



Maine State Housing Authority

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

For the Year Ended December 31, 2024
With Independent Auditors' Report

Baker Newman & Noyes LLC
MAINE | MASSACHUSETTS | NEW HAMPSHIRE
800.244.7444 | www.bnn CPA.com



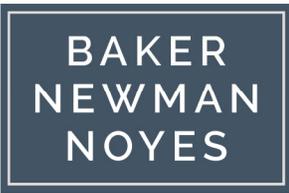
MAINE STATE HOUSING AUTHORITY

FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

TABLE OF CONTENTS

Independent Auditors' Report	1 – 2
Management's Discussion and Analysis	3 – 11
Basic Financial Statements:	
Agency – Wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Statement of Net Position – Proprietary Funds	14
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	15
Statement of Cash Flows – Proprietary Funds	16
Balance Sheet – Governmental Funds	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	18
Notes to Financial Statements	19 – 47
Required Supplementary Information:	
Schedule of MaineHousing's Proportionate Share of the Net Pension Liability (Asset)	48
Schedule of MaineHousing's Pension Contributions	48
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	49 – 50



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, 2024, 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, 2024, 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's 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.

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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Commissioners
Maine State Housing Authority

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2025 on our consideration of MaineHousing's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MaineHousing's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MaineHousing's internal control over financial reporting and compliance.

Baker Newman & Nayja LLC

Portland, Maine
March 28, 2025

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2024**

Management's discussion and analysis provides an overview of the Maine State Housing Authority's (MaineHousing) financial activities for the year ended December 31, 2024. It should be read in conjunction with the audited financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

- MaineHousing's net position increased by \$24.6 million to \$475.8 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 by \$18.9 million while the net position of governmental activities increased by \$5.7 million.
- An all-time high volume of loan production contributed to a \$296.9 or 17% increase in MaineHousing's mortgage notes receivable portfolio in 2024. Single-family loan purchases and multi-family loan originations totaled \$456.9 million, which is an increase of \$150.9 million or 49.3% over 2023.
- Bond issuances totaled \$490 million in 2024; an increase of \$142.6 million or 41% over 2023. The increase was driven by higher loan production and contributed to an increase in outstanding bonds. Total bonds outstanding increased by \$370.2 or 18.8% to \$2.34 billion as of December 31, 2024.
- Total revenues from governmental activities decreased further in 2024 due to the completion of more programs with one-time funding from federal and state sources. MaineHousing administered various federal pandemic relief programs, which continued to sunset in 2024, and exhausted certain program funding provided by the State of Maine. The reduction in governmental activities revenues is attributed primarily to lower grant income, which decreased by \$103.5 million or 40.5%.

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.
- 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.

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2024**

- 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, 2024**

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, 2024 and 2023 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
	2024	2023	2024	2023	2024	2023	
Cash and investments	\$791.9	\$632.8	\$93.2	\$75.0	\$885.1	\$707.8	25.0%
Mortgage notes receivable	1,939.8	1,669.3	100.6	74.2	2,040.4	1,743.5	17.0%
Other assets (net of internal balances)	48.4	44.9	10.3	10.8	58.7	55.7	5.4%
Total Assets	2,780.1	2,347.0	204.1	160.0	2,984.2	2,507.0	19.0%
Total Deferred Outflows of Resources	2.3	2.4	0.3	0.2	2.6	2.6	0.0%
Bonds and notes payable	2,289.1	1,915.6	47.7	51.0	2,336.8	1,966.6	18.8%
Other liabilities (includes internal balances)	101.6	64.2	52.4	10.8	154.0	75.0	105.3%
Total Liabilities	2,390.7	1,979.8	100.1	61.8	2,490.8	2,041.6	22.0%
Total Deferred Inflows of Resources	19.9	16.7	0.3	0.1	20.2	16.8	20.2%
Investment in capital assets	3.7	3.9	0.0	0.0	3.7	3.9	(5.1%)
Restricted	327.2	310.6	104.0	98.3	431.2	408.9	5.5%
Unrestricted	40.9	38.4	0.0	0.0	40.9	38.4	6.5%
Total Net Position	\$371.8	\$352.9	\$104.0	\$98.3	\$475.8	\$451.2	5.5%

Total assets at December 31, 2024 were \$2.98 billion, an increase of \$477.2 million or 19% from December 31, 2023. The change in assets consisted primarily of a \$177.3 million increase in cash and investments and a \$296.9 million net increase to mortgage notes receivable. Other assets increased by \$3 million due primarily to an increase in the fair value of interest rate swap agreements.

Total deferred outflows of resources consist of deferred amounts associated with debt refundings and pension expenses and totaled \$2.6 million at December 31, 2024 and 2023.

Total liabilities at December 31, 2024 were \$2.49 billion, an increase of \$449.2 million or 22% from December 31, 2023. The increase in liabilities is due mainly to higher outstanding bonds and notes payable, which increased by \$370.2 million to \$2.34 billion at December 31, 2024. Other liabilities increased by \$79 million due primarily to an increase in unearned grant income and higher escrow payable balances for undisbursed loan proceeds.

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, increased \$3.4 million or 20.2% as a result of an aggregate increase in the fair value of interest rate swaps.

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2024**

Cash and Investments

Total cash and investments increased by \$177.3 million or 25% due primarily to higher unexpended bond proceeds and program awards at December 31, 2024. 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 2024, the fair value of investments decreased and \$2.5 million of unrealized losses were recorded compared with \$3.6 million of unrealized gains in 2023.

Mortgage Notes Receivable

Total net mortgage notes receivable increased \$296.9 million or 17% in 2024. Total mortgage purchases and originations amounted to \$456.9 million, which is an increase of \$150.9 million or 49.3% compared with 2023. Single-family loan purchases amounted to \$211 million, which is an increase of \$38.4 million or 22.2% from 2023. Multi-family loan originations totaled \$245.9 million; an increase of \$112.5 million or 84.3% from 2023.

Scheduled loan repayments in 2024 amounted to \$111.9 million, which is an increase of \$30 million from the previous year's level of \$81.9 million. Scheduled repayments from multi-family loans with short terms were significantly higher in 2024. Loan prepayments decreased in 2024 by \$3.5 million or 6.9% to a total of \$47.1 million. Higher market interest rates have reduced the volume of single-family loans that were refinanced outside MaineHousing and have kept prepayments at lower levels in 2023 and 2024.

Loan foreclosures totaled \$1.1 million in 2024 and \$1 million in 2023. The allowance for loan losses at December 31, 2024 amounted to \$8 million, which is unchanged from December 31, 2023.

Bonds and Notes Payable

Bonds and notes payable increased \$370.2 million or 18.8% to \$2.34 billion at December 31, 2024. 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 \$24.6 million or 5.5% to \$475.8 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, 2024**

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, 2024 and 2023:

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

	<u>2024</u>	<u>2023</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percentage</u>
Revenues:				
Interest from mortgages and notes	\$78.6	\$67.2	\$11.4	17.0%
Income from investments	32.6	30.7	1.9	6.2%
Net (decrease) increase in fair value of investments	(2.5)	3.6	(6.1)	(169.4%)
Fee income	17.1	16.8	0.3	1.8%
Grants and subsidies	283.4	371.9	(88.5)	(23.8%)
Other	0.7	0.5	0.2	40.0%
Total revenues	<u>409.9</u>	<u>490.7</u>	<u>(80.8)</u>	<u>(16.5%)</u>
Expenses:				
Operating and other program expenses	36.4	34.7	1.7	4.9%
Interest expense	67.4	56.0	11.4	20.4%
Grants and subsidies	281.5	363.7	(82.2)	(22.6%)
Total expenses	<u>385.3</u>	<u>454.4</u>	<u>(69.1)</u>	<u>(15.2%)</u>
Increase in net position	24.6	36.3	(11.7)	(32.2%)
Net position at beginning of year	<u>451.2</u>	<u>414.9</u>	<u>36.3</u>	<u>8.7%</u>
Net position at end of year	<u>\$475.8</u>	<u>\$451.2</u>	<u>\$24.6</u>	<u>5.5%</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, 2024**

RESULTS OF OPERATIONS

Proprietary Funds Results

The net position of MaineHousing's proprietary funds increased by \$18.9 million or 5.4% and totaled \$371.8 million at December 31, 2024. 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, 2024 and December 31, 2023:

Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position <i>(in millions of dollars)</i>		<u>Increase/(Decrease)</u>		
	<u>2024</u>	<u>2023</u>	<u>Amount</u>	<u>Percentage</u>
Operating Revenues:				
Interest from mortgages and notes	\$78.3	\$67.1	\$11.2	16.7%
Income from investments	28.8	27.4	1.4	5.1%
Net (decrease) increase in fair value of investments	(2.5)	3.6	(6.1)	(169.4%)
Fee income	3.9	3.9	0.0	0.0%
Other revenue	0.6	0.3	0.3	100.0%
Total revenues	<u>109.1</u>	<u>102.3</u>	<u>6.8</u>	<u>6.6%</u>
Operating Expenses:				
Operating and other program expenses	26.2	23.9	2.3	9.6%
Interest expense	66.4	55.0	11.4	20.7%
Total expenses	<u>92.6</u>	<u>78.9</u>	<u>13.7</u>	<u>17.4%</u>
Net Operating income	16.5	23.4	(6.9)	(29.5%)
Transfers in	2.4	1.8	0.6	33.3%
Change in net position	<u>18.9</u>	<u>25.2</u>	<u>(6.3)</u>	<u>(25.0%)</u>
Net position at beginning of year	<u>352.9</u>	<u>327.7</u>	<u>25.2</u>	<u>7.7%</u>
Net position at end of year	<u><u>\$371.8</u></u>	<u><u>\$352.9</u></u>	<u><u>\$18.9</u></u>	<u><u>5.4%</u></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 \$6.8 million or 6.6% in 2024 and amounted to \$109.1 million. Of this total, \$107.1 million or 98.2% 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 \$92.6 million, of which \$66.4 million or 71.7% was interest expense.

The 2024 operating results and net position of MaineHousing's proprietary funds were significantly affected by the following:

- Interest earned on mortgages and notes increased by \$11.2 million or 16.7% due to higher average outstanding mortgage receivable balances and average interest rates.
- Income from investments increased by \$1.4 million or 5.1% due to higher average investment yields and higher average investment balances.

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2024**

- Interest rate changes during the year generated an unrealized loss of \$2.5 million, which is a \$6.1 million decrease compared with the unrealized gain of \$3.6 million recorded in 2023.
- Interest expense increased by \$11.4 million or 20.7% as a result of higher average interest rates and outstanding bond balances in 2024.
- Operating and other program administrative expenses increased by \$2.3 million or 9.6% due primarily to higher single-family loan origination fees and bond issuance costs, which increased \$0.7 million and \$0.5 million, respectively. The increases are attributed to higher loan production. Additionally, excess arbitrage expense increased by \$0.5 million in 2024 due to higher earnings from mortgage and non-mortgage investments.

Governmental Fund Results

The net position of MaineHousing's governmental funds increased by \$5.7 million or 5.8% and totaled \$104 million at December 31, 2024. 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, 2024 and December 31, 2023:

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

	2024	2023	Increase/(Decrease)	
			Amount	Percentage
Revenues:				
Income from mortgages and notes	\$0.3	\$0.1	\$0.2	200.0%
Income from investments	3.8	3.3	0.5	15.2%
Fee income	13.2	12.9	0.3	2.3%
Grant income	152.1	255.6	(103.5)	(40.5%)
Federal rent subsidy income	131.3	116.3	15.0	12.9%
Other revenue	0.1	0.2	(0.1)	(50.0%)
Total revenues	300.8	388.4	(87.6)	(22.6%)
Expenditures:				
Program administrative expenditures	10.2	10.8	(0.6)	(5.6%)
Interest expenditures	1.0	1.0	0.0	0.0%
Grant expenditures	150.3	246.7	(96.4)	(39.1%)
Federal rent subsidy expenditures	131.2	117.0	14.2	12.1%
Total expenditures	292.7	375.5	(82.8)	(22.1%)
Revenues in excess of expenditures	8.1	12.9	(4.8)	(37.2%)
Transfers out	(2.4)	(1.8)	(0.6)	33.3%
Change in fund balances	5.7	11.1	(5.4)	(48.6%)
Fund balances at beginning of year	98.3	87.2	11.1	12.7%
Fund balances at end of year	<u>\$104.0</u>	<u>\$98.3</u>	<u>\$5.7</u>	<u>5.8%</u>

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2024**

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 \$300.8 million in 2024, which is a decrease of \$87.6 million or 22.6%. Expenditures associated with governmental activities consist primarily of federal grants and rent subsidies payments. Total expenditures decreased \$82.8 million or 22.1% to \$292.7 million in 2024.

MaineHousing earns fees for administering federal programs, which amounted to \$13.2 million in 2024. Typically, fees earned provide MaineHousing with a revenue source adequate to recover direct and indirect costs of delivering related services.

The 2024 operating results and net position of MaineHousing's governmental activities were significantly affected by the following:

- Grant income decreased by \$103.5 million due to a reduction in programs funds from federal and state governments. Federal grant income decreased in 2024 by \$55.2 million or 42.8% due primarily to the completion of various federal COVID-19 relief programs and lower available Low Income Home Energy Assistance Program (LIHEAP) funds. A supplemental federal LIHEAP award was available in 2023. Similar funds were not available in 2024. Grant income from the State of Maine decreased by \$48.3 million or 38.2%. The state provided \$48.3 million in 2023 to supplement the federal Low Income Home Energy Assistance Program. Similar funds were not available in 2024.
- Federal rent subsidy income, which is income associated with various HUD Section 8 programs, increased \$15 million or 12.9% due to higher available income for the Section 8 Housing Choice Voucher (HCV) and Performance Based Contract Administration (PBCA) programs. The HCV and PBCA programs subsidy income increased by \$4.9 million and \$9.9 million, respectively.
- Income from investments increased by \$0.5 million due to higher average investment balances and yields.
- Grant expenditures decreased by \$96.4 million or 39.1% due to the reduction in available federal and state program funds, while federal rent subsidy expenditures increased \$14.2 million or 12.1% due to higher available income for the Section 8 HCV and PBCA programs.
- Program administrative expenditures decreased \$0.6 million or 5.6% due to the completion of various federal COVID-19 relief programs and reduction in related operating and administrative costs.

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, 2024 amounted to \$2.33 billion; an increase of \$374 million or 19.2% from 2023. Bond issuances in 2024 totaled \$490 million, while principal payments on bonds totaled \$116 million. MaineHousing redeemed prior to maturity \$74.4 million of its outstanding bonds in 2024 from reserve funds, mortgage prepayments, surplus revenues, and the proceeds of bond refundings. Scheduled principal payments on bonds totaled \$41.6 million in 2024.

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, 2024, the total amount of variable rate debt outstanding was \$282.9 million and represented 12.2% of the \$2.33 billion total bond portfolio. Thirteen interest rate swap agreements have been executed with four counterparties in connection with \$207 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 2024.

**Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2024**

MaineHousing may enter into loan agreements for program and capital funding purposes. At December 31, 2024, MaineHousing had \$13 million of outstanding notes payable in its General Administrative Fund. Notes payable decreased by \$0.6 million from 2024 as a result of scheduled principal payments. All proceeds from the loan associated with the outstanding balance at December 31, 2024 provided capital funding for the development of an office facility for MaineHousing.

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 impact both the mortgage program and investment income revenues. If interest rates increase and are at higher levels, as they were in 2023 and 2024, mortgage and investment income should increase as new loans are originated and new investments are purchased with higher yields. 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. Starting in 2023 and continuing through 2024, MaineHousing experienced a substantial reduction of prepayments in its single-family loan portfolio and redemption of bonds prior to maturity due to higher interest rates.

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.

Recent State of Maine budgets included significant investments in housing and energy-related programs. Program funds included amounts to help low-income homeowners and renters pay for electricity and heating costs, address the housing supply shortage and create more affordable housing units, and to assist people who are experiencing homelessness.

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

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, 2024. 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, 2024
(IN THOUSANDS OF DOLLARS)

	<u>Business-type Activities</u>	<u>Governmental Activities</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash, principally time deposits (note 3)	\$104,801	\$9,592	\$114,393
Investments (notes 3, 9, and 11)	517,611	83,607	601,218
Accounts receivable - government	0	9,805	9,805
Mortgage notes receivable, net (note 4)	59,390	3	59,393
Other assets (note 5)	11,614	545	12,159
Internal balances (note 13)	(58,078)	58,078	0
Total Current Assets	<u>635,338</u>	<u>161,630</u>	<u>796,968</u>
Noncurrent Assets:			
Investments (notes 3, 9, and 11)	169,473	0	169,473
Mortgage notes receivable, net (note 4)	1,880,444	100,546	1,980,990
Capital assets, net	17,113	0	17,113
Derivative instrument - interest rate swaps (note 7)	19,631	0	19,631
Total Noncurrent Assets	<u>2,086,661</u>	<u>100,546</u>	<u>2,187,207</u>
Total Assets	<u>2,721,999</u>	<u>262,176</u>	<u>2,984,175</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred pension expense (note 8)	598	308	906
Deferred amount on debt refundings	1,737	0	1,737
Total Deferred Outflows of Resources	<u>2,335</u>	<u>308</u>	<u>2,643</u>
LIABILITIES:			
Current Liabilities:			
Accrued interest payable	9,988	56	10,044
Accounts payable - government	0	374	374
Accounts payable and accrued liabilities	29,965	13,429	43,394
Unearned income	0	95,839	95,839
Bonds and notes payable (notes 6, 9, 14, and 16)	81,888	3,055	84,943
Total Current Liabilities	<u>121,841</u>	<u>112,753</u>	<u>234,594</u>
Noncurrent Liabilities:			
Subscription Liability (note 5)	226	0	226
Excess arbitrage to be rebated (note 12)	1,939	0	1,939
Pension liability (note 8)	1,478	762	2,240
Bonds and notes payable (notes 6, 9, 14, and 16)	2,207,198	44,645	2,251,843
Total Noncurrent Liabilities	<u>2,210,841</u>	<u>45,407</u>	<u>2,256,248</u>
Total Liabilities	<u>2,332,682</u>	<u>158,160</u>	<u>2,490,842</u>
DEFERRED INFLOWS OF RESOURCES:			
Accumulated increase in fair value of hedging derivatives (note 7)	19,631	0	19,631
Deferred federal program income	0	117	117
Deferred loan origination points	12	0	12
Deferred pension credit (note 8)	255	132	387
Total Deferred Inflows of Resources	<u>19,898</u>	<u>249</u>	<u>20,147</u>
NET POSITION:			
Net investment in capital assets	3,702	0	3,702
Restricted for bond resolutions	327,156	0	327,156
Restricted for grants and programs	0	104,075	104,075
Unrestricted	40,896	0	40,896
Total Net Position	<u>\$371,754</u>	<u>\$104,075</u>	<u>\$475,829</u>

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2024
(IN THOUSANDS OF DOLLARS)

	Mortgage Purchase Fund	Bondholder Reserve Fund	General Administrative Fund	Total
ASSETS:				
Current Assets:				
Cash, principally time deposits (note 3)	\$ 22,486	\$ 0	\$ 82,315	\$ 104,801
Investments (notes 3, 9, and 11)	476,568	6,620	34,423	517,611
Mortgage notes receivable, net (note 4)	58,711	524	155	59,390
Other assets (note 5)	11,314	13	287	11,614
Interfund (note 13)	0	0	7,002	7,002
Total Current Assets	<u>569,079</u>	<u>7,157</u>	<u>124,182</u>	<u>700,418</u>
Noncurrent Assets:				
Investments (notes 3, 9, and 11)	169,473	0	0	169,473
Mortgage notes receivable, net (note 4)	1,872,129	1,610	6,705	1,880,444
Capital assets, net	22	0	17,091	17,113
Derivative instrument - interest rate swaps (note 7)	19,631	0	0	19,631
Total Noncurrent Assets	<u>2,061,255</u>	<u>1,610</u>	<u>23,796</u>	<u>2,086,661</u>
Total Assets	<u>2,630,334</u>	<u>8,767</u>	<u>147,978</u>	<u>2,787,079</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred pension expense (note 8)	497	3	98	598
Deferred amount on debt refundings	1,737	0	0	1,737
Total Deferred Outflows of Resources	<u>2,234</u>	<u>3</u>	<u>98</u>	<u>2,335</u>
LIABILITIES:				
Current Liabilities:				
Accrued interest payable	9,988	0	0	9,988
Accounts payable and accrued liabilities	147	0	29,818	29,965
Interfund (note 13)	4,855	21	60,204	65,080
Bonds and notes payable (notes 6, 9, 14, and 16)	81,210	0	678	81,888
Total Current Liabilities	<u>96,200</u>	<u>21</u>	<u>90,700</u>	<u>186,921</u>
Noncurrent Liabilities:				
Subscription Liability (note 5)	0	0	226	226
Excess arbitrage to be rebated (note 12)	1,939	0	0	1,939
Pension liability (note 8)	1,230	7	241	1,478
Bonds and notes payable (notes 6, 9, 14, and 16)	2,194,906	0	12,292	2,207,198
Total Noncurrent Liabilities	<u>2,198,075</u>	<u>7</u>	<u>12,759</u>	<u>2,210,841</u>
Total Liabilities	<u>2,294,275</u>	<u>28</u>	<u>103,459</u>	<u>2,397,762</u>
DEFERRED INFLOWS OF RESOURCES:				
Accumulated increase in fair value of hedging derivatives (note 7)	19,631	0	0	19,631
Deferred loan origination points	12	0	0	12
Deferred pension credit (note 8)	212	2	41	255
Total Deferred Inflows of Resources	<u>19,855</u>	<u>2</u>	<u>41</u>	<u>19,898</u>
NET POSITION:				
Net investment in capital assets	22	0	3,680	3,702
Restricted for bond resolutions	318,416	8,740	0	327,156
Unrestricted	0	0	40,896	40,896
Total Net Position	<u>\$318,438</u>	<u>\$8,740</u>	<u>\$44,576</u>	<u>\$371,754</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, 2024
(IN THOUSANDS OF DOLLARS)

	Mortgage Purchase Fund	Bondholder Reserve Fund	General Administrative Fund	Total
OPERATING REVENUES:				
Interest from mortgages and notes	\$77,949	\$36	\$350	\$78,335
Income from investments	28,005	412	416	28,833
Net decrease in the fair value of investments	(2,507)	0	0	(2,507)
Fee income	2,288	0	1,555	3,843
Other revenue	400	0	146	546
Gain on bond redemption (note 14)	76	0	0	76
Total Revenues	106,211	448	2,467	109,126
OPERATING EXPENSES:				
Operating expenses	13,275	78	2,526	15,879
Other program administrative expenses	6,978	0	11	6,989
Mortgage servicing fees	2,027	0	11	2,038
Interest expense	66,425	0	0	66,425
Excess arbitrage (note 12)	1,289	0	0	1,289
Total Expenses	89,994	78	2,548	92,620
Operating Income (Loss)	16,217	370	(81)	16,506
Transfers between funds, net (note 13)	0	0	2,346	2,346
Change in Net Position	16,217	370	2,265	18,852
Net Position at beginning of year	302,221	8,370	42,311	352,902
Net Position at end of year	<u>\$318,438</u>	<u>\$8,740</u>	<u>\$44,576</u>	<u>\$371,754</u>

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024
(IN THOUSANDS OF DOLLARS)

	Mortgage Purchase Fund	Bondholder Reserve Fund	General Administrative Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Interest receipts from borrowers	\$76,818	\$36	\$360	\$77,214
Principal receipts on mortgages and notes - scheduled	111,831	0	158	111,989
Principal receipts on mortgages and notes - prepayments	46,260	0	95	46,355
Payments for operating expenses	(11,476)	(14)	(749)	(12,239)
Payments for personnel expenses	(10,804)	(64)	(1,777)	(12,645)
Investment in mortgages and other notes	(427,628)	(2,134)	(110)	(429,872)
Other	3,134	(4)	15,568	18,698
Net cash provided by (used for) operating activities	<u>(211,865)</u>	<u>(2,180)</u>	<u>13,545</u>	<u>(200,500)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	0	0	(258)	(258)
Proceeds from the disposal of capital assets	0	0	15	15
Principal paid on capital debt	0	0	(655)	(655)
Interest paid on capital debt	0	0	(433)	(433)
Payment on subscription liabilities	0	0	(203)	(203)
Net cash used for capital and related financing activities	<u>0</u>	<u>0</u>	<u>(1,534)</u>	<u>(1,534)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Proceeds from sale of bonds	486,880	0	0	486,880
Principal payments on bonds	(112,930)	0	0	(112,930)
Interest payments on bonds	(64,445)	0	0	(64,445)
Payments from other funds	2,050	4	22,868	24,922
Net cash provided by non-capital financing activities	<u>311,555</u>	<u>4</u>	<u>22,868</u>	<u>334,427</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from disposition of foreclosed real estate	1,072	0	24	1,096
Purchase of investments	(1,647,959)	0	(12,912)	(1,660,871)
Sales and maturity of investments	1,515,900	1,752	0	1,517,652
Interest received on investments	18,630	421	418	19,469
Net cash provided by (used for) investing activities	<u>(112,357)</u>	<u>2,173</u>	<u>(12,470)</u>	<u>(122,654)</u>
Net (decrease) increase in cash	(12,667)	(3)	22,409	9,739
Cash at beginning of year	35,153	3	59,906	95,062
Cash at end of year	<u>\$22,486</u>	<u>\$0</u>	<u>\$82,315</u>	<u>\$104,801</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	\$16,217	\$370	(\$81)	\$16,506
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	501	0	1,172	1,673
Loss on disposal of capital assets	0	0	85	85
Interest on bonds and notes	65,924	0	433	66,357
Gain on bond redemption	(76)	0	0	(76)
Pension expense	268	2	53	323
Interest income on investments	(28,005)	(412)	(416)	(28,833)
Net decrease in fair value of investments	2,507	0	0	2,507
Changes in operating assets and liabilities:				
Other assets	570	0	(66)	504
Pension contributions	(456)	0	(93)	(549)
Mortgage note interest receivable	(1,131)	0	10	(1,121)
Accounts payable and accrued liabilities	1,353	(6)	12,305	13,652
Investment in mortgage and other notes	(427,628)	(2,134)	(110)	(429,872)
Mortgage & other note principal repayments	158,091	0	253	158,344
Net cash provided by (used for) operating activities	<u>(\$211,865)</u>	<u>(\$2,180)</u>	<u>\$13,545</u>	<u>(\$200,500)</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION:				
Transfer from mortgage notes receivable to other assets and other real estate owned	\$1,033	\$0	\$24	\$1,057

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024
(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)	\$1	\$4,773	\$4,011	\$0	\$807	\$9,592
Investments (notes 3, 9, and 11)	21,298	0	0	18,855	43,454	83,607
Accounts receivable - government	2,062	89	1,871	0	5,783	9,805
Mortgage notes receivable, net (note 4)	3	0	0	0	0	3
Other assets	92	226	61	74	92	545
Interfund (note 13)	7,329	0	0	0	54,417	61,746
Total Current Assets	<u>30,785</u>	<u>5,088</u>	<u>5,943</u>	<u>18,929</u>	<u>104,553</u>	<u>165,298</u>
Noncurrent Assets:						
Mortgage notes receivable, net (note 4)	59,992	0	0	40,554	0	100,546
Total Noncurrent Assets	<u>59,992</u>	<u>0</u>	<u>0</u>	<u>40,554</u>	<u>0</u>	<u>100,546</u>
Total Assets	<u>\$90,777</u>	<u>\$5,088</u>	<u>\$5,943</u>	<u>\$59,483</u>	<u>\$104,553</u>	<u>\$265,844</u>
LIABILITIES:						
Current Liabilities:						
Accrued interest payable	\$0	\$0	\$0	\$56	\$0	\$56
Accounts payable - government	0	374	0	0	0	374
Accounts payable and accrued liabilities	2,576	247	897	0	9,709	13,429
Unearned income	0	0	3,830	0	92,009	95,839
Interfund (note 13)	0	373	1,078	675	2	2,128
Bonds payable (notes 6 and 9)	0	0	0	3,055	0	3,055
Total Current Liabilities	<u>2,576</u>	<u>994</u>	<u>5,805</u>	<u>3,786</u>	<u>101,720</u>	<u>114,881</u>
Noncurrent Liabilities:						
Bonds payable (notes 6 and 9)	0	0	0	44,645	0	44,645
Total Non Current Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>44,645</u>	<u>0</u>	<u>44,645</u>
Total Liabilities	<u>2,576</u>	<u>994</u>	<u>5,805</u>	<u>48,431</u>	<u>101,720</u>	<u>159,526</u>
DEFERRED INFLOWS OF RESOURCES:						
Deferred federal program income	0	117	0	0	0	117
FUND BALANCES:						
Restricted by program requirements	88,201	3,977	138	0	2,833	95,149
Nonspendable	0	0	0	11,052	0	11,052
Total Fund Balances	<u>88,201</u>	<u>3,977</u>	<u>138</u>	<u>11,052</u>	<u>2,833</u>	<u>106,201</u>
 Total Liabilities and Fund Balances	 <u>\$90,777</u>	 <u>\$5,088</u>	 <u>\$5,943</u>	 <u>\$59,483</u>	 <u>\$104,553</u>	 <u>\$265,844</u>

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

Total fund balances in governmental funds	\$106,201
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.	308
Pension liabilities reported in governmental activities are not due and payable in the current period and therefore are not reported in the governmental funds.	(762)
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.	(132)
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.	(1,540)
Net Position of governmental activities	<u>\$104,075</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, 2024
(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	\$267	\$0	\$0	\$43	\$0	\$310
Income from investments	1,423	15	13	1,100	1,268	3,819
Fee income	0	7,497	1,383	0	4,334	13,214
Other revenue	81	2	0	0	0	83
Grant income	27,218	0	32,494	4,316	88,028	152,056
Federal rent subsidy income	0	131,328	0	0	0	131,328
Total Revenues	28,989	138,842	33,890	5,459	93,630	300,810
EXPENDITURES:						
Operating expenditures	0	4,472	976	0	2,558	8,006
Other program administrative expenditures	0	154	32	5	1,757	1,948
Provision for losses on loans (note 4)	8	0	0	0	0	8
Grant expenditures	25,380	282	32,165	6,441	86,061	150,329
Federal rent subsidy	0	131,220	0	0	0	131,220
Interest	0	0	0	993	0	993
Total Expenditures	25,388	136,128	33,173	7,439	90,376	292,504
Revenues in Excess of (Less Than) Expenditures	3,601	2,714	717	(1,980)	3,254	8,306
Transfers between funds, net (note 13)	273	(1,888)	(703)	2,186	(2,214)	(2,346)
Change in Fund Balances	3,874	826	14	206	1,040	5,960
Fund Balances at beginning of year	84,327	3,151	124	10,846	1,793	100,241
Fund Balances at end of year	<u>\$88,201</u>	<u>\$3,977</u>	<u>\$138</u>	<u>\$11,052</u>	<u>\$2,833</u>	<u>\$106,201</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	\$5,960
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>(166)</u>
Change in Net Position of governmental activities	<u>\$5,794</u>

See accompanying notes to the financial statements

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2024**

(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
December 31, 2024**

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
Notes to Financial Statements
December 31, 2024**

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.

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
- 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

- Weatherization / Central Heating Improvement Program
- Temporary Assistance for Needy Families (via State of Maine)

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)

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2024**

State of Maine

- Well Water Treatment Program
- Lead Abatement Program
- State General Obligation Bonds
- Emergency Housing Relief Fund
- Emergency Housing Facility Construction, Renovation and Acquisition Program
- Eviction Prevention Program
- Low-Barrier Homeless Shelter Program
- Rural Recovery Residence Fund
- Improve Access to Credit for Low-Income Individuals
- Manufactured and Mobile Home Park Preservation and Assistance Program
- Rural Affordable Rental Housing Program
- Low Income Home Energy Assistance
- Housing Subsidy Program for Homeless Students

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
Notes to Financial Statements
December 31, 2024**

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 collectibility 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 collectibility 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.

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2024**

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, 2024.

Maine State Housing Authority
Notes to Financial Statements
December 31, 2024

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. 102, *Certain Risk Disclosures* is effective for the year ending December 31, 2025. The objective of GASB Statement No. 102 is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.
- GASB Statement No. 103, *Financial Reporting Model Improvements* and GASB Statement No. 104, *Disclosure of Certain Capital Assets* are effective for the year ending December 31, 2026. GASB Statement No. 103 improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. GASB Statement No. 104 provides users of government financial statements with essential information about certain types of capital assets.

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

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2024**

(3.) CASH AND INVESTMENTS

At December 31, 2024, the carrying amount of MaineHousing’s bank deposits was \$114,393 and the bank balance was \$114,820. The difference between the carrying amount and the bank balance is a result of transactions in transit. Of the bank balance, \$250 was covered by federal depository insurance and \$114,570 was collateralized by pledged government securities that are held in the bank’s name at the Federal Reserve Bank.

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, 2024 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	\$159,179	\$159,179	\$0	\$0	\$0	NR
Money Market Funds	\$427	427	0	0	0	NR
Federal Farm Credit Bank (FFCB)	67,844	0	4,602	41,902	21,340	P-1/Aaa
Federal National Mortgage Association (FNMA)	102,609	102,609	0	0	0	P-1/Aaa
Federal Home Loan Bank (FHLB)	244,474	149,837	8,635	56,820	29,182	P-1/Aaa
U.S. Treasury Securities	71,508	64,516	3,008	3,984	0	P-1/Aaa
Total - Mortgage Purchase Fund	646,041	476,568	16,245	102,706	50,522	
BONDHOLDER RESERVE FUND						
Repurchase Agreements	6,620	6,620	0	0	0	NR
GENERAL ADMINISTRATIVE FUND						
Repurchase Agreements	6,041	6,041	0	0	0	NR
Money Market Funds	25,688	25,688	0	0	0	NR
Certificates of Deposit	2,694	2,694	0	0	0	NR
Total - General Administrative Fund	34,423	34,423	0	0	0	
Total - Proprietary Funds	\$687,084	\$517,611	\$16,245	\$102,706	\$50,522	
GOVERNMENTAL FUNDS						
HOME FUND						
Repurchase Agreements	\$21,298	\$21,298	\$0	\$0	\$0	NR
MAINE ENERGY, HOUSING & ECONOMIC RECOVERY FUND						
Repurchase Agreements	18,855	18,855	0	0	0	NR
OTHER FEDERAL AND STATE PROGRAMS						
Repurchase Agreements	43,454	43,454	0	0	0	NR
Total - Governmental Funds	\$83,607	\$83,607	\$0	\$0	\$0	

Maine State Housing Authority
Notes to Financial Statements
December 31, 2024

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, 2024, \$598,524 was invested in short-term repurchase agreements, money market funds, U.S. Treasury Securities, and other government sponsored enterprises with maturity dates of less than one year and interest rates up to 4.63%. Investments other than repurchase agreements, money market funds, and U.S. Treasury Securities are registered in MaineHousing's name. Investments issued by Federal Farm Credit Bank (FFCB), Federal National Mortgage Association (FNMA), and Federal Home Loan Bank (FHLB) make up 11%, 16%, and 38% of total investments, respectively, in the Mortgage Purchase Fund.

At December 31, 2024, \$2,694 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 4.00% and will mature in June 2025. The certificate is not credit rated and is being held by its bank trustee in MaineHousing's name.

MaineHousing originates loans that provide capital funding for the creation of affordable rental housing. Undisbursed loan proceeds for certain programs are held as investments in the General Administrative Fund with a corresponding escrow amount recorded in accounts payable and accrued liabilities. Escrow investments totaled \$25,688 at December 31, 2024.

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2024**

(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, 2024 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	502	\$75,150	6.3%
FHA insured	1,798	246,825	20.9%
USDA/RD guaranteed	5,079	584,088	49.4%
Privately insured	251	58,917	5.0%
Non-insured	2,560	218,039	18.4%
Total Mortgage Purchase Fund - single-family	<u>10,190</u>	<u>1,183,019</u>	<u>100.0%</u>
MORTGAGE PURCHASE FUND - MULTI-FAMILY:			
Section 8	188	176,479	23.4%
Conventional	354	546,072	72.3%
Supportive Housing	154	32,394	4.3%
Total Mortgage Purchase Fund - multi-family	<u>696</u>	<u>754,945</u>	<u>100.0%</u>
Less: Allowance for losses on loans		<u>(7,124)</u>	
Total Mortgage Purchase Fund	<u>10,886</u>	<u>1,930,840</u>	
BONDHOLDER RESERVE FUND - MULTI-FAMILY:			
Conventional	<u>1</u>	<u>2,134</u>	<u>100.0%</u>
GENERAL ADMINISTRATIVE FUND - SINGLE-FAMILY:			
Non-insured	50	1,146	<u>100.0%</u>
GENERAL ADMINISTRATIVE FUND - MULTI-FAMILY:			
Section 8	1	553	9.5%
Conventional	6	5,255	90.5%
Total General Administrative Fund - multi-family	<u>7</u>	<u>5,808</u>	<u>100.0%</u>
Less: Allowance for losses on loans		<u>(94)</u>	
Total General Administrative Fund	<u>57</u>	<u>6,860</u>	
Total Proprietary Funds	<u>10,944</u>	<u>\$1,939,834</u>	
GOVERNMENTAL FUNDS			
HOME FUND - SINGLE-FAMILY:			
Non-insured	237	\$2,712	<u>100.0%</u>
HOME FUND - MULTI-FAMILY:			
Non-insured	<u>135</u>	<u>58,056</u>	<u>100.0%</u>
Total HOME Fund		60,768	
Less: Allowance for losses on loans		<u>(773)</u>	
Total HOME Fund	<u>372</u>	<u>59,995</u>	
MAINE ENERGY, HOUSING AND ECONOMIC RECOVERY FUND - MULTI-FAMILY			
Non-insured	<u>32</u>	<u>40,554</u>	<u>100.0%</u>
Total Governmental Funds	<u>404</u>	<u>\$100,549</u>	

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2024**

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, 2023	\$7,111	\$102	\$780
Provision	0	0	8
Loans charged off	(22)	(8)	(15)
Recoveries	35	0	0
Balance – December 31, 2024	\$7,124	\$94	\$773

(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, 2024, MaineHousing has a combined net right-to-use SBITA asset, an intangible asset, of \$670 and a \$441 subscription liability, the current portion of which is included in accounts payable and accrued liabilities. At December 31, 2024, \$310 of amortization expense and \$15 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
2025	\$215	\$13	\$228
2026	226	7	233
Total	\$441	\$20	\$461

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2024**

(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, 2024. The Single-Family (S/F) and Multi-Family (M/F) Mortgage Bonds Payable outstanding at December 31, 2024 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	\$0	2.75%				
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>45,875</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	1,175	2.60%	2025		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>9,435</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-3 (AMT)							
Term Bonds	<u>30,000</u>	<u>30,000</u>	Variable - 3.71%	2035-2038	5,455	-	8,975
	<u>30,000</u>	<u>30,000</u>					
2015 SERIES F BONDS (M/F)							
2015 Series F-2 (Non-AMT)							
Serial Bonds	2,450	1,000	2.65% - 2.85%	2025-2026		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>6,155</u>					
2015 SERIES G BONDS (S/F)							
2015 Series G (Non-AMT)							
Serial Bonds	8,185	5,530	2.70% - 3.00%	2025-2027	1,700	-	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>0</u>	3.50%				
	<u>30,000</u>	<u>14,680</u>					

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2024**

	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
2016 SERIES A BONDS (S/F)							
2016 Series A (Non-AMT)							
Serial Bonds	6,065	1,680	2.30% - 2.45%	2025-2026	825	-	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>0</u>	4.00%				
	<u>35,000</u>	<u>23,730</u>					
2016 SERIES B BONDS (S/F)							
2016 Series B-1 (Non-AMT)							
Serial Bonds	19,260	6,955	2.20% - 2.55%	2025-2027	2,220	-	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 - 3.71%	2029-2037	2,720	-	3,420
	<u>70,000</u>	<u>36,160</u>					
2016 SERIES C BONDS (S/F)							
2016 Series C (Non-AMT)							
Serial Bonds	13,620	5,385	2.00% - 2.50%	2025-2028	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>0</u>	3.50%				
	<u>40,000</u>	<u>23,385</u>					
2016 SERIES D BONDS (M/F)							
2016 Series D (Federally Taxable)							
Serial Bonds	32,000	24,100	2.54% - 2.99%	2025-2029	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>32,100</u>					
2016 SERIES E BONDS (S/F)							
2016 Series E (Non-AMT)							
Serial Bonds	6,250	2,310	2.90% - 3.15%	2025-2027	745	-	800
Term Bonds	3,050	0	3.63%				
Term Bonds	10,385	0	3.90%				
Term Bonds	<u>8,315</u>	<u>695</u>	4.00%	2037-2046	65	-	75
	<u>28,000</u>	<u>3,005</u>					
2017 SERIES A BONDS (S/F)							
2017 Series A (Non-AMT)							
Serial Bonds	5,920	2,890	2.80% - 3.15%	2025-2028	685	-	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>270</u>	4.00%	2043-2047	45	-	80
	<u>30,000</u>	<u>3,160</u>					
2017 SERIES B BONDS (S/F)							
2017 Series B (Non-AMT)							
Serial Bonds	8,680	5,235	2.25% - 3.00%	2025-2030	765	-	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>460</u>	4.00%	2045-2047	150	-	155
	<u>35,000</u>	<u>21,260</u>					
2017 SERIES D BONDS (M/F)							
2017 Series D-1 (Non-AMT)							
Serial Bonds	13,175	5,000	2.30% - 2.95%	2025-2029		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	<u>7,810</u>	<u>7,810</u>	3.75%	2043-2047	1,445	-	1,680
	<u>41,175</u>	<u>33,000</u>					
2017 SERIES E BONDS (S/F)							
2017 Series E (Federally Taxable)							
Term Bonds	<u>60,000</u>	<u>60,000</u>	Variable - 4.35%	2042-2052	5,000	-	10,000
	<u>60,000</u>	<u>60,000</u>					

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2024**

	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 F BONDS (S/F)							
2017 Series F (Non-AMT)							
Serial Bonds	13,180	8,720	2.20% - 3.00%	2025-2030	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	<u>11,845</u>	<u>1,445</u>	3.50%	2043-2047	230	-	485
	<u>40,000</u>	<u>25,140</u>					
2017 SERIES G BONDS (S/F - M/F)							
2017 Series G-1 (Federally Taxable)							
Term Bonds	<u>55,000</u>	<u>55,000</u>	Variable - 4.40%	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	16,135	2.45% - 3.05%	2025-2030	1,635	-	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	<u>2,590</u>	<u>2,590</u>	3.75%	2043-2047	480	-	555
	<u>38,500</u>	<u>31,125</u>					
2018 SERIES A BONDS (S/F)							
2018 Series A (Non-AMT)							
Serial Bonds	13,510	7,055	2.75% - 3.25%	2025-2030	1,155	-	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	<u>9,180</u>	<u>9,180</u>	3.90%	2039-2043	1,790	-	1,885
	<u>35,000</u>	<u>23,940</u>					
2018 SERIES B BONDS (S/F)							
2018 Series B (Non-AMT)							
Serial Bonds	10,565	4,855	2.75% - 3.10%	2025-2028	1,200	-	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	<u>12,160</u>	<u>12,160</u>	3.85%	2039-2043	2,355	-	2,515
	<u>40,000</u>	<u>26,310</u>					
2018 SERIES C BONDS (S/F)							
2018 Series C (Non-AMT)							
Serial Bonds	14,200	6,655	2.60% - 3.25%	2025-2030	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	<u>9,930</u>	<u>2,165</u>	4.00%	2044-2048	75	-	985
	<u>45,000</u>	<u>10,305</u>					
2018 SERIES D BONDS (S/F - M/F)							
2018 Series D-1 (Federally Taxable)							
Term Bonds	40,000	40,000	Variable - 4.90%	2043-2053	2,965	-	4,395
2018 Series D-2 (Federally Taxable)							
Term Bonds	<u>3,150</u>	<u>0</u>	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	<u>10,300</u>	<u>2,685</u>	4.25%	2044-2048	110	-	1,210
	<u>34,430</u>	<u>2,685</u>					
2019 SERIES A BONDS (S/F)							
2019 Series A (Non-AMT)							
Serial Bonds	12,670	7,630	2.45% - 3.05%	2025-2030	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>2,500</u>	4.00%	2046-2049	365	-	950
	<u>39,465</u>	<u>16,565</u>					
2019 SERIES B BONDS (S/F)							
2019 Series B (Non-AMT)							
Serial Bonds	18,075	10,930	2.05% - 2.80%	2025-2032	695	-	2,205
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>32,855</u>					

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2024**

	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 C BONDS (S/F)							
2019 Series C (Non-AMT)							
Serial Bonds	8,415	4,800	1.85% - 2.45%	2025-2031	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	8,825	3,005	4.00%	2047-2050	545	-	845
	<u>39,110</u>	<u>29,675</u>					
2019 SERIES E BONDS (S/F)							
2019 Series E (Non-AMT)							
Serial Bonds	15,540	12,500	1.75% - 2.35%	2025-2031	735	-	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	6,400	2,325	3.75%	2047-2049	210	-	1,080
	<u>34,445</u>	<u>27,330</u>					
2020 SERIES A BONDS (S/F)							
2020 Series A (Non-AMT)							
Serial Bonds	9,800	6,780	1.55% - 2.40%	2025-2032	750	-	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	6,715	2,725	3.75%	2047-2049	385	-	1,680
	<u>34,350</u>	<u>27,340</u>					
2020 SERIES B BONDS (M/F)							
2020 Series B (Non-AMT)							
Serial Bonds	12,000	0	1.10%				
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	8,970	8,970	2.60%	2046-2050	1,695	-	1,900
	<u>50,000</u>	<u>38,000</u>					
2020 SERIES C BONDS (S/F)							
2020 Series C (Non-AMT)							
Serial Bonds	12,765	9,795	1.65% - 2.50%	2025-2032	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	11,235	4,980	4.00%	2044-2050	175	-	995
	<u>38,955</u>	<u>29,730</u>					
2020 SERIES D BONDS (S/F)							
2020 Series D (Non-AMT)							
Serial Bonds	10,280	9,290	1.15% - 2.20%	2025-2032	1,015	-	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	12,750	12,750	2.80%	2041-2045	1,465	-	4,120
	<u>35,000</u>	<u>34,010</u>					
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	8,295	0.85% - 1.75%	2025-2032	930	-	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>37,830</u>					
2020 SERIES G BONDS (S/F)							
2020 Series G (Non-AMT)							
Serial Bonds	25,180	24,145	0.65% - 2.20%	2025-2035	1,065	-	5,315
Term Bonds	10,465	10,465	2.38%	2036-2040	1,960	-	2,215
	<u>35,645</u>	<u>34,610</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>					

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2024**

	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
2021 SERIES A BONDS (M/F)							
2021 Series A (Non-AMT)							
Serial Bonds	21,000	12,000	0.50% - 0.60%	2025-2026	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	<u>8,000</u>	<u>8,000</u>	2.20%	2047-2051	1,530	-	1,665
	<u>50,000</u>	<u>41,000</u>					
2021 SERIES B BONDS (S/F)							
2021 Series B (Non-AMT)							
Serial Bonds	10,150	7,700	0.55% - 1.85%	2025-2032	875	-	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	<u>8,325</u>	<u>8,325</u>	2.45%	2047-2051	1,550	-	1,800
	<u>40,000</u>	<u>37,550</u>					
2021 SERIES C BONDS (S/F)							
2021 Series C (Non-AMT)							
Serial Bonds	10,755	8,635	0.60% - 1.80%	2025-2033	845	-	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	<u>12,650</u>	<u>12,650</u>	2.30%	2042-2046	2,375	-	2,700
	<u>40,000</u>	<u>37,880</u>					
2021 SERIES D BONDS (S/F)							
2021 Series D (Non-AMT)							
Serial Bonds	11,675	9,825	0.70% - 2.10%	2025-2033	965	-	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	<u>8,455</u>	<u>6,030</u>	3.00%	2049-2051	1,185	-	3,395
	<u>39,330</u>	<u>35,055</u>					
2022 SERIES A BONDS (M/F)							
2022 Series A (Non-AMT)							
Serial Bonds	19,000	11,500	0.65% - 0.85%	2025-2026	5,000	-	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	<u>1,250</u>	<u>1,250</u>	2.65%	2047-2051	235	-	265
	<u>50,000</u>	<u>42,500</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	<u>10,000</u>	<u>10,000</u>	2.98%	2033-2036	2,395	-	2,610
	<u>50,000</u>	<u>50,000</u>					
2022 SERIES C BONDS (MF)							
2022 Series C (AMT)							
Term Bonds	<u>69,865</u>	<u>69,865</u>	Variable - 3.76%	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	12,555	2.35% - 3.80%	2025-2034	770	-	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	<u>10,300</u>	<u>8,150</u>	5.00%	2049-2052	525	-	3,165
	<u>49,245</u>	<u>45,650</u>					
2022 SERIES E BONDS (S/F)							
2022 Series E (Non-AMT)							
Serial Bonds	11,935	10,625	2.35% - 3.88%	2025-2034	835	-	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	<u>10,595</u>	<u>8,820</u>	5.00%	2050-2052	1,480	-	4,730
	<u>54,180</u>	<u>51,095</u>					

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2024**

	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 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	<u>20,000</u>	<u>20,000</u>	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	<u>24,000</u>	<u>24,000</u>	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	7,260	2.75% - 3.75%	2025-2034	420	-	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	<u>9,760</u>	<u>9,760</u>	4.70%	2049-2053	1,580	-	2,850
	<u>40,000</u>	<u>39,590</u>					
2023 SERIES B BONDS (S/F)							
2023 Series B-1 (Non-AMT)							
Serial Bonds	8,020	7,420	3.50% - 4.20%	2025-2033	710	-	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
2023 Series B-2 (Non-AMT)							
Serial Bonds	6,740	6,410	3.15% - 3.75%	2025-2033	620	-	815
Term Bonds	4,580	4,580	4.00%	2034-2038	845	-	990
Term Bonds	5,645	5,645	4.40%	2039-2043	1,030	-	1,230
Term Bonds	7,070	7,070	4.63%	2044-2048	1,285	-	1,545
Term Bonds	<u>10,965</u>	<u>10,965</u>	4.75%	2049-2054	1,620	-	2,050
	<u>75,000</u>	<u>74,070</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	<u>20,235</u>	<u>20,235</u>	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	<u>15,905</u>	<u>15,905</u>	4.70%	2049-2053	2,800	-	3,665
	<u>45,000</u>	<u>45,000</u>					
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>					
2024 SERIES A BONDS (S/F)							
2024 Series A (Non-AMT)							
Serial Bonds	9,380	9,380	3.40% - 3.80%	2029-2035	675	-	1,885
Term Bonds	5,135	5,135	4.00%	2036-2039	1,175	-	1,390
Term Bonds	5,630	5,630	4.45%	2040-2044	1,000	-	1,250
Term Bonds	8,095	8,095	4.65%	2045-2049	1,440	-	1,805
Term Bonds	<u>11,760</u>	<u>11,760</u>	4.75%	2050-2054	1,905	-	3,435
	<u>40,000</u>	<u>40,000</u>					

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2024**

	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
2024 SERIES B BONDS (M/F)							
2024 Series B (Non-AMT)							
Serial Bonds	40,000	40,000	3.45% - 3.65%	2027-2030	9,000	-	10,500
Term Bonds	5,555	5,555	4.00%	2037-2039	1,775	-	1,930
Term Bonds	8,050	8,050	4.55%	2040-2044	1,465	-	1,755
Term Bonds	11,610	11,610	4.65%	2045-2049	2,115	-	2,540
Term Bonds	<u>14,785</u>	<u>14,785</u>	4.70%	2050-2054	2,690	-	3,245
	<u>80,000</u>	<u>80,000</u>					
2024 SERIES C BONDS (S/F)							
2024 Series C (Non-AMT)							
Serial Bonds	16,825	16,825	3.40% - 4.10%	2025-2036	415	-	3,215
Term Bonds	9,515	9,515	4.15%	2037-2039	2,985	-	3,365
Term Bonds	13,920	13,920	4.55%	2040-2044	2,460	-	3,130
Term Bonds	15,850	15,850	4.75%	2045-2049	2,800	-	3,560
Term Bonds	<u>13,890</u>	<u>13,890</u>	4.85%	2050-2054	2,450	-	3,125
	<u>70,000</u>	<u>70,000</u>					
2024 SERIES D BONDS (S/F)							
2024 Series D (Non-AMT)							
Serial Bonds	12,155	12,155	3.15% - 4.00%	2025-2036	635	-	1,380
Term Bonds	9,295	9,295	4.10%	2037-2039	2,915	-	3,285
Term Bonds	9,870	9,870	4.50%	2040-2044	1,070	-	2,390
Term Bonds	8,620	8,620	4.70%	2045-2049	1,530	-	1,935
Term Bonds	<u>20,060</u>	<u>20,060</u>	4.75%	2050-2054	3,150	-	6,270
	<u>60,000</u>	<u>60,000</u>					
2024 SERIES E BONDS (S/F)							
2024 Series E (Non-AMT)							
Term Bonds	<u>60,000</u>	<u>60,000</u>	3.25%	2026-2054	1,215	-	3,230
	<u>60,000</u>	<u>60,000</u>					
2024 SERIES F BONDS (M/F)							
2024 Series F (Non-AMT)							
Serial Bonds	59,760	59,760	3.30% - 3.55%	2026-2029	8,500	-	20,260
Term Bonds	3,240	3,240	4.10%	2037-2039	1,030	-	1,130
Term Bonds	6,520	6,520	4.55%	2040-2044	1,185	-	1,425
Term Bonds	11,165	11,165	4.70%	2045-2049	2,030	-	2,440
Term Bonds	<u>14,315</u>	<u>14,315</u>	4.75%	2050-2054	2,605	-	3,140
	<u>95,000</u>	<u>95,000</u>					
2024 SERIES G BONDS (S/F)							
2024 Series G (Non-AMT)							
Serial Bonds	9,435	9,435	3.30% - 3.90%	2029-2036	970	-	1,415
Term Bonds	3,670	3,670	3.95%	2037-2039	1,155	-	1,295
Term Bonds	12,630	12,630	4.35%	2040-2044	2,270	-	2,815
Term Bonds	10,025	10,025	4.55%	2045-2049	1,795	-	2,225
Term Bonds	<u>14,240</u>	<u>14,240</u>	4.60%	2050-2054	2,540	-	3,225
	<u>50,000</u>	<u>50,000</u>					
		2,281,295					
Less: Net Unamortized Bond Discount		<u>(5,179)</u>					
Total Mortgage Purchase Fund	<u>2,840,960</u>	<u>2,276,116</u>					
Total Proprietary Funds	<u>\$2,840,960</u>	<u>\$2,276,116</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>	29,430	0.96% - 2.42%	2025-2034	295	-	3,480
		44,450					
Plus: Net Unamortized Bond Premium		<u>3,250</u>					
Total Maine Energy, Housing & Recovery Fund Group	<u>53,950</u>	<u>47,700</u>					
Total Governmental Funds	<u>\$53,950</u>	<u>\$47,700</u>					

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2024**

The following table summarizes bond debt activity for the year ended December 31, 2024:

Fund	Outstanding at December 31, 2023	Issues	Retirement	Outstanding at December 31, 2024
Mortgage Purchase Fund	\$1,904,225	\$490,000	(\$112,930)	\$2,281,295
Maine Energy, Housing & Economic Recovery Fund	47,485	0	(3,035)	44,450
Total	\$1,951,710	\$490,000	(\$115,965)	\$2,325,745

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.

The interest calculations shown in the table below are based on the variable rate in effect at December 31, 2024 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 2029 and in five-year increments thereafter to maturity:

Year(s)	Mortgage Purchase Fund				Swaps Net Interest	Maine Energy, Housing & Economic Recovery Fund	
	Fixed and Variable Unswapped		Variable Swapped			Fixed	
	Principal	Interest	Principal	Interest		Principal	Interest
2025	\$81,210	\$72,081	\$0	\$8,184	(\$4,054)	\$3,055	\$1,247
2026	106,740	70,545	0	8,255	(3,917)	3,085	1,214
2027	102,675	67,860	0	8,255	(3,055)	3,120	1,174
2028	107,955	64,951	0	8,258	(3,069)	3,165	1,126
2029	89,105	61,797	2,795	8,252	(2,924)	3,215	1,071
2030-2034	331,350	276,305	15,655	39,633	(10,500)	17,055	4,305
2035-2039	351,420	222,918	39,550	33,879	(1,089)	11,755	901
2040-2044	361,390	158,811	7,515	30,103	0	0	0
2045-2049	296,619	91,775	99,161	21,854	0	0	0
2050-2054	245,801	30,348	42,354	2,614	0	0	0
Total	\$2,074,265	\$1,117,391	\$207,030	\$169,287	(\$28,608)	\$44,450	\$11,038

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, 2024, MaineHousing has a \$12,970 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 \$2,694 non-negotiable certificate of deposit held with the lender.

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2024**

The following table provides a summary of note payment requirements through 2029 and in four-year increments thereafter to maturity:

Year(s)	Principal	Interest	Total
2025	\$678	\$411	\$1,089
2026	700	388	1,088
2027	723	365	1,088
2028	746	343	1,089
2029	772	317	1,089
2030-2033	9,351	1,006	10,357
Total	<u>\$12,970</u>	<u>\$2,830</u>	<u>\$15,800</u>

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 \$3,000,000 of outstanding bonds secured by this obligation. Of that amount, \$2,281,295 was outstanding at December 31, 2024.

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 \$25,584 outstanding at December 31, 2024. 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, 2024. 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 \$19,631 at December 31, 2024. During 2024, the fair value of the swaps increased by \$3,246. 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, 2024 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, 2024 total \$282,865.

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2024**

The following table contains the terms, fair values, and credit ratings of the swaps as of December 31, 2024. 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.

Related Debt Issuance	Current Notional Amount	Effective Date of Swap	Fixed Rate		Variable Rate Received	Fair Value	Swap Termination Date	Counterparty Credit Rating
			Paid					
2015 Series E-3	\$5,000	11/15/2016	1.15%		70% of 30 day SOFR plus .08014%	\$94	11/15/2025	Aa1/AA-
2015 Series E-3	5,000	11/15/2019	1.40%		70% of 30 day SOFR plus .08014%	344	11/15/2029	Aa3/A+
2015 Series E-3	20,000	5/15/2021	1.46%		67% of 30 day SOFR plus .0767%	1,733	11/15/2032	A1/A+
2016 Series B-2	8,000	5/15/2017	1.61%		70% of 30 day SOFR plus .08014%	681	11/15/2031 ¹	Aa1/AA-
2016 Series B-2	20,000	11/15/2017	1.66%		70% of 30 day SOFR plus .08014%	1,657	11/15/2031 ¹	Aa1/AA-
2017 Series E	25,000	11/15/2021	1.69%		100% of 30 day SOFR plus .11448%	4,282	11/15/2032	Aa3/A+
2017 Series G-1	25,000	11/15/2019	1.90%		100% of 30 day SOFR plus .11448%	1,103	11/15/2026	A1/A+
2017 Series G-1	30,000	11/15/2020	0.88%		100% of 90 day SOFR plus .26161%	9,089	11/15/2035	A1/A+
2022 Series C	19,030	2/1/2006	3.59%		65% of 30 day SOFR plus .27441%	(1,101)	11/15/2037	Aa2/AA-
2022 Series C	10,000	11/15/2019	1.87%		75% of 30 day SOFR plus 0.54086%	341	11/15/2026	Aa3/A+
2022 Series C	12,500	11/15/2018	2.57%		70% of 30 day SOFR plus 0.53014%	380	11/15/2028	Aa3/A+
2022 Series C	12,500	11/15/2018	2.59%		70% of 30 day SOFR plus 0.53014%	757	11/15/2033	Aa3/A+
2022 Series C	15,000	8/1/2023	2.70%		72% of 180 day SOFR	271	11/15/2033	Aa3/A+
Totals	<u>\$207,030</u>					<u>\$19,631</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, 2024. MaineHousing is not exposed to credit risk for the swaps that have negative fair values. At December 31, 2024, there are twelve swaps that have positive fair values totaling \$20,732. 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, 2024, the thirty-day, ninety-day and one hundred eighty-day SOFR rates were 4.53%, 4.69% and 5.03%, respectively, and the SIFMA rate was 3.62%.

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2024**

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.

(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 3.6% 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 6.9% of annual salary. The employer match contribution is made to the 401(a) plan.

For the year ended December 31, 2024, employee contributions totaled \$917 and MaineHousing contributed and recognized expense of \$747. 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 their 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%.

Maine State Housing Authority
Notes to Financial Statements
December 31, 2024

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, 2024, the established MainePERS employer contribution rate is 9.90% and employee contribution rates are 7.50% for participants with a normal retirement age of 60 and 6.75% for participants with a normal retirement age of 65. MaineHousing pays on behalf of its employees 0.60% 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 \$541 for the year ended December 31, 2024.

Actuarial Methods and Assumptions

The collective total pension liability was determined by an actuarial valuation as of June 30, 2024, 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 their 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, 2024 and June 30, 2023 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, 2024 and June 30, 2023 valuations were based on the results of an actuarial experience study covering the period July 1, 2015 through June 30, 2020. The economic assumptions used are based on this experience study along with advice of the MainePERS investment consultants for June 30, 2024 and June 30, 2023.

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2024**

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, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equities	30.0%	5.6%
US Government	10.0%	2.2%
Private Equity	12.5%	7.2%
Real Estate	10.0%	5.8%
Infrastructure	10.0%	5.3%
Natural Resources	5.0%	5.1%
Traditional Credit	5.0%	2.7%
Alternative Credit	10.0%	6.4%
Risk Diversifiers	7.5%	4.8%

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>
\$5,596	\$2,240	(\$526)

Net Pension Liability: At December 31, 2024, MaineHousing has a liability of \$2,240 for its proportionate share of the total collective net pension liability. The net pension liability was measured as of June 30, 2024 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, 2023 through June 30, 2024, relative to the total employer contributions received from all participating entities. MaineHousing's proportion was 0.559555% at December 31, 2024. The proportion was 0.604935% at December 31, 2023.

Changes in net pension liability are recognized in pension expense for the year ended December 31, 2024 with the following exceptions:

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2024**

Differences Between Expected and Actual Experience – The difference between expected and actual experience with regard to economic or demographic factors is 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 2024 and 2023 valuation, this was three years.

Differences Between Projected and Actual Investment Earnings – Differences between projected and actual investment earnings are 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 are 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, 2024 valuation were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2020. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

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 are 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, 2024, MaineHousing recognized pension expense of \$488 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	\$665	\$0
Employer contributions subsequent to the measurement date	241	0
Net difference between projected and actual earnings on pension plan investments	0	233
Changes in proportion and differences between employer contributions and proportionate share of contributions	0	154
Total	\$906	\$387

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2024**

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, 2028 as follows:

Year ended December 31:	Pension Expense (Benefit) Amount
2025	(\$142)
2026	\$496
2027	(\$31)
2028	(\$45)

Payables to the Pension Plan: At December 31, 2024, MaineHousing’s total payable to MainePERS for unremitted contributions is \$59.

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:

2022 Series F (M/F)	\$5,424
2023 Series C (M/F)	2,653
2023 Series E (M/F)	33,016
2024 Series A (S/F)	14,388
2024 Series B (M/F)	42,971
2024 Series C (S/F)	3,685
2024 Series D (S/F)	29,687
2024 Series E (S/F)	55,654
2024 Series F (M/F)	86,973
2024 Series G (S/F)	45,568
	\$320,019

MAINE ENERGY, HOUSING AND ECONOMIC RECOVERY FUND

Bond proceeds in the amount of \$14,652 from the 2021 Series 2 are invested in accordance with the Maine Energy, Housing and Recovery General Indenture and are available for programs.

(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, 2024, MaineHousing had outstanding commitments to originate multi-family mortgage loans of approximately \$312,642. MaineHousing, under its single-family program, enters into purchase agreements with lenders to purchase mortgage loans. At December 31, 2024, single-family loans being processed by lenders for MaineHousing totaled approximately \$65,646.

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2024**

(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, 2024 was \$180,667. 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, 2024 was \$213,006.

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, 2024, 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 \$218,984.

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, 2024, the maximum debt service amount was \$4,302.

(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, 2024, the estimated value of future arbitrage liabilities in the Mortgage Purchase Fund Group was \$1,939.

(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, 2024 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	\$624	\$0	\$0	(\$374)	(\$250)	\$0
Program Subsidies	(166)	273	0	(329)	(1,964)	2,186
Program Administrative Fees	1,888	0	(1,888)	0	0	0
	<u>\$2,346</u>	<u>\$273</u>	<u>(\$1,888)</u>	<u>(\$703)</u>	<u>(\$2,214)</u>	<u>\$2,186</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.

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2024**

Interfund accounts receivable (payable) balances at December 31, 2024 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	Maine Energy, Housing & Economic Recovery Program	Other Federal and State Programs
Receivable due from:								
Mortgage Purchase Fund	\$0	\$0	\$4,855	\$0	\$0	\$0	\$0	\$0
General Administrative Fund	0	0	0	7,327	0	0	0	52,877
Section 8 Housing Programs	0	0	373	0	0	0	0	0
Low Income Home Energy Assistance Program	0	0	1,078	0	0	0	0	0
Collectively, all other funds	0	0	696	2	0	0	0	0
	0	0	7,002	7,329	0	0	0	52,877
Payables	(4,855)	(21)	(60,204)	0	(373)	(1,078)	(675)	(2)
	<u>(\$4,855)</u>	<u>(\$21)</u>	<u>(\$53,202)</u>	<u>\$7,329</u>	<u>(\$373)</u>	<u>(\$1,078)</u>	<u>(\$675)</u>	<u>\$52,875</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, and program expenses owed from Maine Energy, Housing & Economic Recovery 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.

(14.) REDEMPTION OF BONDS

For the year ended December 31, 2024, MaineHousing redeemed prior to maturity \$74,440 of its Mortgage Purchase Fund bonds from recoveries of principal and the proceeds of remarketed bonds. Gains of \$76 were attributed to the recognition of related bond premium. The following is a summary of bonds redeemed:

	Interest Rate	Original Maturity	Amount	Redemption Price
2013 Series B Serial Bonds	2.75%	11/15/2024	\$1,835	100%
2014 Series C-1 Term Bonds	3.50%	11/15/2044	230	100%
2015 Series B Serial Bonds	2.45%	11/15/2024	1,145	100%
2015 Series E-1 Term Bonds	3.50%	11/15/2035	1,055	100%
2015 Series F-2 Serial Bonds	2.50%	11/15/2024	500	100%
2015 Series G Serial Bonds	2.55%	11/15/2024	700	100%
2015 Series G Term Bonds	3.50%	11/15/2045	155	100%
2016 Series A Term Bonds	4.00%	11/15/2045	135	100%
2016 Series C Term Bonds	3.50%	11/15/2046	720	100%
2016 Series D Serial Bonds	2.39%	11/15/2024	7,075	100%
2016 Series E Serial Bonds	2.70%	11/15/2024	715	100%
2016 Series E Term Bonds	4.00%	11/15/2046	470	100%
2017 Series A Serial Bonds	2.50%	11/15/2024	655	100%
2017 Series A Term Bonds	4.00%	11/15/2047	815	100%
2017 Series B Term Bonds	4.00%	11/15/2047	905	100%
2017 Series F Term Bonds	3.50%	11/15/2047	1,390	100%
2018 Series A Serial Bonds	2.60%	11/15/2024	1,145	100%
2018 Series B Serial Bonds	2.60%	11/15/2024	1,180	100%
2018 Series C Serial Bonds	2.45%	11/15/2024	1,735	100%
2018 Series C Term Bonds	4.00%	11/15/2048	1,385	100%
2018 Series F Term Bonds	4.25%	11/15/2048	1,345	100%
2019 Series A Serial Bonds	2.30%	11/15/2024	2,590	100%
2019 Series A Term Bonds	4.00%	11/15/2049	1,255	100%
2019 Series C Term Bonds	4.00%	11/15/2050	1,310	100%
2019 Series E Term Bonds	3.75%	11/15/2049	990	100%

**Maine State Housing Authority
Notes to Financial Statements
December 31, 2024**

	<u>Interest Rate</u>	<u>Original Maturity</u>	<u>Amount</u>	<u>Redemption Price</u>
2020 Series A Term Bonds	3.75%	11/15/2049	1,015	100%
2020 Series C Term Bonds	4.00%	11/15/2050	1,650	100%
2021 Series D Term Bonds	3.00%	11/15/2051	1,365	100%
2022 Series D Term Bonds	5.00%	11/15/2052	1,370	100%
2022 Series E Term Bonds	5.00%	11/15/2052	1,265	100%
2023 Series A Serial Bonds	2.70%	11/15/2024	410	100%
2023 Series B Term Bonds	3.13%	11/15/2054	35,000	100%
2023 Series B-1 Serial Bonds	3.40%	11/15/2024	600	100%
2023 Series B-2 Serial Bonds	3.15%	11/15/2024	330	100%
			<u>\$74,440</u>	

(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

On March 26, 2025, MaineHousing issued, at par, \$60,000 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>
2025 Series A Serial Bonds	3.20%-3.95%	2029-2037	\$12,955	100%
2025 Series A Term Bonds	4.10%	2040	7,685	100%
2025 Series A Term Bonds	4.50%	2045	12,670	100%
2025 Series A Term Bonds	4.65%	2050	6,570	100%
2025 Series A Term Bonds	4.70%	2053	20,120	100%
			<u>\$60,000</u>	

**MAINE STATE HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF SELECTED PENSION INFORMATION - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2024
(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:**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's Proportion of the Net Pension Liability (Asset)	0.559555%	0.604935%	0.669532%	0.674986%	0.709590%	0.746717%	0.834117%	0.906494%	0.922203%	1.181151%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$2,240	\$1,931	\$1,780	(\$217)	\$2,819	\$2,282	\$2,823	\$3,712	\$4,899	\$3,768
Employer's Covered-Employee Payroll	\$5,319	\$5,649	\$5,516	\$4,972	\$4,567	\$4,544	\$4,658	\$4,892	\$4,810	\$4,598
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	42.1%	34.2%	32.3%	(4.4%)	61.7%	50.2%	60.6%	75.9%	101.9%	81.9%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	91.1%	92.3%	93.3%	100.9%	88.3%	90.6%	91.1%	86.4%	81.6%	88.3%

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$541	\$577	\$552	\$504	\$480	\$477	\$490	\$513	\$505	\$483
Contributions in Relation to Contractually Required Contribution	\$541	\$577	\$552	\$504	\$480	\$477	\$490	\$513	\$505	\$483
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Employer's Covered Employee Payroll	\$5,319	\$5,649	\$5,516	\$4,972	\$4,567	\$4,544	\$4,658	\$4,892	\$4,810	\$4,598
Contributions as a Percentage of Covered Employee Payroll	10.2%	10.2%	10.0%	10.1%	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, 2024.

Changes of Assumptions:

There were no changes of assumptions for the measurement period ended June 30, 2024.

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

Board of Commissioners
Maine State Housing Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, and each major fund of Maine State Housing Authority (MaineHousing), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise MaineHousing's basic financial statements, as listed in the table of contents, and have issued our report thereon dated March 28, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Baker Newman & Nayea LLC

Portland, Maine
March 28, 2025