u>
Total Assets	<u>2,311,479</u>	<u>195,472</u>	<u>2,506,951</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred pension expense (note 8)	415	214	629
Deferred amount on debt refundings	2,009	0	2,009
Total Deferred Outflows of Resources	<u>2,424</u>	<u>214</u>	<u>2,638</u>
LIABILITIES:			
Current Liabilities:			
Accrued interest payable	8,509	57	8,566
Accounts payable - government	0	1,605	1,605
Accounts payable and accrued liabilities	17,793	13,121	30,914
Unearned income	0	30,800	30,800
Bonds and notes payable (notes 6, 9, 14, and 16)	59,430	3,035	62,465
Total Current Liabilities	<u>85,732</u>	<u>48,618</u>	<u>134,350</u>
Noncurrent Liabilities:			
Subscription Liability (note 5)	441	0	441
Excess arbitrage to be rebated (note 12)	650	0	650
Pension liability (note 8)	1,274	657	1,931
Bonds and notes payable (notes 6, 9, 14, and 16)	1,856,208	47,977	1,904,185
Total Noncurrent Liabilities	<u>1,858,573</u>	<u>48,634</u>	<u>1,907,207</u>
Total Liabilities	<u>1,944,305</u>	<u>97,252</u>	<u>2,041,557</u>
DEFERRED INFLOWS OF RESOURCES:			
Accumulated increase in fair value of hedging derivatives (note 7)	16,385	0	16,385
Deferred loan origination points	13	0	13
Deferred pension credit (note 8)	298	153	451
Total Deferred Inflows of Resources	<u>16,696</u>	<u>153</u>	<u>16,849</u>
NET POSITION:			
Net investment in capital assets	3,858	0	3,858
Restricted for bond resolutions	310,569	0	310,569
Restricted for grants and programs	0	98,281	98,281
Unrestricted	38,475	0	38,475
Total Net Position	<u>\$352,902</u>	<u>\$98,281</u>	<u>\$451,183</u>

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(IN THOUSANDS OF DOLLARS)

Functions/Programs	Program Revenues				Net Revenue (Expense) and Changes in Net Position		
	Expenses	Charges for Services	Investment Income	Grants and Contributions	Business-type Activities	Governmental Activities	Total
Business-type activities:							
Mortgage Purchase Fund	\$76,483	\$69,681	\$29,260	\$0	\$22,458	\$0	\$22,458
Bondholder Reserve Fund	76	0	413	0	337	0	337
General Administrative Fund	2,400	1,730	0	0	(670)	0	(670)
Total business-type activities	78,959	71,411	29,673	0	22,125	0	22,125
Governmental activities:							
HOME Fund	32,046	165	1,412	30,735	0	266	266
Section 8 Housing Programs	121,823	6,632	13	116,271	0	1,093	1,093
Low Income Home Energy Assistance Program	94,370	1,012	15	93,447	0	104	104
Maine Energy, Housing and Economic Recovery Program	1,434	128	1,617	4,318	0	4,629	4,629
Other Federal and State Programs	125,802	5,238	270	127,149	0	6,855	6,855
Total governmental activities	375,475	13,175	3,327	371,920	0	12,947	12,947
Total Agency-wide	\$454,434	\$84,586	\$33,000	\$371,920	22,125	12,947	35,072
General Revenues:							
Unrestricted investment income					1,238	0	1,238
Transfers					1,863	(1,863)	0
Total general revenues and transfers					3,101	(1,863)	1,238
Change in Net Position					25,226	11,084	36,310
Net Position at beginning of year					327,676	87,197	414,873
Net Position at end of year					\$352,902	\$98,281	\$451,183

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023
(IN THOUSANDS OF DOLLARS)

	Mortgage Purchase Fund	Bondholder Reserve Fund	General Administrative Fund	Total
ASSETS:				
Current Assets:				
Cash, principally time deposits (note 3)	\$ 35,153	\$ 3	\$ 59,906	\$ 95,062
Investments (notes 3, 9, and 11)	365,550	8,372	21,511	395,433
Mortgage notes receivable, net (note 4)	35,497	0	159	35,656
Other assets (note 5)	10,136	22	236	10,394
Interfund (note 13)	0	0	4,672	4,672
Total Current Assets	<u>446,336</u>	<u>8,397</u>	<u>86,484</u>	<u>541,217</u>
Noncurrent Assets:				
Investments (notes 3, 9, and 11)	142,349	0	0	142,349
Mortgage notes receivable, net (note 4)	1,626,710	0	6,865	1,633,575
Capital assets, net	22	0	18,105	18,127
Derivative instrument - interest rate swaps (note 7)	16,385	0	0	16,385
Total Noncurrent Assets	<u>1,785,466</u>	<u>0</u>	<u>24,970</u>	<u>1,810,436</u>
Total Assets	<u>2,231,802</u>	<u>8,397</u>	<u>111,454</u>	<u>2,351,653</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred pension expense (note 8)	346	2	67	415
Deferred amount on debt refundings	2,009	0	0	2,009
Total Deferred Outflows of Resources	<u>2,355</u>	<u>2</u>	<u>67</u>	<u>2,424</u>
LIABILITIES:				
Current Liabilities:				
Accrued interest payable	8,509	0	0	8,509
Accounts payable and accrued liabilities	250	4	17,539	17,793
Interfund (note 13)	2,805	17	37,352	40,174
Bonds and notes payable (notes 6, 9, 14, and 16)	58,775	0	655	59,430
Total Current Liabilities	<u>70,339</u>	<u>21</u>	<u>55,546</u>	<u>125,906</u>
Noncurrent Liabilities:				
Subscription Liability (note 5)	0	0	441	441
Excess arbitrage to be rebated (note 12)	650	0	0	650
Pension liability (note 8)	1,063	6	205	1,274
Bonds and notes payable (notes 6, 9, 14, and 16)	1,843,238	0	12,970	1,856,208
Total Noncurrent Liabilities	<u>1,844,951</u>	<u>6</u>	<u>13,616</u>	<u>1,858,573</u>
Total Liabilities	<u>1,915,290</u>	<u>27</u>	<u>69,162</u>	<u>1,984,479</u>
DEFERRED INFLOWS OF RESOURCES:				
Accumulated increase in fair value of hedging derivatives (note 7)	16,385	0	0	16,385
Deferred loan origination points	13	0	0	13
Deferred pension credit (note 8)	248	2	48	298
Total Deferred Inflows of Resources	<u>16,646</u>	<u>2</u>	<u>48</u>	<u>16,696</u>
NET POSITION:				
Net investment in capital assets	22	0	3,836	3,858
Restricted for bond resolutions	302,199	8,370	0	310,569
Unrestricted	0	0	38,475	38,475
Total Net Position	<u>\$302,221</u>	<u>\$8,370</u>	<u>\$42,311</u>	<u>\$352,902</u>

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023
(IN THOUSANDS OF DOLLARS)

	Mortgage Purchase Fund	Bondholder Reserve Fund	General Administrative Fund	Total
OPERATING REVENUES:				
Interest from mortgages and notes	\$66,832	\$0	\$293	\$67,125
Income from investments	25,710	413	1,238	27,361
Net increase in the fair value of investments	3,550	0	0	3,550
Fee income	2,530	0	1,347	3,877
Other revenue	132	0	90	222
Gain on bond redemption (note 14)	187	0	0	187
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	98,941	413	2,968	102,322
OPERATING EXPENSES:				
Operating expenses	12,925	76	2,390	15,391
Other program administrative expenses	5,854	0	0	5,854
Mortgage servicing fees	1,880	0	10	1,890
Interest expense	54,990	0	0	54,990
Excess arbitrage (note 12)	834	0	0	834
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses	76,483	76	2,400	78,959
Operating Income	22,458	337	568	23,363
Transfers between funds, net (note 13)	0	0	1,863	1,863
	<hr/>	<hr/>	<hr/>	<hr/>
Change in Net Position	22,458	337	2,431	25,226
Net Position at beginning of year	279,763	8,033	39,880	327,676
	<hr/>	<hr/>	<hr/>	<hr/>
Net Position at end of year	<u>\$302,221</u>	<u>\$8,370</u>	<u>\$42,311</u>	<u>\$352,902</u>

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023
(IN THOUSANDS OF DOLLARS)

	Mortgage Purchase Fund	Bondholder Reserve Fund	General Administrative Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Interest receipts from borrowers	\$66,255	\$0	\$299	\$66,554
Principal receipts on mortgages and notes - scheduled	81,032	0	182	81,214
Principal receipts on mortgages and notes - prepayments	50,648	0	16	50,664
Payments for operating expenses	(10,112)	(14)	(637)	(10,763)
Payments for personnel expenses	(10,547)	(62)	(1,756)	(12,365)
Investment in mortgages and other notes	(279,343)	0	(2,892)	(282,235)
Other	2,817	(3)	5,915	8,729
Net cash provided by (used for) operating activities	<u>(99,250)</u>	<u>(79)</u>	<u>1,127</u>	<u>(98,202)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	0	0	(1,047)	(1,047)
Principal paid on capital debt	0	0	(636)	(636)
Interest paid on capital debt	0	0	(453)	(453)
Payment on subscription liabilities	0	0	(287)	(287)
Net cash used for capital and related financing activities	<u>0</u>	<u>0</u>	<u>(2,423)</u>	<u>(2,423)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Proceeds from sale of bonds	345,238	0	0	345,238
Principal payments on bonds	(117,460)	0	0	(117,460)
Interest payments on bonds	(52,226)	0	0	(52,226)
Payments (to) from other funds	(90)	7	(4,239)	(4,322)
Net cash provided by (used for) non-capital financing activities	<u>175,462</u>	<u>7</u>	<u>(4,239)</u>	<u>171,230</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from disposition of foreclosed real estate	1,696	0	4	1,700
Purchase of investments	(1,150,535)	(334)	(3,012)	(1,153,881)
Sales and maturity of investments	1,075,837	0	0	1,075,837
Interest received on investments	16,235	408	1,236	17,879
Net cash provided by (used for) investing activities	<u>(56,767)</u>	<u>74</u>	<u>(1,772)</u>	<u>(58,465)</u>
Net increase (decrease) in cash	19,445	2	(7,307)	12,140
Cash at beginning of year	15,708	1	67,213	82,922
Cash at end of year	<u>\$35,153</u>	<u>\$3</u>	<u>\$59,906</u>	<u>\$95,062</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income	\$22,458	\$337	\$568	\$23,363
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation and amortization	388	0	1,136	1,524
Interest on bonds and notes	54,602	0	453	55,055
Gain on bond redemption	(187)	0	0	(187)
Pension expense	382	2	74	458
Interest income on investments	(25,710)	(413)	(1,238)	(27,361)
Net increase in fair value of investments	(3,550)	0	0	(3,550)
Changes in operating assets and liabilities:				
Other assets	264	(1)	83	346
Pension contributions	(468)	0	(89)	(557)
Mortgage note interest receivable	(577)	0	6	(571)
Accounts payable and accrued liabilities	811	(4)	2,828	3,635
Investment in mortgage and other notes	(279,343)	0	(2,892)	(282,235)
Mortgage & other note principal repayments	131,680	0	198	131,878
Net cash provided by (used for) operating activities	<u>(\$99,250)</u>	<u>(\$79)</u>	<u>\$1,127</u>	<u>(\$98,202)</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION:				
Transfer from mortgage notes receivable to other assets and other real estate owned	\$1,035	\$0	\$0	\$1,035

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023
(IN THOUSANDS OF DOLLARS)

	HOME Fund	Section 8 Housing Programs	Low Income Home Energy Assistance Program	Maine Energy, Housing & Economic Recovery Fund	Other Federal and State Programs	Total
ASSETS:						
Current Assets:						
Cash, principally time deposits (note 3)	\$0	\$3,780	\$1,678	\$0	\$798	\$6,256
Investments (notes 3, 9, and 11)	29,232	0	0	27,197	12,277	68,706
Accounts receivable - government	1,877	279	2,546	0	5,471	10,173
Mortgage notes receivable, net (note 4)	3	0	0	0	0	3
Other assets	125	152	54	105	210	646
Interfund (note 13)	17,012	81	0	0	21,806	38,899
Total Current Assets	<u>48,249</u>	<u>4,292</u>	<u>4,278</u>	<u>27,302</u>	<u>40,562</u>	<u>124,683</u>
Noncurrent Assets:						
Mortgage notes receivable, net (note 4)	39,573	0	0	34,613	0	74,186
Total Noncurrent Assets	<u>39,573</u>	<u>0</u>	<u>0</u>	<u>34,613</u>	<u>0</u>	<u>74,186</u>
Total Assets	<u>\$87,822</u>	<u>\$4,292</u>	<u>\$4,278</u>	<u>\$61,915</u>	<u>\$40,562</u>	<u>\$198,869</u>
LIABILITIES:						
Current Liabilities:						
Accrued interest payable	\$0	\$0	\$0	\$57	\$0	\$57
Accounts payable - government	0	478	0	0	1,127	1,605
Accounts payable and accrued liabilities	3,414	156	1,175	0	8,376	13,121
Unearned income	0	103	1,533	0	29,164	30,800
Interfund (note 13)	81	404	1,446	0	102	2,033
Bonds payable (note 6, 9, and 14)	0	0	0	3,035	0	3,035
Total Current Liabilities	<u>3,495</u>	<u>1,141</u>	<u>4,154</u>	<u>3,092</u>	<u>38,769</u>	<u>50,651</u>
Noncurrent Liabilities:						
Bonds payable (note 6, 9, and 14)	0	0	0	47,977	0	47,977
Total Non Current Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>47,977</u>	<u>0</u>	<u>47,977</u>
Total Liabilities	<u>3,495</u>	<u>1,141</u>	<u>4,154</u>	<u>51,069</u>	<u>38,769</u>	<u>98,628</u>
FUND BALANCES:						
Restricted by program requirements	84,327	3,151	124	0	1,793	89,395
Nonspendable	0	0	0	10,846	0	10,846
Total Fund Balances	<u>84,327</u>	<u>3,151</u>	<u>124</u>	<u>10,846</u>	<u>1,793</u>	<u>100,241</u>
Total Liabilities and Fund Balances	<u>\$87,822</u>	<u>\$4,292</u>	<u>\$4,278</u>	<u>\$61,915</u>	<u>\$40,562</u>	<u>\$198,869</u>

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

Total fund balances in governmental funds	\$100,241
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Pension expense deferrals reported as deferred outflows of resources in governmental activities are not financial resources and therefore are not reported in the governmental funds.	214
Pension liabilities reported in governmental activities are not due and payable in the current period and therefore are not reported in the governmental funds.	(657)
Pension credit deferrals reported as deferred inflows of resources in governmental activities are not available to pay for current period expenditures and therefore are not reported in the governmental funds.	(153)
Interfund balances related to the allocation of pension liabilities and deferrals of resources reported in governmental activities are not due and payable in the current period and therefore not reported in the governmental funds.	<u>(1,364)</u>
Net Position of governmental activities	<u>\$98,281</u>

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023
(IN THOUSANDS OF DOLLARS)

	HOME Fund	Section 8 Housing Programs	Low Income Home Energy Assistance Program	Maine Energy, Housing & Economic Recovery Fund	Other Federal and State Programs	Total
REVENUES:						
Interest from mortgages and notes	\$96	\$0	\$0	\$42	\$0	\$138
Income from investments	1,412	13	15	1,617	270	3,327
Fee income	0	6,632	1,012	0	5,238	12,882
Other revenue	69	0	0	86	0	155
Grant income	30,735	0	93,447	4,318	127,149	255,649
Federal rent subsidy income	0	116,271	0	0	0	116,271
Total Revenues	<u>32,312</u>	<u>122,916</u>	<u>94,474</u>	<u>6,063</u>	<u>132,657</u>	<u>388,422</u>
EXPENDITURES:						
Operating expenditures	0	4,460	861	0	2,773	8,094
Other program administrative expenditures	0	129	37	0	2,284	2,450
Provision for losses on loans (note 4)	9	0	0	0	0	9
Grant expenditures	32,037	66	93,447	420	120,664	246,634
Federal rent subsidy	0	117,038	0	0	0	117,038
Interest	0	0	0	1,014	0	1,014
Total Expenditures	<u>32,046</u>	<u>121,693</u>	<u>94,345</u>	<u>1,434</u>	<u>125,721</u>	<u>375,239</u>
Revenues in Excess of Expenditures	266	1,223	129	4,629	6,936	13,183
Transfers between funds, net (note 13)	<u>(416)</u>	<u>(1,568)</u>	<u>(114)</u>	<u>7,814</u>	<u>(7,579)</u>	<u>(1,863)</u>
Change in Fund Balances	(150)	(345)	15	12,443	(643)	11,320
Fund Balances at beginning of year	<u>84,477</u>	<u>3,496</u>	<u>109</u>	<u>(1,597)</u>	<u>2,436</u>	<u>88,921</u>
Fund Balances at end of year	<u>\$84,327</u>	<u>\$3,151</u>	<u>\$124</u>	<u>\$10,846</u>	<u>\$1,793</u>	<u>\$100,241</u>

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Change in Fund Balances - total governmental funds	\$11,320
Amounts reported for governmental activities in the Statement of Activities are different because:	
Expenses reported in the Statement of Activities include a pension expense, which does not effect the use of current financial resources and therefore is not reported as an expenditure in the governmental funds.	<u>(236)</u>
Change in Net Position of governmental activities	<u>\$11,084</u>

See accompanying notes to the financial statements

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2023**

(1.) ORGANIZATION AND NATURE OF OPERATIONS

The Maine State Housing Authority (MaineHousing) is a public corporation and an instrumentality of the State of Maine established under the provisions of the *Maine Housing Authorities Act*, Title 30-A, Chapter 201, of the Maine Revised Statutes, as amended. MaineHousing is authorized to issue bonds for the purchase or origination of notes and mortgages on single-family and multi-family residential properties for the purpose of providing housing for persons and families of low income in the State of Maine. MaineHousing also administers various housing and energy related state and federal programs and collects and disburses federal rent subsidies for low-income housing.

For financial reporting purposes, MaineHousing is considered a component unit of the State of Maine and the financial condition and results of operations of MaineHousing are included in the State's financial statements.

(2.) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

MaineHousing's financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) statements and are comprised of three components: 1) agency-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

The financial statements include all of the organization's activities and functions for which MaineHousing is financially accountable. Determination of financial accountability includes among other factors, appointment of a voting majority of the component's governing body and (1) ability to impose its will over the component unit or (2) the possibility that the component unit will provide a financial benefit to, or impose a financial burden on, MaineHousing. Based on the preceding criteria, the accompanying financial statements do not include the financial activities of any entity other than MaineHousing.

The agency-wide financial statements are comprised of a Statement of Net Position and Statement of Activities, which are prepared using the economic resources measurement focus and the accrual basis of accounting. These statements reflect all of the assets, liabilities, revenues, expenses, deferred inflows, deferred outflows, gains and losses of business-type and governmental activities. Interfund balances entirely within the proprietary funds and governmental funds are eliminated from the Statement of Net Position; remaining amounts are shown as Internal Balances.

The business-type activities, which include single-family and multi-family loan programs, are classified as proprietary funds. Proprietary funds are reported using the accrual basis of accounting and revenues are recorded when earned and expenses when incurred. The governmental activities reflect the administration of the various programs for the State of Maine and the federal government. Governmental funds are reported using the modified accrual basis and revenues are recorded when they become available and measurable and expenses when incurred. Revenues from grants and programs are generally considered "available" if eligibility and time restrictions have been satisfied and if received within three months of the balance sheet date. Grants received in advance of the period in which they can be used are reported as deferred inflows of resources.

Separate fund financial statements are provided for proprietary and governmental funds. The fund financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental entities, which provides that accounting systems be organized by funds to account for specific activities consistent with legal and operating requirements. Major individual governmental funds and all proprietary funds and fund groups are reported as separate columns in the fund financial statements. Certain insignificant indirect costs are allocated to the funds.

**Maine State Housing Authority
Notes to Financial Statements
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Fund Structure

PROPRIETARY FUNDS

Financial activities operated similarly to private business enterprises and financed through fees and charges assessed primarily to users of loans and other lender services are presented as proprietary funds. MaineHousing's proprietary funds are as follows, all of which are considered major funds:

Mortgage Purchase Fund

This fund consists of accounts established by the General Mortgage Purchase Bond Resolution. Pursuant to the Mortgage Purchase Program, MaineHousing is authorized to purchase or originate first lien mortgages on single-family and multi-family residential properties. Proceeds from the sale of mortgage revenue bonds, the debt service requirements of the bond indebtedness, and mortgage loans made from bond proceeds are recorded in this fund.

Bondholder Reserve Fund

This fund consists of accounts established by the General Authority Bondholder Reserve Fund Resolution and is pledged to replenish any deficiency in the debt service reserve fund of the General Mortgage Purchase Bond Resolution.

General Administrative Fund

This fund consists of account balances that are not directly pledged to or restricted by a particular bond resolution or program and generates fee and interest income. Revenues not specifically pledged for the repayment of bonds or notes are recorded in this fund.

GOVERNMENTAL FUNDS

Activities financed by grant and program agreements with the federal government and appropriations and allocations from the State of Maine Legislature are presented as governmental funds. None of the governmental funds are legally required to adopt a formal budget. MaineHousing's governmental funds are as follows, all of which are considered major funds:

Home Fund

The Maine State Legislature authorized the creation of the Housing Opportunities for Maine (HOME) Program to promote and create affordable housing. The program is funded by a portion of the Real Estate Transfer Tax levied by the State of Maine and by appropriations. These funds may be used in conjunction with MaineHousing's other housing resources. Activities associated with the Shelter Operating Subsidy Program, which is funded by the State of Maine and provides funding for emergency shelters that serve Maine's homeless citizens, are also recorded in this fund.

Section 8 Housing Programs

This fund group consists of activity related to MaineHousing's administration of various Department of Housing and Urban Development (HUD) Section 8 programs. These are federal programs that provide rental subsidies to landlords to preserve low-income rental units and funding to tenants to assist with rent payments. The program funding levels are established by the federal government annually. MaineHousing receives annual fees from HUD for the administration of these programs. These programs consist of the following:

- Moderate Rehabilitation
- Section 811 Project Rental Assistance
- Housing Choice Voucher
- Performance Based Contract Administration
- Family Self-Sufficiency
- Mainstream Vouchers
- Section 8 Emergency Housing Voucher – *American Rescue Plan Act*

**Maine State Housing Authority
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Low Income Home Energy Assistance Program

MaineHousing is the designated administrator of the Low Income Home Energy Assistance Program for the State of Maine. This program is federally funded through the Department of Health and Human Services. Under this program, funds are provided to low income homeowners and renters to assist with the payment of heating costs. The funding level is established annually by the federal government and MaineHousing receives annual fees for the administration of the program.

A supplemental award in the amount of \$55,172 was provided to the State of Maine as part of the *American Rescue Plan Act of 2021*. All funds from this supplemental award were obligated by the September 30, 2022 expiration date and program activity is ongoing.

In 2023, the State of Maine provided one-time funding in the amount of \$40 million to supplement the federal Low Income Home Energy Assistance Program. The federal eligibility requirements applies to the state funds and associated activities are recorded in this fund group.

Maine Energy, Housing and Economic Recovery Fund

The purpose of the Maine Energy, Housing and Economic Recovery Fund (MEHER) is to create capital funding sources to provide affordable housing and to improve energy efficiency of residential housing in the State of Maine. The fund consists of accounts established by the MEHER General Indenture. The revenue anticipation bonds issued under the MEHER General Indenture are liabilities of the fund and the debt service for these bonds is paid by a source of revenue from the State of Maine.

Other Federal and State Programs

MaineHousing administers various other federal and state housing and energy related programs and grants. This fund group records the activity and reflects the consolidation of these programs and grants. Program administration is governed by the appropriate federal regulations or state laws. The annual program and grant funding levels are set by the appropriate federal or state government. MaineHousing receives annual fees for the program administration for most of the federal programs and grants. Federal and state programs consist of the following:

U.S. Department of Housing and Urban Development

Emergency Solutions Grants

Emergency Solutions Grants – *Coronavirus Aid, Relief, and Economic Security Act*

HOME Investment Partnerships Program

HOME Investment Partnerships Program – *American Rescue Plan Act*

National Housing Trust Fund

Lead-Based Paint Hazard Control Program

Homeless Management Information System

Continuum of Care - Planning Grant

Community Development Block Grant - *Coronavirus Aid, Relief, and Economic Security Act* (via State of Maine)

Older Adult Home Modification Program

Recovery Housing Program

U.S. Department of Energy

Weatherization Assistance Program

Weatherization Assistance Program - Training Centers and Programs

Weatherization Assistance Program – *Bipartisan Infrastructure Law*

Sustainable Energy Resources for Consumers Grant

U.S. Department of Health and Human Services

Low Income Household Water Assistance Program – *Consolidated Appropriations Act and American Rescue Plan Act*

Weatherization / Central Heating Improvement Program

Temporary Assistance for Needy Families (via State of Maine)

**Maine State Housing Authority
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U.S. Department of Treasury

Housing Navigators Program – *American Rescue Plan Act* (via State of Maine)
Emergency Rental Assistance Program – *American Rescue Plan Act* (via State of Maine)
Homeowner Assistance Fund – *American Rescue Plan Act* (via State of Maine)
Expand Affordable Housing Program – *American Rescue Plan Act* (via State of Maine)

U.S. Department of Homeland Security

Federal Emergency Management Agency Disaster Assistance Grants – COVID-19

State of Maine

Home Modification Program
Well Water Treatment Program
Lead Abatement Program
State General Obligation Bonds
Emergency Housing Relief Fund
Maine Association of Recovery Residences
Low Income Home Energy Assistance Program for Community Action Agencies

Private

Low Income Assistance Plan

Net Position

In the agency-wide and proprietary fund financial statements, net position is displayed in three components as follows:

Net investment in capital assets – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any notes, liabilities or other borrowings for the acquisition, construction, or improvement of those assets.

Restricted – This consists of activities that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. For business-type activities, the net position is restricted by bond resolutions for the acquisition of loans, payment of debt service and payment of operating costs. For governmental activities, the net position is restricted by state statutes or federal regulations and program agreements for specific program purposes.

Unrestricted – This consists of activities that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Balances

In the governmental funds financial statements, fund balances are reported as either restricted for housing and energy related programs or nonspendable in current form due to the long term nature of certain assets. If unrestricted fund balances are available, they are generally used after assigned or restricted amounts.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and held by banks in demand deposits and savings accounts.

**Maine State Housing Authority
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Investments

Money market funds, repurchase agreements and certificates of deposit that have a remaining maturity at time of purchase of one year or less are reported at amortized cost. Investments not reported at amortized cost are reported at fair value. Unrealized gains and losses due to fluctuations in market values and gains and losses realized upon sale are reported as net increases or decreases in the fair value of investments. Interest received that is required by federal programs to be spent on program activities is deferred and recorded as a payable to the federal government.

Mortgage Notes Receivable

Mortgage notes receivable are carried at their uncollected principal balance less allowances for loan losses. The recording of interest income on problem loans ceases when collectability within a reasonable period of time becomes doubtful. Program income received for revolving loan programs are recorded as unearned income. MaineHousing reclassifies its liability for amounts due under revolving loan programs relating to forgivable loans and loans with no payments due until sale of the collateral or maturity of the loan (usually 30 years from origination) to reduce the associated loan balances. MaineHousing believes this presentation better reflects the underlying economics of the loan.

Allowances For Losses On Loans

MaineHousing has established allowances for losses on mortgages and other notes receivable. The allowances are established through provisions for losses on loans charged to expenses. Losses are charged against the allowances when MaineHousing believes that collection of the loan principal is unlikely.

The allowances are amounts that MaineHousing believes will be adequate to absorb losses based on evaluations of collectability and prior loss experience. The evaluation takes into consideration such factors as the nature and volume of the portfolio, extent of available mortgage insurance, collateral, delinquencies and current economic conditions that may affect the borrowers' ability to pay.

Capital Assets

Capital assets consisting of building, land, and equipment are stated at cost less accumulated depreciation and are reported in the agency-wide and proprietary funds financial statements. MaineHousing capitalizes assets with an initial cost of one thousand dollars or more. Depreciation is computed using the straight line method over the estimated useful lives of the assets, which range from three to forty years. Land and assets that are being developed are not depreciated. Intangible assets from subscription-based information technology arrangements are recorded as capital assets and amortized using the straight line method over the subscription term.

Other Real Estate Owned

Other real estate owned consists of single-family and multi-family residential properties acquired through foreclosure, or acceptance of a deed in lieu of foreclosure and are carried at the lower of cost or fair value less estimated costs to sell. Other real estate owned net of reserve is recorded in other assets. Losses arising from the acquisition of other real estate owned are charged to the allowance for loan losses. Operating expenses, subsequent provisions to reduce the carrying value, and any gain or loss on disposition of the property are reflected in the Statement of Revenues, Expenses and Changes in Net Position in the year incurred or realized.

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Bond Discount, Premium, Issuance Costs and Deferred Amounts on Refunding

Bond discounts and premiums are reflected as a component of bonds payable and are deferred and amortized over the lives of the bonds using a method that approximates the effective interest method. Gains and losses on debt refundings are amortized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter and reflected as a deferred outflow of resources. Bond issuance costs are expensed in the year issued.

Loan Origination Fees and Costs

MaineHousing pays origination costs at the time it purchases single-family mortgage loans. These and other program costs, including closing cost assistance to borrowers, paid in connection with acquiring certain single-family loans, are expensed in the year of origination.

MaineHousing may receive points in connection with the origination of certain mortgage loans, which are essentially yield adjustments on the loans. Points received for single-family loans are reflected as a deferred inflow of resources and amortized as a component of interest income using the effective interest method over the life of the mortgages. When a loan is paid off prior to maturity, all unamortized deferred points are recognized immediately as interest income. MaineHousing may charge a fee at the time that a commitment is made to originate a mortgage on a multi-family loan. These fees are recognized as income in the year the commitment is made.

Revenues, Expenses and Expenditures

Program revenues in the agency-wide Statement of Activities are reported in three categories including (1) charges for services, (2) investment income and (3) grants and contributions. Charges for services include all revenues from mortgage loans and program administration fees. Investment income consists of earnings from non-mortgage investment assets. Grants and contributions include revenues from other governments and organizations that are restricted for use in a particular program. All revenues are recorded as income when earned and the associated expenses are recorded as incurred.

The proprietary funds' primary sources of operating revenues are income from mortgage loans and other permitted investments. Operating expenses in the proprietary funds consist of costs incurred for originating and servicing loans, interest on bonds and notes, and program administration.

Revenues in the governmental funds are derived from grant and program agreements with the federal government, appropriations from the Maine State Legislature, and other organizations. MaineHousing also receives fee income for program administration. Expenditures in the governmental funds are all current operating expenditures and consist primarily of program disbursements and administration charges.

Derivatives and Hedging Instruments

MaineHousing enters into interest rate swap agreements in order to manage risks associated with interest on its variable rate bond portfolio. MaineHousing recognizes the fair value of swap agreements as either an asset or liability on its Statement of Net Position with the offsetting gains or losses as either deferred inflows or outflows of resources, if deemed an effective hedge. If swap agreements are not effective hedges, interest expense is increased or decreased by the change in the fair value. MaineHousing measures the effectiveness of its interest rate swap agreements in total whereby all the swaps are used to hedge interest expense on a portion of the total variable rate bonds equal to the notional amount of the swaps. Hedge effectiveness is determined by using the regression analysis and synthetic instrument methods. MaineHousing's swap agreements constitute an effective hedge for the hedged portion of the variable rate bond portfolio at December 31, 2023.

**Maine State Housing Authority
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Fair Value Methodology

Generally accepted accounting principles establishes standards for determining fair value measurements for accounting and financial reporting purposes and provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements and also establishes a three-tier hierarchy that prioritizes the inputs used to measure fair value as follows:

- **Level 1 inputs** are observable, quoted prices in active markets for identical assets or liabilities;
- **Level 2 inputs** are directly or indirectly observable, but not on Level 1; and
- **Level 3 inputs** are all inputs that are unobservable.

MaineHousing's assets and liabilities carried at fair value are investments and interest rate swaps.

Defined Benefit Pension Plan

MaineHousing is a participating local district (PLD) member of the Maine Public Employees Retirement System (MainePERS) PLD Consolidated Retirement Plan and employees may participate in a defined benefit plan offered by MainePERS. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of MainePERS' PLD Consolidated Plan have been determined on the same basis as they are reported by MainePERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments at MainePERS are reported at fair value.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the statements and the reported amounts of revenues, expenses and expenditures during the reporting year. Material estimates that are particularly susceptible to significant change in the near-term relate to the determination of the allowance for losses on loans, the fair value of interest rate swaps and the net pension liability for MaineHousing's participation in the MainePERS PLD Consolidated Retirement Plan. Actual results could differ from estimates.

New Accounting Standards

The following GASB Statements that have been issued are under evaluation by MaineHousing:

- GASB Statement No. 100, *Accounting Changes and Error Corrections* and GASB Statement No. 101, *Compensated Absences* are effective for the year ending December 31, 2024.
- GASB Statement No. 102, *Certain Risk Disclosures* is effective for the year ending December 31, 2025.

MaineHousing has not adopted these standards and is evaluating the impact they may have on its financial statements.

(3.) CASH AND INVESTMENTS

At December 31, 2023, the carrying amount of MaineHousing's bank deposits was \$101,318 and the bank balance was \$102,117. The difference between the carrying amount and the bank balance is a result of transactions in transit. Of the bank balance, \$954 was covered by federal depository insurance and \$101,163 was collateralized by pledged government securities that are held in the bank's name at the Federal Reserve Bank.

**Maine State Housing Authority
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The General Mortgage Purchase Bond Resolution permits MaineHousing to invest in direct obligations of, or obligations guaranteed by, the United States of America, certain government-sponsored enterprises and the State of Maine "permitted investments." The resolution also permits MaineHousing to invest in certificates of deposit, repurchase agreements and other similar banking arrangements that are collateralized by permitted investments.

MaineHousing has a formal Investment Policy that outlines its investment practices and policies. The primary purpose of the policy is to ensure safety of principal while managing liquidity to pay MaineHousing's financial obligations. MaineHousing's deposit policy is to have its deposits covered by insurance, collateralized or deposited in well capitalized institutions.

MaineHousing's investment balances and stated maturities as of December 31, 2023 are presented in the following table. Actual maturities may differ due to investments being called by the issuer.

Investment Type	Investment Maturities in Years					Moody's Credit Rating
	Carrying Amount	Less than 1	1-5	6-10	More than 10	
PROPRIETARY FUNDS						
MORTGAGE PURCHASE FUND						
Repurchase Agreements	\$105,240	\$105,240	\$0	\$0	\$0	NR
Money Market Funds	\$207	207	0	0	0	NR
Federal Home Loan Mortgage Corporation (FHLMC)	49,978	49,978	0	0	0	P-1/Aaa
Federal Farm Credit Bank (FFCB)	76,391	0	3,717	48,505	24,169	P-1/Aaa
Federal Home Loan Bank (FHLB)	276,083	210,125	0	35,388	30,570	P-1/Aaa
Total - Mortgage Purchase Fund	507,899	365,550	3,717	83,893	54,739	
BONDHOLDER RESERVE FUND						
Repurchase Agreements	8,372	8,372	0	0	0	NR
GENERAL ADMINISTRATIVE FUND						
Repurchase Agreements	5,602	5,602	0	0	0	NR
Money Market Funds	13,350	13,350	0	0	0	NR
Certificates of Deposit	2,559	2,559	0	0	0	NR
Total - General Administrative Fund	21,511	21,511	0	0	0	
Total - Proprietary Funds	\$537,782	\$395,433	\$3,717	\$83,893	\$54,739	
GOVERNMENTAL FUNDS						
HOME FUND						
Repurchase Agreements	\$29,232	\$29,232	\$0	\$0	\$0	NR
MAINE ENERGY, HOUSING & ECONOMIC RECOVERY FUND						
Repurchase Agreements	27,197	27,197	0	0	0	NR
OTHER FEDERAL AND STATE PROGRAMS						
Repurchase Agreements	12,277	12,277	0	0	0	NR
Total - Governmental Funds	\$68,706	\$68,706	\$0	\$0	\$0	

MaineHousing generally invests in repurchase agreements and money market funds for short-term investments, which are not credit rated and are continuously and fully secured by permitted investments. It is MaineHousing's policy to require that collateral be held by MaineHousing's trustee in MaineHousing's name, wherever practicable.

A market approach is used to determine fair value using Level 2 inputs for investments carried at fair value. Prices and other relevant information are generated by market transactions involving identical or comparable investments.

At December 31, 2023, \$461,580 was invested in short-term repurchase agreements, money market funds, and other government sponsored enterprises with maturity dates of less than one year and interest rates up to 5.40%. Investments other than repurchase agreements and money market funds are registered in MaineHousing's name. Investments issued by Federal Home Loan Mortgage Corporation (FHLMC), Federal Farm Credit Bank (FFCB), and Federal Home Loan Bank (FHLB) make up 10%, 15%, and 54% of total investments, respectively, in the Mortgage Purchase Fund.

**Maine State Housing Authority
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At December 31, 2023, \$2,559 is invested in a non-negotiable certificate of deposit to fund a debt service reserve in connection with a loan agreement. The certificate has an interest rate of 5.55% and will mature in June 2024. The certificate is not credit rated and is being held by its bank trustee in MaineHousing's name.

(4.) MORTGAGE NOTES RECEIVABLE

For financial statement presentation, the allowance for losses on loans has been netted against the noncurrent portion of mortgage notes receivable. A summary of mortgage notes receivable at December 31, 2023 is as follows:

	<u>Number of Notes</u>	<u>Principal Balance</u>	<u>Percent of Portfolio</u>
PROPRIETARY FUNDS			
MORTGAGE PURCHASE FUND - SINGLE-FAMILY:			
VA guaranteed	462	\$60,570	5.8%
FHA insured	1,635	192,909	18.3%
USDA/RD guaranteed	5,060	570,621	54.3%
Privately insured	213	45,310	4.3%
Non-insured	<u>2,504</u>	<u>182,352</u>	<u>17.3%</u>
Total Mortgage Purchase Fund - single-family	<u>9,874</u>	<u>1,051,762</u>	<u>100.0%</u>
MORTGAGE PURCHASE FUND - MULTI-FAMILY:			
Section 8	185	180,065	29.2%
Conventional	342	402,040	65.1%
Supportive Housing	<u>158</u>	<u>35,451</u>	<u>5.7%</u>
Total Mortgage Purchase Fund - multi-family	685	617,556	<u>100.0%</u>
Less: Allowance for losses on loans		<u>(7,111)</u>	
Total Mortgage Purchase Fund	<u>10,559</u>	<u>1,662,207</u>	
GENERAL ADMINISTRATIVE FUND - SINGLE-FAMILY:			
Non-insured	55	1,257	<u>100.0%</u>
GENERAL ADMINISTRATIVE FUND - MULTI-FAMILY:			
Section 8	1	553	9.4%
Conventional	<u>6</u>	<u>5,316</u>	<u>90.6%</u>
Total General Administrative Fund - multi-family	7	5,869	<u>100.0%</u>
Less: Allowance for losses on loans		<u>(102)</u>	
Total General Administrative Fund	<u>62</u>	<u>7,024</u>	
Total Proprietary Funds	<u>10,621</u>	<u>\$1,669,231</u>	
GOVERNMENTAL FUNDS			
HOME FUND - SINGLE-FAMILY:			
Non-insured	255	\$2,773	<u>100.0%</u>
HOME FUND - MULTI-FAMILY:			
Non-insured	<u>123</u>	<u>37,583</u>	<u>100.0%</u>
Total HOME Fund	378	40,356	
Less: Allowance for losses on loans		<u>(780)</u>	
Total HOME Fund	<u>378</u>	<u>39,576</u>	
MAINE ENERGY, HOUSING AND ECONOMIC RECOVERY FUND - MULTI-FAMILY			
Non-insured	<u>30</u>	<u>34,613</u>	<u>100.0%</u>
Total Governmental Funds	<u>408</u>	<u>\$74,189</u>	

**Maine State Housing Authority
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A summary of the activity in the allowance for losses on loans is as follows:

	PROPRIETARY FUNDS	GOVERNMENTAL FUNDS	
	Mortgage Purchase Fund Group	General Administrative Fund	HOME Fund
Balance – December 31, 2022	\$7,112	\$98	\$905
Provision	0	0	9
Loans charged off	(15)	0	(134)
Recoveries	14	4	0
Balance – December 31, 2023	\$7,111	\$102	\$780

(5.) SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

MaineHousing uses subscription-based information technology arrangements (SBITA) for certain information technology cloud software. One arrangement provides software for its multi-family housing programs and one arrangement is for grant management.

The term for the multi-family SBITA is for an initial three year period at an annual fee of \$167, which increases by 3% per annum. Renewal options are available for two additional years at the same terms and conditions. It is reasonably certain that these options will be exercised and they have been included in the determination of the right-to-use asset and subscription liability. This SBITA arrangement also included an implementation fee and other costs of \$186.

The term for the grant management SBITA is for an initial three year period at an annual fee of \$46 and implementation fees of \$34. Renewal options are available for two additional years at the same terms and conditions. It is reasonably certain that these options will be exercised and they have been included in the determination of the right-to-use asset and subscription liability.

At December 31, 2023, MaineHousing has a combined net right-to-use SBITA asset, an intangible asset, of \$980 and a \$644 subscription liability, the current portion of which is included in accounts payable and accrued liabilities. At December 31, 2023, \$288 of amortization expense and \$18 of interest expense on the subscription liability was recorded. The following table provides a summary of principal and interest requirements for the subscription liability through December 31, 2026:

Year	Principal	Interest	Total
2024	\$203	\$18	\$221
2025	215	12	227
2026	226	6	232
Total	\$644	\$36	\$680

**Maine State Housing Authority
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(6.) BONDS AND NOTES PAYABLE

MaineHousing issues bonds that pay interest that is subject to Alternative Minimum Tax (AMT), bonds that pay interest that is not subject to this tax (Non-AMT) and federally taxable bonds. Interest paid on AMT bonds is treated as a preference item in calculating the tax imposed on individuals and corporations under the Internal Revenue Service Code. MaineHousing's AMT, Non-AMT and federally taxable bonds are denoted for each series or sub-series in the following table.

The interest rates presented in the following table for variable rate bonds represent the rate at December 31, 2023. The Single-Family (S/F) and Multi-Family (M/F) Mortgage Bonds Payable outstanding at December 31, 2023 are as follows:

	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
PROPRIETARY FUNDS							
MORTGAGE PURCHASE FUND							
2013 SERIES B BONDS (S/F)							
2013 Series B (Non-AMT)							
Serial Bonds	\$7,540	\$1,835	2.75%	2024	1,835		
Term Bonds	3,890	2,000	3.00%	2026-2027	985	-	1,015
Term Bonds	38,690	16,275	3.45%	2031-2032	7,995	-	8,280
Term Bonds	28,880	27,600	3.60%	2033-2036	2,230	-	9,205
Term Bonds	<u>27,000</u>	<u>0</u>	4.00%				
	<u>106,000</u>	<u>47,710</u>					
2014 SERIES C BONDS (S/F)							
2014 Series C-1 (AMT)							
Serial Bonds	14,860	0	3.00%				
Term Bonds	2,000	0	3.63%				
Term Bonds	7,620	0	4.00%				
Term Bonds	<u>17,465</u>	<u>230</u>	3.50%	2034-2041	15	-	55
	<u>41,945</u>	<u>230</u>					
2015 SERIES A BONDS (M/F)							
2015 Series A-2 (Non-AMT)							
Term Bonds	6,555	1,125	3.25%	2028-2029	525	-	600
2015 Series A-3 (Non-AMT)							
Serial Bonds	8,050	0	1.20%				
Term Bonds	11,220	9,135	3.50%	2031-2034	2,160	-	2,410
Term Bonds	13,505	11,000	3.63%	2036-2039	2,590	-	2,905
Term Bonds	<u>16,225</u>	<u>16,225</u>	3.75%	2040-2044	2,995	-	3,500
	<u>55,555</u>	<u>37,485</u>					
2015 SERIES B BONDS (S/F)							
2015 Series B (Non-AMT)							
Serial Bonds	9,750	2,320	2.45% - 2.60%	2024-2025	1,145	-	1,175
Term Bonds	10,750	6,650	3.20%	2028-2030	2,150	-	2,285
Term Bonds	1,610	1,610	3.45%	2031-2034	380	-	425
Term Bonds	<u>9,890</u>	<u>0</u>	3.50%				
	<u>32,000</u>	<u>10,580</u>					
2015 SERIES C BONDS (M/F)							
2015 Series C (Federally Taxable)							
Serial Bonds	9,480	0	2.74% - 3.04%				
Term Bonds	18,000	0	3.59%				
Term Bonds	<u>12,520</u>	<u>7,800</u>	3.95%	2038-2040	2,500	-	2,700
	<u>40,000</u>	<u>7,800</u>					
2015 SERIES E BONDS (S/F)							
2015 Series E-1 (AMT)							
Serial Bonds	30,115	0	3.10%				
Term Bonds	26,690	0	4.00%				
Term Bonds	26,325	1,055	3.50%	2031-2034	130	-	365
2015 Series E-3 (AMT)							
Term Bonds	<u>30,000</u>	<u>30,000</u>	Variable - 3.89%	2035-2038	5,455	-	8,975
	<u>113,130</u>	<u>31,055</u>					

**Maine State Housing Authority
Notes to Financial Statements
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	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
2015 SERIES F BONDS (M/F)							
2015 Series F-2 (Non-AMT)							
Serial Bonds	2,450	1,500	2.50% - 2.85%	2024-2026	500		
2015 Series F-3 (Non-AMT)							
Serial Bonds	15,005	0	1.10%				
Term Bonds	6,340	5,155	3.40%	2028-2030	1,650	-	1,785
Term Bonds	9,565	0	3.85%				
Term Bonds	<u>11,840</u>	<u>0</u>	3.95%				
	<u>45,200</u>	<u>6,655</u>					
2015 SERIES G BONDS (S/F)							
2015 Series G (Non-AMT)							
Serial Bonds	8,185	6,230	2.55% - 3.00%	2024-2027	700	-	2,095
Term Bonds	1,730	1,730	3.35%	2028-2030	535	-	615
Term Bonds	2,125	0	3.65%				
Term Bonds	12,060	7,420	3.85%	2038-2040	2,410	-	2,535
Term Bonds	<u>5,900</u>	<u>155</u>	3.50%	2041-2045	25	-	35
	<u>30,000</u>	<u>15,535</u>					
2016 SERIES A BONDS (S/F)							
2016 Series A (Non-AMT)							
Serial Bonds	6,065	2,475	2.13% - 2.45%	2024-2026	795	-	855
Term Bonds	6,520	6,520	2.90%	2027-2030	1,545	-	1,720
Term Bonds	4,630	4,630	3.30%	2031-2035	865	-	990
Term Bonds	10,900	10,900	3.55%	2036-2040	1,960	-	2,355
Term Bonds	<u>6,885</u>	<u>135</u>	4.00%	2041-2045	25	-	30
	<u>35,000</u>	<u>24,660</u>					
2016 SERIES B BONDS (S/F)							
2016 Series B-1 (Non-AMT)							
Serial Bonds	19,260	9,090	2.05% - 2.55%	2024-2027	2,135	-	2,410
Term Bonds	3,885	1,205	2.70%	2028		1,205	
Term Bonds	18,855	0	3.50%				
2016 Series B-2 (AMT)							
Term Bonds	<u>28,000</u>	<u>28,000</u>	Variable - 3.89%	2029-2037	2,720	-	3,420
	<u>70,000</u>	<u>38,295</u>					
2016 SERIES C BONDS (S/F)							
2016 Series C (Non-AMT)							
Serial Bonds	13,620	7,390	1.90% - 2.50%	2024-2028	1,080	-	2,045
Term Bonds	5,670	5,670	2.75%	2029-2031	1,185	-	2,285
Term Bonds	8,975	8,975	3.00%	2032-2036	1,305	-	2,510
Term Bonds	3,355	3,355	3.15%	2037-2041	625	-	720
Term Bonds	<u>8,380</u>	<u>720</u>	3.50%	2042-2046	140	-	150
	<u>40,000</u>	<u>26,110</u>					
2016 SERIES D BONDS (M/F)							
2016 Series D (Federally Taxable)							
Serial Bonds	32,000	31,175	2.39% - 2.99%	2024-2029	3,915	-	8,185
Term Bonds	<u>8,000</u>	<u>8,000</u>	3.29%	2030-2031		4,000	
	<u>40,000</u>	<u>39,175</u>					
2016 SERIES E BONDS (S/F)							
2016 Series E (Non-AMT)							
Serial Bonds	6,250	3,025	2.70% - 3.15%	2024-2027	715	-	800
Term Bonds	3,050	0	3.63%				
Term Bonds	10,385	0	3.90%				
Term Bonds	<u>8,315</u>	<u>1,165</u>	4.00%	2037-2046	105	-	130
	<u>28,000</u>	<u>4,190</u>					
2017 SERIES A BONDS (S/F)							
2017 Series A (Non-AMT)							
Serial Bonds	5,920	3,545	2.50% - 3.15%	2024-2028	655	-	765
Term Bonds	3,360	0	3.65%				
Term Bonds	6,315	0	4.00%				
Term Bonds	7,625	0	4.05%				
Term Bonds	<u>6,780</u>	<u>1,085</u>	4.00%	2043-2047	180	-	325
	<u>30,000</u>	<u>4,630</u>					
2017 SERIES B BONDS (S/F)							
2017 Series B (Non-AMT)							
Serial Bonds	8,680	5,975	2.05% - 3.00%	2024-2030	740	-	1,010
Term Bonds	4,215	4,215	3.25%	2031-2032	2,090	-	2,125
Term Bonds	6,170	2,605	3.65%	2036-2037	1,280	-	1,325
Term Bonds	8,745	8,745	3.75%	2038-2044	1,115	-	1,355
Term Bonds	<u>7,190</u>	<u>1,365</u>	4.00%	2045-2047	450	-	465
	<u>35,000</u>	<u>22,905</u>					

**Maine State Housing Authority
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	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
2017 SERIES D BONDS (M/F)							
2017 Series D-1 (Non-AMT)							
Serial Bonds	13,175	6,000	2.10% - 2.95%	2024-2029	1,000		
Term Bonds	14,320	14,320	3.50%	2033-2037	2,250	-	3,980
Term Bonds	5,870	5,870	3.65%	2038-2042	1,090	-	1,265
Term Bonds	7,810	7,810	3.75%	2043-2047	1,445	-	1,680
	<u>41,175</u>	<u>34,000</u>					
2017 SERIES E BONDS (S/F)							
2017 Series E (Federally Taxable)							
Term Bonds	60,000	60,000	Variable - 5.43%	2042-2052	5,000	-	10,000
	<u>60,000</u>	<u>60,000</u>					
2017 SERIES F BONDS (S/F)							
2017 Series F (Non-AMT)							
Serial Bonds	13,180	10,100	2.00% - 3.00%	2024-2030	970	-	1,675
Term Bonds	2,055	2,055	3.15%	2031-2032	1,005	-	1,050
Term Bonds	5,920	5,920	3.50%	2033-2037	1,090	-	1,280
Term Bonds	7,000	7,000	3.65%	2038-2042	1,320	-	1,490
Term Bonds	11,845	2,835	3.50%	2043-2047	445	-	955
	<u>40,000</u>	<u>27,910</u>					
2017 SERIES G BONDS (S/F - M/F)							
2017 Series G-1 (Federally Taxable)							
Term Bonds	55,000	55,000	Variable - 5.37%	2045-2050	8,290	-	10,090
	<u>55,000</u>	<u>55,000</u>					
2017 SERIES H BONDS (S/F)							
2017 Series H (Non-AMT)							
Serial Bonds	18,380	17,275	2.25% - 3.05%	2024-2030	1,140	-	4,510
Term Bonds	5,420	5,420	3.25%	2031-2033	1,750	-	1,865
Term Bonds	10,625	5,495	3.55%	2036-2037	2,700	-	2,795
Term Bonds	1,485	1,485	3.70%	2038-2042	275	-	320
Term Bonds	2,590	2,590	3.75%	2043-2047	480	-	555
	<u>38,500</u>	<u>32,265</u>					
2018 SERIES A BONDS (S/F)							
2018 Series A (Non-AMT)							
Serial Bonds	13,510	8,200	2.60% - 3.25%	2024-2030	1,145	-	1,200
Term Bonds	3,680	2,465	3.50%	2032-2033	1,220	-	1,245
Term Bonds	8,630	5,240	3.75%	2036-2038	1,725	-	1,765
Term Bonds	9,180	9,180	3.90%	2039-2043	1,790	-	1,885
	<u>35,000</u>	<u>25,085</u>					
2018 SERIES B BONDS (S/F)							
2018 Series B (Non-AMT)							
Serial Bonds	10,565	6,035	2.60% - 3.10%	2024-2028	1,180	-	1,230
Term Bonds	6,005	2,445	3.50%	2032-2033	1,215	-	1,230
Term Bonds	11,270	6,850	3.75%	2036-2038	2,245	-	2,320
Term Bonds	12,160	12,160	3.85%	2039-2043	2,355	-	2,515
	<u>40,000</u>	<u>27,490</u>					
2018 SERIES C BONDS (S/F)							
2018 Series C (Non-AMT)							
Serial Bonds	14,200	8,390	2.45% - 3.25%	2024-2030	485	-	1,955
Term Bonds	4,080	0	3.55%				
Term Bonds	7,195	1,485	3.85%	2038		1,485	
Term Bonds	9,595	0	3.95%				
Term Bonds	9,930	3,550	4.00%	2044-2048	125	-	1,615
	<u>45,000</u>	<u>13,425</u>					
2018 SERIES D BONDS (S/F - M/F)							
2018 Series D-1 (Federally Taxable)							
Term Bonds	40,000	40,000	Variable - 5.81%	2043-2053	2,965	-	4,395
2018 Series D-2 (Federally Taxable)							
Term Bonds	3,150	0	0.00%				
	<u>43,150</u>	<u>40,000</u>					
2018 SERIES F BONDS (S/F)							
2018 Series F (Non-AMT)							
Serial Bonds	7,710	0	2.65%				
Term Bonds	3,745	0	3.85%				
Term Bonds	6,450	0	4.13%				
Term Bonds	6,225	0	4.20%				
Term Bonds	10,300	4,030	4.25%	2044-2048	165	-	1,815
	<u>34,430</u>	<u>4,030</u>					

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	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
2019 SERIES A BONDS (S/F)							
2019 Series A (Non-AMT)							
Serial Bonds	12,670	10,220	2.30% - 3.05%	2024-2030	760	-	3,330
Term Bonds	4,305	4,305	3.45%	2031-2034	1,005	-	1,150
Term Bonds	2,605	2,130	3.80%	2036-2039	495	-	570
Term Bonds	10,880	0	4.00%				
Term Bonds	<u>9,005</u>	<u>3,755</u>	4.00%	2046-2049	550	-	1,425
	<u>39,465</u>	<u>20,410</u>					
2019 SERIES B BONDS (S/F)							
2019 Series B (Non-AMT)							
Serial Bonds	18,075	13,175	1.95% - 2.80%	2024-2032	695	-	2,245
Term Bonds	1,470	1,470	2.95%	2033-2034	720	-	750
Term Bonds	10,615	10,615	3.15%	2035-2039	1,745	-	2,730
Term Bonds	<u>9,840</u>	<u>9,840</u>	3.35%	2040-2044	1,795	-	2,130
	<u>40,000</u>	<u>35,100</u>					
2019 SERIES C BONDS (S/F)							
2019 Series C (Non-AMT)							
Serial Bonds	8,415	5,605	1.65% - 2.45%	2024-2031	100	-	1,055
Term Bonds	6,350	6,350	2.75%	2032-2034	2,040	-	2,195
Term Bonds	5,250	5,250	3.00%	2035-2039	100	-	2,275
Term Bonds	10,270	10,270	3.20%	2040-2045	1,315	-	1,920
Term Bonds	<u>8,825</u>	<u>4,315</u>	4.00%	2047-2050	780	-	1,220
	<u>39,110</u>	<u>31,790</u>					
2019 SERIES D BONDS (M/F)							
2019 Series D (Federally Taxable)							
Term Bonds	<u>4,220</u>	<u>4,220</u>	0.00%	2024		4,220	
	<u>4,220</u>	<u>4,220</u>					
2019 SERIES E BONDS (S/F)							
2019 Series E (Non-AMT)							
Serial Bonds	15,540	13,210	1.63% - 2.35%	2024-2031	710	-	3,430
Term Bonds	5,895	5,895	2.70%	2032-2034	1,935	-	1,995
Term Bonds	6,610	6,610	3.10%	2040-2044	1,230	-	1,415
Term Bonds	<u>6,400</u>	<u>3,315</u>	3.75%	2047-2049	300	-	1,540
	<u>34,445</u>	<u>29,030</u>					
2020 SERIES A BONDS (S/F)							
2020 Series A (Non-AMT)							
Serial Bonds	9,800	7,505	1.40% - 2.40%	2024-2032	725	-	955
Term Bonds	1,995	1,995	2.60%	2033-2034	980	-	1,015
Term Bonds	7,195	7,195	2.85%	2035-2039	1,050	-	1,750
Term Bonds	8,645	8,645	3.00%	2040-2044	1,620	-	1,840
Term Bonds	<u>6,715</u>	<u>3,740</u>	3.75%	2047-2049	530	-	2,305
	<u>34,350</u>	<u>29,080</u>					
2020 SERIES B BONDS (M/F)							
2020 Series B (Non-AMT)							
Serial Bonds	12,000	4,000	1.10%	2024		4,000	
Term Bonds	7,000	7,000	2.10%	2033-2035	2,140	-	2,530
Term Bonds	14,275	14,275	2.35%	2036-2040	2,690	-	3,015
Term Bonds	7,755	7,755	2.50%	2041-2045	1,470	-	1,640
Term Bonds	<u>8,970</u>	<u>8,970</u>	2.60%	2046-2050	1,695	-	1,900
	<u>50,000</u>	<u>42,000</u>					
2020 SERIES C BONDS (S/F)							
2020 Series C (Non-AMT)							
Serial Bonds	12,765	10,815	1.50% - 2.50%	2024-2032	950	-	1,675
Term Bonds	5,315	5,315	2.70%	2033-2035	1,715	-	1,830
Term Bonds	9,640	9,640	3.00%	2036-2040	1,770	-	2,055
Term Bonds	<u>11,235</u>	<u>6,630</u>	4.00%	2044-2050	230	-	1,325
	<u>38,955</u>	<u>32,400</u>					
2020 SERIES D BONDS (S/F)							
2020 Series D (Non-AMT)							
Serial Bonds	10,280	10,280	0.90% - 2.20%	2024-2032	990	-	1,310
Term Bonds	4,390	4,390	2.30%	2033-2035	1,090	-	2,170
Term Bonds	7,580	7,580	2.55%	2036-2040	1,270	-	2,215
Term Bonds	<u>12,750</u>	<u>12,750</u>	2.80%	2041-2045	1,465	-	4,120
	<u>35,000</u>	<u>35,000</u>					

**Maine State Housing Authority
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	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
2020 SERIES E BONDS (M/F)							
2020 Series E (Federally Taxable)							
Serial Bonds	40,000	40,000	2.02% - 2.74%	2026-2033	4,600	-	5,455
	<u>40,000</u>	<u>40,000</u>					
2020 SERIES F BONDS (S/F)							
2020 Series F (Non-AMT)							
Serial Bonds	10,465	9,200	0.65% - 1.75%	2024-2032	905	-	1,135
Term Bonds	3,415	3,415	2.00%	2033-2035	1,100	-	1,175
Term Bonds	6,535	6,535	2.15%	2036-2040	1,215	-	1,395
Term Bonds	7,710	7,710	2.25%	2041-2045	1,440	-	1,655
Term Bonds	11,875	11,875	2.40%	2046-2050	1,705	-	4,705
	<u>40,000</u>	<u>38,735</u>					
2020 SERIES G BONDS (S/F)							
2020 Series G (Non-AMT)							
Serial Bonds	25,180	25,180	0.50% - 2.20%	2024-2035	1,035	-	5,315
Term Bonds	10,465	10,465	2.38%	2036-2040	1,960	-	2,215
	<u>35,645</u>	<u>35,645</u>					
2020 SERIES H BONDS (S/F - M/F)							
2020 Series H (Federally Taxable)							
Serial Bonds	27,345	27,345	1.70% - 2.57%	2026-2032	3,800	-	4,055
Term Bonds	12,655	12,655	2.67%	2033-2035	4,130	-	4,310
	<u>40,000</u>	<u>40,000</u>					
2021 SERIES A BONDS (M/F)							
2021 Series A (Non-AMT)							
Serial Bonds	21,000	17,000	0.40% - 0.60%	2024-2026	4,000	-	8,000
Term Bonds	6,000	6,000	1.85%	2034-2036	1,955	-	2,040
Term Bonds	7,000	7,000	2.05%	2037-2041	1,345	-	1,455
Term Bonds	8,000	8,000	2.15%	2042-2046	1,540	-	1,660
Term Bonds	8,000	8,000	2.20%	2047-2051	1,530	-	1,665
	<u>50,000</u>	<u>46,000</u>					
2021 SERIES B BONDS (S/F)							
2021 Series B (Non-AMT)							
Serial Bonds	10,150	8,550	0.40% - 1.85%	2024-2032	850	-	1,050
Term Bonds	5,925	5,925	2.05%	2033-2036	1,425	-	1,550
Term Bonds	8,550	8,550	2.20%	2037-2041	1,600	-	1,800
Term Bonds	7,050	7,050	2.40%	2042-2046	1,325	-	1,500
Term Bonds	8,325	8,325	2.45%	2047-2051	1,550	-	1,800
	<u>40,000</u>	<u>38,400</u>					
2021 SERIES C BONDS (S/F)							
2021 Series C (Non-AMT)							
Serial Bonds	10,755	9,460	0.45% - 1.80%	2024-2033	825	-	1,080
Term Bonds	5,730	5,730	1.90%	2034-2036	1,850	-	1,965
Term Bonds	10,865	10,865	2.15%	2037-2041	2,035	-	2,310
Term Bonds	12,650	12,650	2.30%	2042-2046	2,375	-	2,700
	<u>40,000</u>	<u>38,705</u>					
2021 SERIES D BONDS (S/F)							
2021 Series D (Non-AMT)							
Serial Bonds	11,675	10,765	0.50% - 2.10%	2024-2033	940	-	1,225
Term Bonds	3,915	3,915	2.20%	2034-2036	1,270	-	1,340
Term Bonds	7,325	7,325	2.40%	2037-2041	1,380	-	1,550
Term Bonds	7,960	7,960	2.65%	2042-2046	1,505	-	1,670
Term Bonds	8,455	7,395	3.00%	2049-2051	1,450	-	4,165
	<u>39,330</u>	<u>37,360</u>					
2022 SERIES A BONDS (M/F)							
2022 Series A (Non-AMT)							
Serial Bonds	19,000	15,000	0.55% - 0.85%	2024-2026	3,500	-	6,500
Term Bonds	10,180	10,180	2.40%	2037-2041	1,945	-	2,120
Term Bonds	19,570	19,570	2.60%	2042-2046	3,720	-	4,125
Term Bonds	1,250	1,250	2.65%	2047-2051	235	-	265
	<u>50,000</u>	<u>46,000</u>					
2022 SERIES B BONDS (M/F)							
2022 Series B (Federally Taxable)							
Serial Bonds	40,000	40,000	1.50% - 2.58%	2025-2032	2,780	-	6,440
Term Bonds	10,000	10,000	2.98%	2033-2036	2,395	-	2,610
	<u>50,000</u>	<u>50,000</u>					

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	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
2022 SERIES C BONDS (MF)							
2022 Series C (AMT)							
Term Bonds	69,865	69,865	Variable - 4.01%	2041-2051	1,280	-	12,230
	<u>69,865</u>	<u>69,865</u>					
2022 SERIES D BONDS (S/F)							
2022 Series D (Non-AMT)							
Serial Bonds	14,000	13,285	2.05% - 3.80%	2024-2034	730	-	2,840
Term Bonds	5,520	5,520	3.88%	2035-2037	1,750	-	1,930
Term Bonds	16,975	16,975	4.00%	2038-2042	2,070	-	6,555
Term Bonds	2,450	2,450	4.13%	2043-2047	450	-	525
Term Bonds	10,300	9,520	5.00%	2049-2052	615	-	3,695
	<u>49,245</u>	<u>47,750</u>					
2022 SERIES E BONDS (S/F)							
2022 Series E (Non-AMT)							
Serial Bonds	11,935	11,420	2.00% - 3.88%	2024-2034	795	-	1,320
Term Bonds	4,400	4,400	4.00%	2035-2037	1,395	-	1,540
Term Bonds	11,925	11,925	4.15%	2038-2042	2,145	-	2,630
Term Bonds	15,325	15,325	4.25%	2043-2047	2,775	-	3,340
Term Bonds	10,595	10,085	5.00%	2050-2052	1,690	-	5,410
	<u>54,180</u>	<u>53,155</u>					
2022 SERIES F BONDS (M/F)							
2022 Series F (Non-AMT)							
Serial Bonds	24,000	24,000	3.10% - 3.40%	2025-2027		8,000	
Term Bonds	16,000	16,000	4.85%	2038-2042	3,010	-	3,410
Term Bonds	20,000	20,000	4.95%	2043-2047	3,765	-	4,245
	<u>60,000</u>	<u>60,000</u>					
2022 SERIES G BONDS (S/F)							
2022 Series G-1 (Non-AMT)							
Serial Bonds	7,000	7,000	3.45% - 4.10%	2025-2029	1,000	-	3,000
Term Bonds	8,000	8,000	5.15%	2038-2042	1,425	-	1,785
Term Bonds	9,000	9,000	5.30%	2043-2047	1,605	-	2,005
Term Bonds	12,000	12,000	5.40%	2048-2052	2,160	-	2,590
2022 Series G-2 (Non-AMT)							
Term Bonds	24,000	24,000	4.21%	2033-2037	4,410	-	5,205
	<u>60,000</u>	<u>60,000</u>					
2023 SERIES A BONDS (S/F)							
2023 Series A (Non-AMT)							
Serial Bonds	7,670	7,670	2.70% - 3.75%	2024-2034	410	-	1,010
Term Bonds	5,135	5,135	4.15%	2035-2038	1,175	-	1,390
Term Bonds	5,085	5,085	4.40%	2039-2043	905	-	1,130
Term Bonds	12,350	12,350	4.60%	2044-2048	2,200	-	2,755
Term Bonds	9,760	9,760	4.70%	2049-2053	1,580	-	2,850
	<u>40,000</u>	<u>40,000</u>					
2023 SERIES B BONDS (S/F)							
2023 Series B (Non-AMT)							
Term Bonds	75,000	35,000	3.13%	2026-2054	680	-	2,075
	<u>75,000</u>	<u>35,000</u>					
2023 Series B-1 (Non-AMT)							
Serial Bonds	8,020	8,020	3.40% - 4.20%	2024-2033	600	-	960
Term Bonds	5,455	5,455	4.50%	2034-2038	995	-	1,190
Term Bonds	6,830	6,830	4.75%	2039-2043	1,240	-	1,495
Term Bonds	8,655	8,655	4.95%	2044-2048	1,570	-	1,900
Term Bonds	11,040	11,040	5.05%	2049-2053	1,995	-	2,435
	<u>40,000</u>	<u>40,000</u>					
2023 SERIES C BONDS (M/F)							
2023 Series C (Non-AMT)							
Serial Bonds	18,790	18,790	2.80% - 3.10%	2025-2028	1,120	-	10,145
Term Bonds	4,025	4,025	4.45%	2039-2043	740	-	875
Term Bonds	14,310	14,310	4.70%	2044-2048	2,610	-	3,125
Term Bonds	20,235	20,235	4.80%	2049-2053	3,680	-	4,430
	<u>57,360</u>	<u>57,360</u>					
2023 SERIES D BONDS (S/F)							
2023 Series D (Non-AMT)							
Serial Bonds	7,875	7,875	3.20% - 4.05%	2026-2035	605	-	1,005
Term Bonds	4,945	4,945	4.15%	2036-2038	1,560	-	1,740
Term Bonds	8,150	8,150	4.50%	2039-2043	1,450	-	1,815
Term Bonds	8,125	8,125	4.65%	2044-2048	1,445	-	1,810
Term Bonds	15,905	15,905	4.70%	2049-2053	2,800	-	3,665
	<u>45,000</u>	<u>45,000</u>					

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	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
2023 SERIES E BONDS (M/F)							
2023 Series E (Non-AMT)							
Serial Bonds	40,000	40,000	3.50% - 3.75%	2025-2028		10,000	
Term Bonds	5,000	5,000	4.45%	2035-2038	1,165	-	1,335
Term Bonds	15,000	15,000	4.75%	2039-2043	2,745	-	3,260
Term Bonds	15,000	15,000	4.88%	2044-2048	2,730	-	3,285
Term Bonds	<u>15,000</u>	<u>15,000</u>	4.90%	2049-2053	2,730	-	3,285
	<u>90,000</u>	<u>90,000</u>					
		1,904,225					
Less: Net Unamortized Bond Discount		<u>(2,212)</u>					
Total Mortgage Purchase Fund	<u>2,555,255</u>	<u>1,902,013</u>					
Total Proprietary Funds	<u>\$2,555,255</u>	<u>\$1,902,013</u>					
GOVERNMENTAL FUNDS							
MAINE ENERGY, HOUSING & ECONOMIC RECOVERY FUND							
2021 Series 1 (Non-AMT)							
Serial Bonds	<u>\$15,020</u>	<u>\$15,020</u>	5.00%	2034-2037	3,265	-	4,110
2021 Series 2 (Taxable)							
Serial Bonds	<u>38,930</u>	<u>32,465</u>	0.70% - 2.42%	2024-2034	295	-	3,480
		47,485					
Plus: Net Unamortized Bond Premium		<u>3,527</u>					
Total Maine Energy, Housing & Recovery Fund Group	<u>53,950</u>	<u>51,012</u>					
Total Governmental Funds	<u>\$53,950</u>	<u>\$51,012</u>					

The following table summarizes bond debt activity for the year ended December 31, 2023:

Fund	Outstanding at December 31, 2022	Issues	Retirement	Outstanding at December 31, 2023
Mortgage Purchase Fund	\$1,674,325	\$347,360	(\$117,460)	\$1,904,225
Maine Energy, Housing & Economic Recovery Fund	50,505	0	(3,020)	47,485
Total	<u>\$1,724,830</u>	<u>\$347,360</u>	<u>(\$120,480)</u>	<u>\$1,951,710</u>

Interest on bonds is payable semi-annually for the Mortgage Purchase Fund and the Maine Energy, Housing & Economic Recovery Fund. Scheduled principal payments on bonds are due November 15 for the Mortgage Purchase Fund and June 15 for the Maine Energy, Housing & Economic Recovery Fund.

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The interest calculations shown in the table below are based on the variable rate in effect at December 31, 2023 and may not be indicative of actual interest expense that will be incurred. As rates vary, variable rate bond interest payments and net swap payments will vary. The following table provides a summary of MaineHousing's bond debt service requirements and net interest rate swap payments through 2028 and in five-year increments thereafter to maturity:

Year(s)	Mortgage Purchase Fund					Maine Energy, Housing & Economic Recovery Fund	
	Fixed and Variable Unswapped		Variable Swapped		Swaps	Fixed	
	Principal	Interest	Principal	Interest	Net Interest	Principal	Interest
2024	\$58,775	\$56,063	\$0	\$9,313	(\$5,539)	\$3,035	\$1,272
2025	79,165	54,917	0	9,344	(5,522)	3,055	1,247
2026	84,115	53,198	0	9,347	(5,384)	3,085	1,214
2027	82,450	51,260	0	9,347	(4,218)	3,120	1,174
2028	81,545	49,041	0	9,350	(4,233)	3,165	1,126
2029-2033	287,500	219,096	15,115	45,600	(16,785)	16,710	4,703
2034-2038	289,870	174,967	42,885	40,650	(2,907)	15,315	1,574
2039-2043	296,783	125,105	5,437	35,240	0	0	0
2044-2048	250,325	71,244	77,985	28,967	0	0	0
2049-2053	184,297	24,414	65,903	6,069	0	0	0
2054-2058	2,075	65	0	0	0	0	0
Total	<u>\$1,696,900</u>	<u>\$879,370</u>	<u>\$207,325</u>	<u>\$203,227</u>	<u>(\$44,588)</u>	<u>\$47,485</u>	<u>\$12,310</u>

MaineHousing's bonds are a special obligation of MaineHousing and do not constitute a debt or liability of the State of Maine. The bonds are secured in accordance with bond resolutions. Security for bonds in the Mortgage Purchase Fund includes the mortgage loans made or purchased under the resolution and all monies and investments in the fund and accounts pledged under the resolution. Bonds in the Mortgage Purchase Fund may be redeemed in excess of the annual maturities in accordance with the terms of the resolution. Bonds in the Maine Energy, Housing & Economic Recovery Fund are secured by a portion of the Real Estate Transfer Tax revenues collected by the State of Maine and the bonds may be redeemed in excess of the annual maturities.

Notes Payable

At December 31, 2023, MaineHousing has a \$13,625 note payable to TD Bank, N.A. at a fixed rate of 3.20%, maturing November 1, 2033. The note, which is recorded in the General Administrative Fund, has principal and interest payments due monthly based on a 20-year amortization schedule.

The proceeds from this note were used for the acquisition and rehabilitation of an office building for MaineHousing. The note is secured by a mortgage agreement on the property and a \$2,559 non-negotiable certificate of deposit held with the lender.

The following table provides a summary of note payment requirements through 2028 and in five-year increments thereafter to maturity:

Year(s)	Principal	Interest	Total
2024	\$655	\$434	\$1,089
2025	678	411	1,089
2026	700	388	1,088
2027	723	365	1,088
2028	746	343	1,089
2029-2033	10,123	1,323	11,446
Total	<u>\$13,625</u>	<u>\$3,264</u>	<u>\$16,889</u>

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Moral Obligation Debt

The reserve funds of the Mortgage Purchase Fund are secured by a non-binding obligation (moral obligation) from the State of Maine to replenish by appropriation any deficiency in such reserve funds. MaineHousing is authorized to have an aggregate amount not to exceed \$2,150,000 of outstanding bonds secured by this obligation. Of that amount, \$1,904,225 was outstanding at December 31, 2023.

Conduit Debt Obligation

MaineHousing may use its tax-exempt debt issuing authority to provide financial assistance to private sector developers for the acquisition and rehabilitation, or the construction of multi-family housing projects serving low-to-moderate income households. The debt, which is referred to as conduit debt, is collateralized by revenues generated by the properties financed and is repayable solely from payments received on the underlying mortgage loans and any specific third-party credit enhancement associated with the individual financings. MaineHousing has a total of \$26,275 outstanding at December 31, 2023. The debt does not constitute a liability or a pledge of faith and credit of MaineHousing and is not reported in the accompanying financial statements.

(7.) INTEREST RATE SWAP AGREEMENTS

MaineHousing has thirteen interest rate swap agreements (swaps) with four counterparties as of December 31, 2023. The objective of the agreements is to attain a synthetic fixed interest rate on a portion of its variable rate bonds at a cost expected to be less than rates associated with fixed-rate debt. The swap agreement terms state MaineHousing is to make semi-annual fixed interest rate payments at a specified rate on a notional principal amount and in exchange receive semi-annual payments based upon either the thirty-day, ninety-day or one hundred eighty-day Secure Overnight Financing Rate (SOFR).

The swaps have an aggregate positive fair value of \$16,385 at December 31, 2023. During 2023, the fair value of the swaps decreased by \$2,175. The fair value was estimated using a zero-coupon method and Level 3 inputs. This method calculates the future net settlement payments required by the swaps, assuming that the current forward rates implied by the current yield curve correctly anticipate future spot interest rates. These payments are then discounted using spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. These amounts are adjusted for estimated unwinding costs.

The swaps have been determined to constitute an effective hedge of a portion of the variable rate bond portfolio equal to the notional amount of the swaps at December 31, 2023 by using the regression analysis and synthetic instrument methods. The aggregate fair value is classified as a derivative instrument asset and a deferred inflow of resources, which represents the accumulated increase in fair value. Variable rate bonds outstanding at December 31, 2023 total \$282,865.

The following table contains the terms, fair values, and credit ratings of the swaps as of December 31, 2023. Specific swaps are assigned to certain debt issuances for arbitrage purposes. The credit ratings were issued by Moody's Investor Services and Standard & Poor's, respectively.

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Related Debt Issuance	Current Notional Amount	Effective Date of Swap	Fixed Rate		Fair Value	Swap Termination Date	Counterparty Credit Rating
			Paid	Variable Rate Received			
2015 Series E-3	\$5,000	11/15/2016	1.15%	70% of 30 day SOFR plus .08014%	\$179	11/15/2025	Aa1/AA-
2015 Series E-3	5,000	11/15/2019	1.40%	70% of 30 day SOFR plus .08014%	311	11/15/2029	Aa3/A+
2015 Series E-3	20,000	5/15/2021	1.46%	67% of 30 day SOFR plus .0767%	1,390	11/15/2032	A1/A+
2016 Series B-2	8,000	5/15/2017	1.61%	70% of 30 day SOFR plus .08014%	594	11/15/2031 ₁	Aa1/AA-
2016 Series B-2	20,000	11/15/2017	1.66%	70% of 30 day SOFR plus .08014%	1,438	11/15/2031 ₁	Aa1/AA-
2017 Series E	25,000	11/15/2021	1.69%	100% of 30 day SOFR plus .11448%	3,709	11/15/2032	Aa3/A+
2017 Series G-1	25,000	11/15/2019	1.90%	100% of 30 day SOFR plus .11448%	1,412	11/15/2026	A1/A+
2017 Series G-1	30,000	11/15/2020	0.88%	100% of 90 day SOFR plus .26161%	8,302	11/15/2035	A1/A+
2022 Series C	19,325	2/1/2006	3.59%	65% of 30 day SOFR plus .27441%	(1,878)	11/15/2037	Aa2/A+
2022 Series C	10,000	11/15/2019	1.87%	75% of 30 day SOFR plus 0.54086%	440	11/15/2026	Aa3/A+
2022 Series C	12,500	11/15/2018	2.57%	70% of 30 day SOFR plus 0.53014%	276	11/15/2028	Aa3/A+
2022 Series C	12,500	11/15/2018	2.59%	70% of 30 day SOFR plus 0.53014%	422	11/15/2033	Aa3/A+
2022 Series C	15,000	8/1/2023	2.70%	72% of 180 day SOFR	(210)	11/15/2033	Aa3/A+
Totals	<u>\$207,325</u>				<u>\$16,385</u>		

1. MaineHousing has the option of termination, with no Termination Payment on November 15, 2026 and on each May 15 and November 15 thereafter.

Credit Risk – The swaps contain varying collateral agreements with the counterparties in order to mitigate the potential for credit risk. The requirements of the collateral agreements were met as of December 31, 2023. MaineHousing is not exposed to credit risk for the swaps that have negative fair values. At December 31, 2023, there are eleven swaps that have positive fair values totaling \$18,473. This amount represents MaineHousing’s credit exposure to the related counterparties and the maximum loss that would be recognized at the reporting date if the counterparty failed to perform as contracted. Fair value is only a factor upon termination.

Basis Risk – MaineHousing is exposed to basis risk to the extent that the interest payments on its variable rate bonds do not match the variable rate payments received on the related swap agreements. The variable rate payments provided by the counterparties are based on SOFR and MaineHousing’s variable rate bonds are expected to track with the Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA). MaineHousing’s variable rate bonds are adjusted weekly. The SOFR rates are adjusted on a monthly basis, except for 2017 Series G-1, which is adjusted on a quarterly basis and 2022-C, which is adjusted on a semi-annual basis. If the variable rate bonds trade at a value significantly different than their historical relationship to SOFR, the net cost to MaineHousing could increase or decrease. As of December 31, 2023, the thirty-day, ninety-day and one hundred eighty-day SOFR rates were 5.34%, 5.36% and 5.35%, respectively, and the SIFMA rate was 3.87%.

Termination Risk – In addition to the optional terminations embedded in some of MaineHousing’s swap agreements, agreements may be terminated in whole or in part prior to the respective maturities of the bonds under certain circumstances (including certain events of default with respect to MaineHousing or the swap providers). Following certain terminations of the swap agreements, either MaineHousing or the swap providers, as applicable, may owe a termination payment equal to the fair value of the swap to the other, depending upon market conditions and the events that caused such swap agreements to terminate. Under certain circumstances, this termination payment could be substantial. Such termination payment by MaineHousing would be payable on a basis subordinate to the payments on the bonds.

Rollover Risk – MaineHousing is exposed to rollover risk on swaps that mature or may be terminated prior to the maturity of the associated debt.

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(8.) RETIREMENT BENEFITS

MaineHousing has defined contribution and defined benefit pension plans that cover substantially all employees. Employees have the option to participate in either plan.

Defined Contribution Plan

The defined contribution plan consists of a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and a separate plan created under the provisions of the Internal Revenue Code Section 401(a).

Benefit terms, including contribution requirements, for the defined contribution plan are established by management. For each participant in the plan, MaineHousing contributes 3.1% of annual salary to the 401(a) plan. Additionally, if a participant makes voluntary contributions to the 457 plan, MaineHousing matches the contributions up to 7.4% of annual salary. The employer match contribution is made to the 401(a) plan.

For the year ended December 31, 2023, employee contributions totaled \$787 and MaineHousing contributed and recognized expense of \$651. Employees are immediately vested in their own contributions, MaineHousing contributions, and the earnings on those contributions.

Defined Benefit Plan

Plan Description: MaineHousing is a participating local district (PLD) member of the Maine Public Employees Retirement System's (MainePERS) PLD Consolidated Retirement Plan and employees may elect to participate in this multiple-employer cost sharing defined benefit plan. An advisory group established by Maine statute reviews the terms of the plan and periodically makes recommendations to the Legislature to amend them.

Benefits Provided: Retirement benefits are based on participants' average final compensation and service credit earned as of retirement. Vesting occurs upon the earning of five years of service credit. The normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years (20 years for participants in the plan prior to July 1, 2014) of service credit is reduced by a statutorily prescribed factor for each year of age that a participant is below her/his normal retirement age at retirement.

Post-retirement cost-of-living adjustments (COLA) become available to participants after 24 months of retirement. The post-retirement COLA is capped at 2.5% annually. The plan also provides disability and death benefits, which are established by contract under applicable statutory provisions.

Upon termination, accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and rights. The annual rate of interest credited to participants' accounts is set by MainePERS Board of Trustees and is currently 3.88%.

Contributions: Retirement benefits are funded by contributions from participants and employers and by earnings from MainePERS investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Participant and employer normal cost contributions are each a percentage of applicable participant compensation. Participant contribution rates are defined by law or by the MainePERS Board of Trustees. Employers' contributions are determined by actuarial valuations. As of December 31, 2023, the established MainePERS employer contribution rate is 10.2% and employee contribution rates are 7.70% for participants with a normal retirement age of 60 and 6.95% for participants with a normal retirement age of 65. MaineHousing pays on behalf of its employees 0.30% of the MainePERS employee contribution rate. If a participant retires and is subsequently re-employed in a position covered by the plan, the employer contribution rate is 5%. Total employer contributions were \$577 for the year ended December 31, 2023.

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Actuarial Methods and Assumptions

The collective total pension liability was determined by an actuarial valuation as of June 30, 2023, using the following methods and assumptions, applied to all periods included in the measurement:

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

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

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

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

Actuarial Assumptions: The actuarial valuation as of June 30, 2023 and June 30, 2022 used the following actuarial assumptions:

Investment Rate of Return – 6.50% per annum, compounded annually.

Inflation Rate – 2.75%.

Annual Salary Increases, Including Inflation – 2.75% to 11.48%.

Cost of Living Benefit Increases – 1.91%

Mortality Rates – 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table for males and females, projected generationally using RPEC_2020 model.

The actuarial and demographic assumptions used in the June 30, 2023 and June 30, 2022 valuations were based on the results of an actuarial experience study covering the period July 1, 2015 through June 30, 2020. The economic assumptions are based on this experience study along with advice of the MainePERS investment consultants for June 30, 2023 and June 30, 2022.

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The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equities	30.0%	6.0%
US Government	10.0%	2.6%
Private Equity	12.5%	7.6%
Real Estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural Resources	5.0%	5.0%
Traditional Credit	5.0%	3.2%
Alternative Credit	10.0%	7.4%
Risk Diversifiers	7.5%	5.0%

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

Sensitivity of MaineHousing's proportionate share of the net pension liability to changes in the discount rate: The following represents MaineHousing's proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what MaineHousing's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate.

1% Decrease	Current Discount Rate	1% Increase
<u>@ 5.50%</u>	<u>@ 6.50%</u>	<u>@ 7.50%</u>
\$5,289	\$1,931	(\$840)

Net Pension Liability: At December 31, 2023, MaineHousing has a liability of \$1,931 for its proportionate share of the total collective net pension liability. The net pension liability was measured as of June 30, 2023 and the total collective pension liability used to calculate the proportionate share of the net pension liability was determined by an actuarial valuation as of that date. MaineHousing's proportion of the net pension liability was based on MaineHousing's employer contributions received by MainePERS during the measurement period July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all participating entities. MaineHousing's proportion was 0.604935% at December 31, 2023. The proportion was 0.669532% at December 31, 2022.

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Changes in net pension liability are recognized in pension expense for the year ended December 31, 2023 with the following exceptions:

Differences Between Expected and Actual Experience – The difference between expected and actual experience with regard to economic or demographic factors was recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For 2023 and 2022 valuation, this was three years.

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

Changes in Assumptions – Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members. The actuarial assumptions for the June 30, 2023 valuation were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2020. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions – Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer’s proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members. The first year is recognized as pension expense and the remaining years are shown either as deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer’s proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: For the year ended December 31, 2023, MaineHousing recognized pension expense of \$694 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$358	\$0
Employer contributions subsequent to the measurement date	271	0
Net difference between projected and actual earnings on pension plan investments	0	328
Changes in proportion and differences between employer contributions and proportionate share of contributions	0	123
Total	<u>\$629</u>	<u>\$451</u>

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Amounts reported as deferred outflows of resources related to pensions for MaineHousing’s contributions subsequent to the measurement date will be recognized as an addition to the Net Pension Liability for the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense (benefit) through December 31, 2027 as follows:

Year ended December 31:	Pension Expense (Benefit) Amount
2024	(\$88)
2025	(\$352)
2026	\$332
2027	\$15

Payables to the Pension Plan: At December 31, 2023, MaineHousing’s total payable to MainePERS for unremitted contributions is \$40.

Pension plan fiduciary net position: Detailed information about the plan’s fiduciary net position is available in the separately issued MainePERS’ Comprehensive Annual Financial Report at www.maineopers.org

(9.) AVAILABLE BONDS PROCEEDS

MORTGAGE PURCHASE FUND

The following bond proceed amounts are invested in the various bond proceed sub-accounts of the Bond Proceeds Fund of the Mortgage Purchase Fund and are available for the purchase of mortgages:

2021 Series D (S/F)	\$7,433
2022 Series B (M/F)	13,429
2022 Series E (S/F)	4,019
2022 Series F (M/F)	14,681
2022 Series G (S/F)	39,300
2023 Series B (S/F)	36,005
2023 Series C (M/F)	41,643
2023 Series D (S/F)	2,546
2023 Series E (M/F)	75,151
	\$234,207

MAINE ENERGY, HOUSING AND ECONOMIC RECOVERY FUND

Bond proceeds in the amount of \$23,149 from the 2021 Series 2 are invested in accordance with the Maine Energy, Housing and Recovery General Indenture and are available for programs.

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2023**

(10.) COMMITMENTS

MORTGAGE COMMITMENTS

Mortgage commitments are agreements to loan money provided there is no violation of any term or condition established in the agreement. Generally, once exercised, loans made under the terms of such commitments are secured by a lien on the related property and other collateral as MaineHousing deems necessary. At December 31, 2023, MaineHousing had outstanding commitments to originate multi-family mortgage loans of approximately \$501,606. MaineHousing, under its single-family program, enters into purchase agreements with lenders to purchase mortgage loans. At December 31, 2023, single-family loans being processed by lenders for MaineHousing totaled approximately \$64,320.

(11.) RESERVE FUNDS

MORTGAGE PURCHASE FUND – HOUSING RESERVE FUND

On or before December 1 of each year, MaineHousing is required to value the Housing Reserve Fund and verify to the Governor of the State of Maine that the sum of money in the fund equals or exceeds the Housing Reserve Fund Minimum Requirement. The Housing Reserve Fund Minimum Requirement equals the amount of principal and interest maturing and coming due in the next succeeding calendar year on bonds outstanding. The Housing Reserve Fund Minimum Requirement as of December 31, 2023 was \$124,150. When issuing bonds, MaineHousing must also meet the Housing Reserve Fund Maximum Requirement. The Housing Reserve Fund Maximum Requirement equals the maximum debt service required in any subsequent calendar year. The Housing Reserve Fund Maximum Requirement as of December 31, 2023 was \$146,660.

In calculating the Housing Reserve Minimum and the Housing Reserve Maximum requirements, MaineHousing assumes a 12% rate for variable rate bonds, which is the maximum interest rate under the terms of the bonds. Swap payments and receipts are not included in the calculation. At December 31, 2023, valuation of the investments in the Housing Reserve Fund, computed at the lower of par or cost in accordance with the General Mortgage Purchase Program Bond Resolution, was \$178,664.

MAINE ENERGY, HOUSING & ECONOMIC RECOVERY FUND – RESERVE FUND

MaineHousing is not required to maintain a Reserve Fund for outstanding bonds.

Between July 1 and July 15 of each year, MaineHousing must certify to the Treasurer of the State the amount necessary and sufficient to meet MaineHousing's debt service obligation. As of December 31, 2023, the maximum debt service amount was \$4,319.

(12.) EXCESS ARBITRAGE TO BE REBATED

Tax-exempt bonds issued by MaineHousing are subject to Internal Revenue Service regulations that limit the amount of income that can be earned with non-mortgage investments to an amount not greater than the amount that would have been earned had the funds been invested at the yield on the bonds. Excess earnings must be rebated every five years. At December 31, 2023, the estimated value of future arbitrage liabilities in the Mortgage Purchase Fund Group was \$650.

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2023**

(13.) FUND TRANSFERS AND INTERFUND BALANCES

MaineHousing records transfers between funds for various purposes including program subsidies, fees and capital asset transfers. Transfers for the year ended December 31, 2023 consisted of the following:

	General Administrative Fund	HOME Fund	Section 8 Housing Programs	Low Income Home Energy Assistance Program	Other Federal and State Programs	Maine Energy, Housing & Economic Recovery Program
Capital Assets	\$295	\$0	\$0	(\$114)	(\$181)	\$0
Program Subsidies	0	(416)	0	0	(7,398)	7,814
Program Administrative Fees	1,568	0	(1,568)	0	0	0
	<u>\$1,863</u>	<u>(\$416)</u>	<u>(\$1,568)</u>	<u>(\$114)</u>	<u>(\$7,579)</u>	<u>\$7,814</u>

MaineHousing reports interfund balances among its funds. These balances generally consist of amounts for various revenues or expenses due to a fund, but received or paid to another and funds for loan closings. These amounts are generally paid or received within the subsequent year.

Interfund accounts receivable (payable) balances at December 31, 2023 consisted of the following:

	Mortgage Purchase Fund	Bondholder Reserve Fund	General Administrative Fund	HOME Fund	Section 8 Housing Programs	Low Income Home Energy Assistance Program	Other Federal and State Programs
Receivable due from:							
Mortgage Purchase Fund	\$0	\$0	\$2,805	\$0	\$0	\$0	\$0
General Administrative Fund	0	0	0	16,910	0	0	20,442
Section 8 Housing Programs	0	0	404	0	0	0	0
Low Income Home Energy Assistance Program	0	0	1,446	0	0	0	0
Collectively, all other funds	0	0	17	102	81	0	0
	<u>0</u>	<u>0</u>	<u>4,672</u>	<u>17,012</u>	<u>81</u>	<u>0</u>	<u>20,442</u>
Payables	(2,805)	(17)	(37,352)	(81)	(404)	(1,446)	(102)
	<u>(\$2,805)</u>	<u>(\$17)</u>	<u>(\$32,680)</u>	<u>\$16,931</u>	<u>(\$323)</u>	<u>(\$1,446)</u>	<u>\$20,340</u>

The receivable amounts of the General Administrative Fund consist primarily of operating expenses owed from the Mortgage Purchase Fund, Section 8 Housing Programs, and Low Income Home Energy Assistance Program. The General Administrative Fund payable amounts consist primarily of program funds received and due to the HOME Fund and Other Federal and State Programs. The receivable amount of the HOME fund includes advancements for program expenditures owed from Other Federal and State Programs.

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2023**

(14.) REDEMPTION OF BONDS

For the year ended December 31, 2023, MaineHousing redeemed prior to maturity \$92,100 of its Mortgage Purchase Fund bonds from recoveries of principal and surplus and the proceeds of refunded bonds. Gains of \$187 were attributed to the recognition of related bond premium. The following is a summary of bonds redeemed:

	<u>Interest Rate</u>	<u>Original Maturity</u>	<u>Amount</u>	<u>Redemption Price</u>
2013 Series B Serial Bonds	2.70%	11/15/2023	\$1,775	100%
2014 Series C-1 Serial Bonds	3.00%	11/15/2023	3,105	100%
2014 Series C-1 Term Bonds	3.50%	11/15/2044	1,395	100%
2015 Series B Serial Bonds	2.30%	11/15/2023	1,115	100%
2015 Series B Term Bonds	3.50%	11/15/2040	490	100%
2015 Series D Term Bonds	4.00%	11/15/2045	725	100%
2015 Series E-1 Serial Bonds	3.10%	11/15/2023	2,580	100%
2015 Series E-1 Term Bonds	3.50%	11/15/2035	2,315	100%
2015 Series F-2 Serial Bonds	2.35%	11/15/2023	500	100%
2015 Series G Serial Bonds	2.35%	11/15/2023	675	100%
2015 Series G Term Bonds	3.50%	11/15/2045	690	100%
2016 Series A Serial Bonds	1.95%	11/15/2023	770	100%
2016 Series A Term Bonds	4.00%	11/15/2045	875	100%
2016 Series B-1 Serial Bonds	1.90%	11/15/2023	2,045	100%
2016 Series B-1 Term Bonds	3.50%	11/15/2046	1,805	100%
2016 Series C Serial Bonds	1.75%	11/15/2023	3,475	100%
2016 Series C Term Bonds	3.50%	11/15/2046	1,060	100%
2016 Series D Serial Bonds	2.24%	11/15/2023	825	100%
2016 Series E Serial Bonds	2.45%	11/15/2023	690	100%
2016 Series E Term Bonds	4.00%	11/15/2046	1,005	100%
2017 Series A Term Bonds	4.00%	11/15/2047	880	100%
2017 Series B Serial Bonds	1.90%	11/15/2023	710	100%
2017 Series B Term Bonds	4.00%	11/15/2047	975	100%
2017 Series D-1 Serial Bonds	1.90%	11/15/2023	1,000	100%
2017 Series F Serial Bonds	1.75%	11/15/2023	1,330	100%
2017 Series F Term Bonds	3.50%	11/15/2047	1,510	100%
2018 Series A Serial Bonds	2.40%	11/15/2023	1,135	100%
2018 Series B Serial Bonds	2.40%	11/15/2023	1,170	100%
2018 Series C Serial Bonds	2.25%	11/15/2023	1,920	100%
2018 Series C Term Bonds	4.00%	11/15/2048	1,485	100%
2018 Series F Serial Bonds	2.65%	11/15/2023	405	100%
2018 Series F Term Bonds	4.25%	11/15/2048	1,460	100%
2019 Series A Term Bonds	4.00%	11/15/2049	1,345	100%
2019 Series B Serial Bonds	1.85%	11/15/2023	1,475	100%
2019 Series C Term Bonds	4.00%	11/15/2050	1,405	100%
2019 Series E Term Bonds	3.75%	11/15/2049	1,055	100%
2020 Series A Term Bonds	3.75%	11/15/2049	1,085	100%
2020 Series C Term Bonds	4.00%	11/15/2050	1,795	100%
2021 Series D Term Bonds	3.00%	11/15/2051	840	100%
2022 Series D Term Bonds	5.00%	11/15/2052	695	100%
2022 Series E Term Bonds	5.00%	11/15/2052	510	100%
2023 Series B Term Bonds	3.13%	11/15/2054	40,000	100%
			<u>\$92,100</u>	

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2023**

(15.) CONTINGENCIES

MaineHousing is subject to various legal proceedings and claims that arise in the normal course of its business. MaineHousing also receives funding from federal government agencies. These funds are to be used for designated purposes only and are subject to financial and compliance audits and the resolution of identified questioned costs. The amount, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time. In the opinion of management, the ultimate resolution of these actions will not materially affect the accompanying financial statements.

(16.) SUBSEQUENT EVENTS

Subsequent to December 31, 2023, MaineHousing issued bonds. The following is a summary of subsequent event transactions.

On February 28, 2024, MaineHousing issued, at par, \$40,000 of bonds in the General Mortgage Purchase Bond Resolution as follows:

	<u>Interest Rate</u>	<u>Maturity</u>	<u>Amount</u>	<u>Issued Price</u>
2024 Series A Serial Bonds	3.40%-3.80%	2029-2035	\$9,380	100%
2024 Series A Term Bonds	4.00%	2039	5,135	100%
2024 Series A Term Bonds	4.45%	2044	5,630	100%
2024 Series A Term Bonds	4.65%	2049	8,095	100%
2024 Series A Term Bonds	4.75%	2054	11,760	100%
			<u>\$40,000</u>	

**MAINE STATE HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF SELECTED PENSION INFORMATION - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2023**

(IN THOUSANDS OF DOLLARS)

**Schedule of MaineHousing's Proportionate Share of Net Pension Liability (Asset)
Last Ten Fiscal Years
As of Measurement Date of June 30:**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.604935%	0.669532%	0.674986%	0.709590%	0.746717%	0.834117%	0.906494%	0.922203%	1.181151%	1.420739%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$1,931	\$1,780	(\$217)	\$2,819	\$2,282	\$2,823	\$3,712	\$4,899	\$3,768	\$2,186
Employer's Covered-Employee Payroll	\$5,649	\$5,516	\$4,972	\$4,567	\$4,544	\$4,658	\$4,892	\$4,810	\$4,598	\$4,691
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	34.2%	32.3%	(4.4%)	61.7%	50.2%	60.6%	75.9%	101.9%	81.9%	46.6%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	92.3%	93.3%	100.9%	88.3%	90.6%	91.1%	86.4%	81.6%	88.3%	94.1%

**Schedule of MaineHousing's Pension Contributions
Last Ten Fiscal Years
As of Measurement Date of June 30:**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$577	\$552	\$504	\$480	\$477	\$490	\$513	\$505	\$483	\$492
Contributions in Relation to Contractually Required Contribution	\$577	\$552	\$504	\$480	\$477	\$490	\$513	\$505	\$483	\$492
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Employer's Covered Employee Payroll	\$5,649	\$5,516	\$4,972	\$4,567	\$4,544	\$4,658	\$4,892	\$4,810	\$4,598	\$4,691
Contributions as a Percentage of Covered Employee Payroll	10.2%	10.0%	10.1%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%

Notes to Required Supplementary Information

Changes of Benefit Terms:

There were no changes of benefit terms for the measurement period ended June 30, 2023.

Changes of Assumptions:

There were no changes of assumptions for the measurement period ended June 30, 2023.