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Rhode Island Infrastructure Bank  
and  
Department of Health – Center for Drinking Water Quality

Hereby submit the

*Drinking Water State Revolving Fund Annual Report  
For the Period from July 1, 2018 through June 30, 2019*

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**I. Introduction**

Rhode Island Infrastructure Bank (Bank) and the Rhode Island Department of Health – Center for Drinking Water Quality (RIDOH) are pleased to submit our Annual Report for the period from July 1, 2018 through June 30, 2019 to the Environmental Protection Agency Region 1. The report describes how through the collaborative efforts of the Bank and RIDOH the goals and objectives have been met in the Drinking Water State Revolving Fund (DWSRF) for all dollars in the DWSRF as outlined in the Intended Use Plan (IUP). The actual use of funds received and the financial status of the DWSRF are also reported.

The Rhode Island DWSRF (the Program) is co-administered by the Bank and RIDOH as set forth in the Memorandum of Understanding (MOU) dated August 1997. The Bank is responsible for the financial aspects of the program including loan origination and servicing, and grant administration while RIDOH is responsible for the regulatory and health compliance aspects of the Program including project prioritization and project approval.

Table I illustrates an overview of the July 1, 2018 through June 30, 2019 reporting period.

**Table I  
Program Overview**

Number of Projects	12
Project Funding (Closed Loans)	8
Total Population Served	473,800
Average Interest Rate	2.20%

## II. Goals and Accomplishments

The Program has identified short- and long-term goals for the DWSRF. The Bank and RIDOH have developed rules, regulations, and policies to manage the program in compliance with the State Drinking Water Amendments of 1996 (SDWA).

### A. Progress Toward Short and Long-Term Goals

The short-term goals and progress towards their achievement are outlined as follows:

**Goal #1:** To manage the Program in compliance with the SDWA of 1996 (§1452).

**Progress:** The Bank and RIDOH continue to manage the program per the requirements of the Act. During this reporting period, the State received its FFY 2018 Capitalization Grant in the amount of \$11,107,000 on August 21, 2018.

**Goal #2:** Manage the DWSRF to distribute funding to eligible public and privately organized water suppliers in a timely and efficient manner.

**Progress:** Both the Bank and RIDOH have worked diligently to overcome the lack of demand for DWSRF-eligible projects by continuing its borrower outreach efforts.

**Goal #3:** Endeavor to provide 15% of project funds for assistance to “small systems” on an annual basis. Continued outreach efforts to small systems to educate and better promote the Program, to maintain a pipeline of projects that are eligible to receive funding.

**Progress:** The Bank and RIDOH have implemented a Small System Infrastructure Loan Strategy which allows DWSRF-eligible public small water systems to receive assistance in the form of principal forgiveness, grants, or other forms of aid assistance. The Bank and RIDOH have created a targeted approach around education, outreach and technical assistance to provide a better level of service to our small public water systems.

**Goal #4:** Maintain a Capacity Development Program as per §1420 of the Act.

**Progress:** The Capacity Development Program was developed and approved by EPA on December 1, 2001. Implementation of the program is on-going.

**Goal #5:** Maintain a Source Water Protection Program in accordance with § 1453 of the Act.

**Progress:** The Source Water Protection Program was approved by EPA and completed as stipulated by § 1453 of the Act.

**Goal #6:** Maintain a Disadvantaged Community Loan Program for those water suppliers meeting the Disadvantaged Community Program criteria.

**Progress:** The Bank and RIDOH have created criteria for the Disadvantaged Community Loan Program. The program is fully outlined in the IUP, but generally, it provides for additional interest rate subsidies and/or principal forgiveness for borrowers whose customers include disadvantaged individuals based on national median household income figures. During the loan origination process, the Bank examines all borrowers’

new DWSRF debt service in relationship to the cost of water as a percentage of the national median household income.

**Goal #7:** Prepare an annual report, which lists the State's accomplishments for the year; submit to EPA in a timely manner.

**Progress:** Rhode Island's DWSRF is presently submitting its tenth report. EPA had suggested at the States' Annual Review to increase the frequency of reporting to an annual basis.

**Goal #8:** Develop various work plans for use of specific set-aside dollars.

**Progress:** RIDOH has submitted work plans for the funds associated with the FFY 1997 through FFY 2019 Capitalization Grants. The work plans for the Technical Assistance, State Program Management, and Local Assistance set-asides are submitted when applications are sent in. These work plans are updated periodically and when new grants are being applied for, to ensure timely reporting of the intended use of the set-aside dollars.

**Goal #9:** Assure full compliance with §1452 of the Safe Drinking Water Act and all federal crosscutting issues as required by the 1996 SDWA amendments.

**Progress:** The appropriate federal crosscutting issues for DWSRF borrowers are outlined in the contract specifications package last revised 4/22/2011.

**Goal #10:** Through effective management, provide a self-sustaining funding program that will assist public water systems in achieving compliance with the SDWA and maintaining the public health objectives of the Act.

**Progress:** The Bank and RIDOH have the necessary rules and guidelines in place to achieve this "perpetual" goal. During this reporting period, the Bank has made ten DWSRF loans.

**Goal #11** Maintain the fiscal integrity of the DWSRF and comply with generally accepted governmental accounting principles to assure continuance of loan funds for future generations.

**Progress:** Rhode Island's DWSRF Program is collecting and reusing repayments and following the same generally accepted governmental accounting principles which have governed the Clean Water State Revolving Fund (CWSRF). In addition, during the reporting period the Bank also developed an Internal Control Over Financial Reporting document that describes process and controls designed to address risks related to financial reporting.

**Goal #12** Coordinate DWSRF activities with other state and federal activities relating to public drinking water.

**Progress:** The Bank and RIDOH and its borrowers continuously explore the opportunities that exist with such organizations as USDA, CDBG, Farmers Home, and the RI Municipal Affairs Department regarding financing options.

**Goal #13** Continue to reduce Unliquidated Obligations (ULO) associated with Capitalization Grant awards and work towards achieving EPA's ULO objective

**Progress:** The Bank has expended funds thru the FFY17 Capitalization Grant and currently

has only two DWSRF capitalization grants open. The Bank is closely monitoring borrower drawdowns and working proactively with those that are falling behind schedule to help them develop strategies to get back on schedule.

**Goal #14:** Promote climate resilience of water systems through coordination and funding of eligible water suppliers

**Progress:** The Bank and RIDOH discuss climate resiliency at their borrowers' meetings. RIDOH has amended regulations to require that all community and critical non-transient, non-community water systems have emergency generators. The IUP includes and Emergency Power Generator Initiative to provide funding specifically for generators.

### **III. DWSRF Funding**

The following section presents information on funding sources and the intended and actual uses of the dollars in the DWSRF Program.

#### **A. Sources of DWSRF Funding**

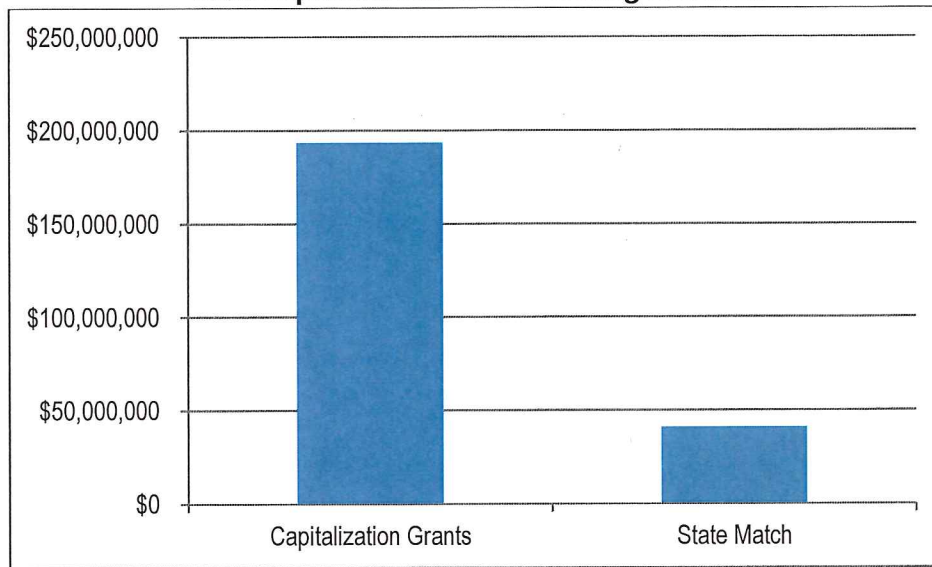
Federal Capitalization Grants and State Match have been the major sources of funding for the Program. Initially, loan demand had been met using direct loans, that is, loans made with a proportionate amount of federal and state match dollars; however, in FY 2004, the Bank created a leveraged DWSRF Program. The leveraging ratio is ~2 to 1. As a result, the Bank can maximize its loan capability by issuing revenue bonds to meet the funding need.

#### **Capitalization Grants**

Table II below graphically shows the total capitalization grant funding the Program has received to date is \$193,384,293 which includes the State Match portions but does not include Set-aside amounts and the Bank's American Recovery and Reinvestment Act (ARRA) award of \$19,500,000 in 2009.

The State of Rhode Island is currently not contemplating the transfer of capitalization grants from the DWSRF to the CWSRF or vice-versa but reserves the right to do so if the need arises. The State can transfer up to 33% of the DWSRF Capitalization grant to the CWSRF or an equivalent amount of the CWSRF to the DWSRF. Since program inception, no transfers have been made.

**Table II  
Total Capitalization Grant Funding Received**



**State Match**

Commencing with the FY2005 and all future capitalization grants, the Bank will provide the appropriate State Matching funds. For the 2018 capitalization grant, the Bank bonded the entirety of the State Match requirement of \$1,684,200.

In order to fulfill the proportionality requirement, the State will continue to use the 100% state match equivalent disbursement method to ensure compliance with the capitalization grant requirements.

**Loan Terms and Fees**

Rhode Island’s DWSRF program offers an economic benefit to its borrowers in the form of loan interest subsidization. The standard interest rate is a reduction of 25% of the borrower’s market rate of borrowing. Loans can be up to twenty years and can be structured to meet the repayment abilities unique to each borrower. Loan fees include a 1% loan origination fee and a 50-basis point (one-half of one percent) service fee on the outstanding balance of the loan. Interest is collected twice annually, and principal is collected once annually. The Bank uses those fees to cover expenses associated with operating the Program.

**Additional Subsidization**

Additional subsidization will be given to small drinking water system borrowers. Principal forgiveness will be given to small drinking water system projects that are on the PPL list, have a certificate of approval, and are ready to proceed. “Emergency” water quality projects will be given priority regardless of PPL ranking. Each qualifying drinking water small system will be eligible to receive at a minimum \$100,000 in principal forgiveness funds (unless project size is below \$100,000), subject to the availability of funds. Should

there not be enough small system demand, principal forgiveness may be allocated amongst other drinking water applicants.

In the reporting period, \$1,648,200 in principal forgiveness from the FFY17 capitalization grant was utilized. The FFY 18 principal forgiveness requirement is \$2,221,400. The remaining balance to be allocated is \$1,850,576.20. There is a delay in utilizing these funds because disadvantaged very small water systems are not yet ready to proceed with their financings.

**Table III  
Loans Receiving Principal Forgiveness Allocations**

<b>Loans Using FFY17 Cap Grant PF</b>	<b>Principal Forgiveness Allocation</b>
Cumberland (2017B)	\$187,137.00
Town of Burrillville (FY18)	\$50,000.00
Four Seasons Mobile (FY19)	\$350,000.00
Harrisville Water & Fire District (FY19)	\$1,061,063.00
<b>Total FFY17 Cap Grant PF Used</b>	<b>\$1,648,200.00</b>
<b>Balance Remaining</b>	<b>\$0.00</b>

<b>Loans Using FFY18 Cap Grant PF</b>	<b>Principal Forgiveness Allocation</b>
Harrisville Water & Fire District (FY19)	\$370,823.80
<b>Total FFY18 Cap Grant PF Used</b>	<b>\$370,823.80</b>
<b>Balance Remaining</b>	<b>\$1,850,576.20</b>

### **Interest Earnings and Repayments**

Rhode Island's DWSRF Program received \$8,194,591.26 interest earnings in the reporting period July 1, 20018 - June 30, 2019. The borrowers pay interest semi-annually. To date, no payment defaults have occurred. Principal repayments totaled \$17,423,514.76 for the reporting period.

### **B. Uses of DWSRF Funds**

The DWSRF provides loans for up to 100% of eligible project and finance costs, consistent with Federal limitations on the use of DWSRF funds, with the State determining the eligibility based on State developed criteria. RIDOH has developed the project priority determination system and has prepared the PPL for this fiscal year. The Bank will fund projects that appear on the approved PPL in the order in which they appear and to the extent that the borrowers access the fund. The Program in total has provided \$537,676,634 thru June 30, 2019 in loans to public and private water systems. Monies have been used for water infrastructure improvement projects, such as water meter replacements, tank replacements, well rehabilitations, and distribution system improvements.

### Binding Commitments

The Bank entered into eight loan agreements within this reporting period totaling \$69,643,496.02. Table III illustrates projects that are being funded within this reporting period.

**Table IV**  
**Projects Receiving DWSRF Funding**  
**July 1, 2018 - June 30, 2019**

Borrower	Project	Project Amount
Bristol County Water	Meters, Ferry & Fairview, Child St, and Water Main Replacements	\$3,850,000
City of East Providence	Kent Heights TTHM	\$2,000,000
Four Seasons Mobile	Distribution System Imprv.	\$350,000
Harrisville Water & Fire	System Improvements	\$2,850,000
Portsmouth Water & Fire	Union St Pump Station	\$3,100,000
Providence Water	Replace/Line Water Mains	\$14,700,000
City of Woonsocket	Water Treatment Plant	\$47,793,496.02
	<b>FY19 Total</b>	<b>\$69,643,496.02</b>

### Project By-Pass/ Project Priority System

The established by-pass procedures were utilized for the awards of the Certificates of Approval for these projects outlined in Table III. Ranking was not pertinent for this reporting period.

The State of Rhode Island uses a point system to rank the order in which eligible drinking water projects will receive funding from the DWSRF. Projects which address acute public health issues will receive highest priority. The next priority is given to projects that address chronic and long-term public health issues. The ranking criteria also consider issues related to compliance with the SDWA, infrastructure upgrading and replacement, green project reserve and the need for assistance based on affordability. The Ranking System and Scoring Criteria are included in the RIDOH's Drinking Water State Revolving Fund Regulations.

### Green Infrastructure

The PPL was formatted in accordance with EPA requirements of GPR and the base DWSRF program. Although the State chose the option of opting out of the GPR for this reporting period, the format will remain the same in the event the State does not have the option of opting out in the future.

## **American Iron Steel (AIS)**

In accordance with the reporting requirements of P.L. 113-76, Consolidated Appropriations Act, 2014, the RIDWSRF program follows the provisions of the American Iron and Steel requirements as follows:

In FY19, eight loans were executed. Below are project status details:

1. The loan to the Harrisville Fire District water main extension was executed on January 31, 2019. The Certificate of Approval was issued on December 21, 2018. The project comprises of the extension of water service to the Oakland Village area of Burrillville. The extension is necessary to provide potable water to a very small PWS and homes served by private wells all of which have been contaminated with PFAS. The project must comply with AIS, certifications which have been received for all iron and steel products to be used in the project. The project is under construction with an expected completion in November 2019.
2. The loan to the Bristol County Water Authority for main replacement and replacement of meters was executed on November 14, 2018. The loan is funding four projects. The Certificates of Approval were issued on July 31, 2018. The project replacement of water mains throughout their service area as well as replacement of meters. The project must comply with AIS, certifications of which have been received for all iron and steel products to be used in the project. The construction of the water main replacement projects as almost complete and the meter replacement project is on-going.
3. The loan to the City of East Providence for the installation of TTHM removal treatment was executed on November 15, 2018. The Certificate of Approval was initially issued on November 19, 2014 and modified on September 12, 2018. The project consists of installation of a mixing and aeration system into the Kent Heights 6 MG storage tank. The project must comply with AIS, certifications of which have been received for all iron and steel products to be used in the project. The construction is complete.
4. The loan to Providence Water for water main replacement was executed on June 27, 2019. The Certificate of Approval was initially issued in April 2008 and modified on August 11, 2017. This loan is funding three water main replacement projects within Providence Water service area. The project is on-going and must comply with AIS. AIS certifications have been provided.
5. Two loans to the City of Woonsocket for the design/build project for a new water treatment plant were executed on October 1, 2018 and June 27, 2019. This design/build project must comply with AIS and as the project has moved forward to the construction phase, AIS certifications have been provided.



6. The loan to the Four Seasons Mobile Home Park was executed on January 10, 2019. The Certificate of Approval was issued on December 21, 2018. The project includes pump house upgrades, installation of a permanent emergency generator and complete replacement of the distribution system. The project must comply with AIS, and certifications have been received for all iron and steel products used in the project. The construction is nearing completion.
7. The loan to the Portsmouth Water and Fire District for replacement of a pump station was executed on June 27, 2019. The Certificate of Approval was issued on February 19, 2019. The project includes construction of a new pump station, a permanently mounted emergency generator, as well as purchase of land adjacent to the existing pump station to allow for expansion of the footprint of the station. The project must comply with AIS and the PWS is working on obtaining all certifications at this time. Site preparation and preliminary construction is underway.

### **Small Systems**

The Bank and RIDOH are committed to achieving the 15% small system requirement. The SDWA requires that 15% of available funding be dedicated to small systems that regularly serve less than or equal to a population of 10,000.

Per the Federal requirement, the State will use 20% of the DWSRF capitalization grant as principal forgiveness. All small water systems, serving 10,000 users or fewer, listed on the project priority list will be eligible to receive at minimum, \$100,000 in principal forgiveness subject to the availability of funds. Small water system projects solving for contamination issues will receive priority for this funding and disadvantaged very small systems will receive priority for additional principal forgiveness funding. Funding decisions will be made by considering their ranking on the project priority list combined with their readiness to proceed.

The Bank and the RIDOH are committed to providing a targeted approach that involves education, outreach, and technical, financial assistance, and streamlining the processes to provide an enhanced level of service to Rhode Island's small drinking water systems.

RIDOH contracts with industry partners and vendors to provide services that prepare small public water systems to prepare for infrastructure upgrades, solicit funding, complete projects, and sustain strong financial and managerial practices. As a condition of eligibility, all small systems must have a Facilities Improvement Plan completed either independently or by the vendor with which RIDOH contracts. This document serves as a planning tool for both short- and long-term capital project needs. Additionally, RIDOH contracts with an industry vendor to provide engineering services to small public water systems, which range from completion of engineering plans and specifications to bidding assistance, project oversight, and compliance with federal requirements. Likewise, as a condition of eligibility, the small system must participate in financial and managerial training. RIDOH contracts with an industry vendor to provide these services.

### **Education and Outreach:**

The DWSRF program views customer engagement as a critical step in cultivating and maintaining relationships with both existing and potential borrowers. Below are steps that the Bank and RIDOH are undertaking to achieve the small drinking water system requirement:

- The Bank and RIDOH will meet with every small drinking water system that has a project on the PPL;
- The Bank will compile a small drinking water system client list and, on an annual basis, host informational sessions about the Program in partnership with RIDOH;
- RIDOH and the Bank will attend small drinking water system association meetings such as the Atlantic States Rural Water & Wastewater Association, and the Rhode Island Water Works Association;
- RIDOH will proactively market the DWSRF program during sanitary surveys and with systems that are not in compliance with State Drinking Water Regulations; and
- RIDOH, in partnership with the Bank, will proactively reach out to small systems, that are known to need improvements, during the yearly PPL development process to ensure applications for projects are received.

### **Technical Assistance:**

- The Bank, in partnership with RIDOH, will hold workshops for small drinking water systems to understand the project financing process and to ensure that they understand required Federal reporting requirements and processes for participating in the Program;
- The Bank will design marketing materials specifically targeted towards small drinking water systems;
- The Bank will assist with income surveys to disadvantaged very small systems to assist with the affordability analysis needed when considering additional principal forgiveness commitments over and above the \$100,000;
- The Bank and RIDOH will identify other funding and financing programs that have the potential to co-fund projects with financing;
- The Bank will assist small drinking water systems with energy efficiency technical assistance, such as energy audits through partnership with National Grid's energy efficiency team;
- RIDOH and the Bank will develop a small drinking water system technical assistance guide, including additional grant and financing options; and
- RIDOH will provide direct technical assistance to assist the PWS to complete the certificate of approval process.

### **Streamline and Improve the Process for Small Systems:**

- RIDOH will create a packet of materials, templates, and guidance documents for the certificate of approval process;
- The Bank will create a packet of materials, templates, and guidance documents for the loan approval process; and
- RIDOH will refer systems to FIP and capacity development services once the PPL is finalized.

### **Financing Incentives:**

- Small drinking water systems will receive preference over other applicants to access principal forgiveness funds.
- To be eligible to receive principal forgiveness, projects must be on the PPL and have a Certificate of Approval. Those projects that are ready to proceed will be given priority. Readiness to proceed will be deemed as having either an RFP for engineering services to design the project, final bids in hand for engineering or construction services, or a signed engineering or construction contract. Emergency water quality projects will be given first priority regardless of PPL ranking.
- Each qualifying drinking water small system will be eligible to receive at a minimum \$100,000 in principal forgiveness funds (dependent upon project size), subject to the availability of funds.
- Each calendar year, small drinking water system applicants have until December 1st to ensure that they have all their Bank and RIDOH application documentation and approvals in place prior to the March DWSRF financing. Principal forgiveness allocations will be determined by the Bank prior to December 31<sup>st</sup>.
- Should there not be enough small system demand, principal forgiveness may be allocated amongst other drinking water applicants.

### **Disadvantaged Community Program**

The Bank and RIDOH coordinate the Disadvantaged Community System Program for borrowers who make application for DWSRF funding. First, RIDOH determines the percentage of the average annual residential water bill to the median household income level of the service area as part of the project ranking procedure. Secondly, the Bank calculates the effect of the DWSRF debt service on the previously described percentage. If the DWSRF loan has a deleterious effect on this percentage, then additional loan subsidies are offered to the water supplier.

If found to be eligible for the Disadvantaged Community Program, additional interest subsidies will be calculated as per the following schedule:

<b>User fees with DWSRF Debt Service/Service Area MHI</b>	<b>Subsidy</b>
Less than or equal to 0.999 %	25% interest subsidy
1.000% to 1.249%	50% interest subsidy
1.250% to 1.499%	75% interest subsidy
Greater than or equal to 1.500%	0% interest rate

### **Disadvantaged Very Small System Program**

Principal forgiveness will be available for non-municipal community and non-transient, non-community systems that are nonprofit public water systems, that serve a population of 1,000 people or fewer. Disadvantaged very small systems will, at minimum receive \$100,000 in principal forgiveness funds and be prioritized for additional principal forgiveness subject to availability of funds. Requirements to receive principal forgiveness will include that these very small public water systems have a facility improvement plan (FIP), or agree to participate in the RIDOH FIP program, and that they participate in six to ten hours of financial and managerial training.

A disadvantaged very small system is defined as a system that can demonstrate that user rates are 1% or more of the community's median household income. Small PWSs classified as disadvantaged may be given additional subsidization for the project to bring the overall water rate closer to being considered "affordable". Additional interest subsidy will be determined based upon the Disadvantaged Community Program interest subsidy table (see above). The Bank will assist with income surveys to determine affordability for the allocation of additional principal forgiveness funds.

### **Emergency Construction Program**

The emergency construction fund will provide loans to PWS that have experienced a recent unexpected event that poses a serious threat to public health, welfare, or water supply. Projects must meet the eligibility criteria but do not need to be on the project priority list and are eligible for principal forgiveness. RIDOH has the discretion to determine what constitutes an emergency and can also waive provisions of the standard approval process (including but not limited to competitive bidding, environmental reviews, capacity assessments, and plans and specifications).

### **Emergency Power Generator Initiative**

Included in the small water systems comprehensive strategy will be a focus of accelerating improvements, including the installation of emergency generators or renewable energy systems, that will increase the resiliency of small water systems to impacts of extreme weather events. Funding for emergency generators will be available to all eligible systems. The level of financial assistance, including principal forgiveness, will be consistent with the Disadvantaged Community and Disadvantaged Very Small System Program. All eligible projects that receive a certificate of approval from RIDOH and are ready to proceed may be funded.

## Loan Disbursements

Approximately \$40,896,585.32 in disbursements were made during July 1, 2018 - June 30, 2019. Borrowers can draw down once a month per loan series.

## IV. Set-Aside Activity Status

### Administrative Set-Aside

The administrative set-aside was accessed during this reporting period for various administrative initiatives. Most funds from this set-aside paid salaries and associated expenses that had accumulated at RIDOH. Other expenses include the hiring of staff; purchase of computer hardware and software; office supplies; and payment to Bank consultants for program development work. From July 1, 2018 - June 30, 2019, RIDOH utilized \$462,690.52 out of the Administrative set-aside. The Bank did not utilize any Administrative set-aside funds in FY19 but will be accessing funds in FY20 to pay for income surveys for small systems.

Please note that amounts specified are amounts that were requested in the FY18 Intended Use Plan. There is a two-year period to spend set-aside funds.

**Table V**  
**Health Administrative Set-Aside**

Set-Aside	Amount
Specified in FY19	\$444,280
Spent FY19	\$462,690.52
Not Specified	\$0

### Technical Assistance

RIDOH has submitted work plans for the Technical Assistance Set-aside for capitalization grants through FFY20 from which technical assistance funding was requested. Technical Assistance funds will be used for the purpose of providing technical assistance to water systems serving less than 10,000 people. RIDOH has one contract under this set-aside, which provides engineering assistance.

**Table VI**  
**Technical Assistance Set-Aside**

Set-Aside	Amount
Specified in FY19	\$222,140
Spent FY19	\$149,017.79
Not Specified	\$0

## State Program Management

State Program Management funds will be used to provide funding for personnel, supplies and equipment for the source Water Assessment program, the Capacity Development Program, the existing Public Drinking Water Supervision Program. RIDOH spent a total of \$963,337.47 in State Program Management Set-aside dollars.

**Table VII**  
**State Program Management Set-Aside**

Set-Aside	Amount
Specified in FY18	\$1,110,700
Spent FY19	\$963,337.47
Not Specified	\$0

## Local Assistance

In this reporting period, RIDOH spent a total of \$1,265,785.90 in Local Assistance Set-aside dollars. These funds are used for improving source water assessments, evaluate system vulnerability to emerging contaminants of concern enhancing the ability of local government and citizens to guide land use and protect their drinking water, provide local assistance for the purpose of developing local government and small water capacity consistent with RIDOH's approved Capacity Assurance Strategy, enhance climate change and emergency preparedness, and improve the drinking water data system so that complete and accurate drinking water quality and compliance data is available to the program, local government and the public. The University of Rhode Island contract entitled "Municipal Capacity Training and Public Outreach Source Water Protection" is funded under this set-aside. A contract with Northeast Water Solutions Inc was funded under this set-aside for the development of facility improvement plans for small public water systems. Additionally, a contract with Global Environmental Consulting Inc. was also funded under this set-aside for the maintenance and support of RIDOH's Safe Drinking Water Information System Software.

**Table VIII**  
**Local Assistance Set-Aside**

Set-Aside	Amount
Specified in FY19	\$1,666,050
Spent FY19	\$1,265,785.90
Not Specified	\$0

## **V. Financial Summary**

### **A. Status of Loans**

As noted above, the Bank entered into eight loan agreements within this reporting period totaling \$69,643,496.02. The following water systems borrowed in this reporting period: Bristol County Water Authority \$3,850,000; City of East Providence \$2,000,000; Four Seasons Mobile Home Park \$350,000; Harrisville Water & Fire District \$2,850,000; Portsmouth Water & Fire District \$3,100,000; Providence Water \$14,700,000 and the City of Woonsocket \$42,793,496.02.

### **B. Loan Disbursements and Cash Draw Proportionality**

The Bank will use the 100% State Match equivalent disbursement method, i.e., disburse 100% of the State Match before any of the Federal monies are disbursed to meet the proportionality requirement.

The Bank also has investment practices for "idle" funds, the Bank puts the funds in short-term investments until the Bank can allocate those funds into the next pool of borrowing. The Bank, along with its financial advisors closely monitor their investment options. Since the inception of the DWSRF Program, loan demand had been met using direct loans, i.e., loans made with a proportionate amount of federal dollars and state match dollars; however, in March 2004 the Bank created a leveraged DWSRF Program. The leveraging ratio for the program is 2.1 to 1. As a result, the Bank can maximize its loan capability by issuing revenue bonds to meet the funding need.

### **C. RIDOH ACH Set-Aside Disbursements**

The Bank has disbursed to RIDOH approximately \$2,840,831.68 in Set-Aside dollars during the reporting period. The set-aside related cash draw and disbursement by type of set-aside by fiscal year are outlined below in the Table IX below:

**Table IX  
ACH Set-Aside Disbursements**

Date	Health Administrative	State Program Management	Technical	Source Water/Local
7/20/2018	\$49,139.87	\$109,812.03	\$61,769.80	\$252,817.51
9/27/2018	\$57,701.53	\$108,313.48	\$26,174.74	\$209,173.92
10/25/2018	\$28,617.37	\$63,312.01	\$9,732.13	\$113,497.68
11/28/2018	\$2,694.69	\$84,054.38	\$0.00	\$48,303.02
12/19/2018	\$0.00	\$98,785.71	\$59.75	\$95,814.86
1/25/2019	\$0.00	\$83,609.33	\$10,084.06	\$0.00
2/21/2019	\$0.00	\$5,079.19	\$7,681.15	\$0.00
3/20/2019	\$0.00	\$0.00	\$6,390.96	\$0.00
4/17/2019	\$0.00	\$0.00	\$10,638.82	\$0.00
5/16/2019	\$269,115.40	\$301,707.04	\$7,687.92	\$455,441.97
6/27/2019	\$55,421.66	\$108,664.30	\$8,798.46	\$90,736.94
<b>Total Disbursed FY19</b>	<b>\$462,690.52</b>	<b>\$963,337.47</b>	<b>\$149,017.79</b>	<b>\$1,265,785.90</b>

**D. Annual Bond Repayments and Aging of Accounts**

The annual principal and interest repayments for the period July 1, 2018 thru June 30, 2019 was \$16,845,917.

**E. Loan Portfolio Analysis**

Attached, please find the Bank's DWSRF Loan Portfolio as Table X.

**F. Investments**

The period covered by this annual report had investment activity to report. Investment income for this period totaled \$1,939,903.42. All borrower project funds are invested in money market funds until drawn.

**G. Financial Statements**

Draft Fiscal Year 2019 Audited Financial Statements for the Rhode Island Infrastructure Bank are attached as Attachment D to this document. Activity regarding the DWSRF is itemized in the Audit.



## **VI. Compliance with Operating Agreement and Grant Conditions**

The Bank and the US Environmental Protection Agency, Region 1 entered into the Operating Agreement for Implementing and Managing the Drinking Water State Revolving Fund Program in August 1997. The Agency (in partnership with the RIDOH) has met and continues to meet the conditions of the Operating Agreement, specifically:

- ◆ State Instrumentality and authority to establish the DWSRF
- ◆ State Compliance with Applicable State Laws and Procedures
- ◆ State Technical Capability
- ◆ Acceptance of Capitalization Grant Funds in Accordance with payment schedule
- ◆ Depositing of all Capitalization Grant funds in the DWSRF
- ◆ State Dollar for Dollar Match for Section 1452(g)(2) (A-D) set-asides
- ◆ Depositing of all Proceeds back into the DWSRF fund
- ◆ Utilization of Generally Accepted Accounting Principles to Establish an Accounting System
- ◆ Annual DWSRF Audit
- ◆ Funds to be used in accordance with the Intended Use Plan
- ◆ Annual Report and Annual Audit Submittals
- ◆ 40 CFR Part 31 Assurances
- ◆ Review of Technical, Financial and Managerial Capability of Assistance Recipients.
- ◆ Preparation of an IUP
- ◆ Development and Submittal of a Project Priority Ranking System
- ◆ Environmental Review
- ◆ State/Recipient Compliance with Applicable Federal Cross-Cutting Authorities
- ◆ Incorporate GPR into DWSRF regulations if applicable
- ◆ Federal Funding Accountability & Transparency Act (FFATA)
- ◆ MBE/WBE
- ◆ Single Audit Act requirements
- ◆ CCR/SAM requirement
- ◆ Sub-recipient DUNS number reporting

### **Additional Information:**

#### **State ULO Progress:**

The State has expended all of its project funds through the FFY17 Capitalization Grant. The Bank and RIDOH will continue to monitor the borrowers to ensure that funds are expended in a timely manner.

#### **FFATA:**

During this reporting period, RIBB completed FFATA reports. The Bank is using the Woonsocket FY19 loan as the reporting recipient for FFATA reporting purposes.

**Table X  
RIIB DWSRF Loan Portfolio**

<b>Borrower</b>	<b>Interest Rate</b>	<b>Amount</b>	<b>Close Date</b>
Providence Water #1	3.06%	\$5,000,000	10/25/99
Shady Acres	6.00%	\$10,000	06/23/99
Providence Water #2	2.33%	\$5,000,000	04/26/01
Pascoag Utility District	2.30%	\$200,000	06/29/01
Providence Water #3	2.97%	\$2,500,000	12/04/01
Prudence Island Water District	0.00%	\$300,000	08/19/02
Providence Water #4	1.95%	\$2,000,000	12/27/02
Kingston Water District	2.50%	\$200,000	3/14/03
City of Woonsocket #1	3.49%	\$10,165,250	5/13/03
Pawtucket Water Supply Board #1	2.49%	\$41,875,000	3/31/2004
Camp JORI	0.00%	\$850,000	4/9/2004
Lincoln Water Commission #1	3.00%	\$300,000	4/19/2004
City of East Providence #1	2.18%	\$1,000,000	5/3/2004
Town of New Shoreham	3.26%	\$614,287	8/12/2004
Pawtucket Water Supply Board 05A #2	2.89%	\$31,909,000	3/23/2005
City of Woonsocket 05A #2	2.75%	\$4,000,000	3/23/2005
Providence Water 05A #5	2.22%	\$8,101,000	3/23/2005
Town of West Greenwich	3.00%	\$338,500	3/17/2006
North Tiverton Fire District 06 #1	3.51%	\$1,250,000	6/22/2006
Town of Jamestown	3.50%	\$6,200,000	3/7/2007
Lincoln Water Commission	3.27%	\$1,800,000	3/7/2007
City of Newport	3.07%	\$3,000,000	3/7/2007
Portsmouth Water & Fire District	3.07%	\$1,600,000	3/7/2007
City of Newport 08A	Variable 2.08%- 3.63%	\$5,900,000	6/5/2008
Providence Water 08A	Variable 1.77%- 3.33%	\$35,000,000	6/5/2008
Bristol County Water Authority	Variable 2.08%- 3.63%	\$5,500,000	6/5/2008
Town of South Kingstown 08A	Variable 1.68%- 2.55%	\$400,000	6/5/2008
East Smithfield Water District	variable	\$200,000	10/23/2008
Prudence Island Water District	variable	\$435,000	11/6/2008
East Smithfield Water District 09A	3.51%	\$400,000	10/21/2009
Kingston Water District 09A	3.78%	\$520,000	11/6/2009
Lincoln Water Commission 09A	2.85%	\$1,500,000	11/6/2009
Portsmouth Water & Fire District 09A	2.51%	\$400,000	11/6/2009
Pascoag Utility District 09A	2.67%	\$179,000	11/6/2009
Town of Cumberland 09A	3.28%	\$5,750,000	11/19/2009

City of East Providence 09A	2.73%	\$6,000,000	11/19/2009
City of Newport 09A	3.28%	\$3,300,000	11/19/2009
Town of North Kingstown 09A	3.28%	\$4,800,000	11/19/2009
Pawtucket Water Supply Board 09A	3.29%	\$5,935,000	11/19/2009
Providence Water 09A	2.72%	\$13,250,000	11/19/2009
Lincoln Water Commission 09A	Variable	\$362,568	2/12/2010
Portsmouth Water & Fire District 09A	Variable	\$100,000	2/12/2010
City of East Providence 09A	Variable	\$561,206	2/12/2010
Bristol County Water Authority	Variable	\$1,000,000	10/7/2011
City of East Providence 2012	Variable	\$2,000,000	11/4/2011
Pawtucket Water Supply Board 2012	Variable	\$7,485,000	11/4/2011
City of Newport 12A	Variable	\$53,100,000	6/4/2012
Pawtucket Water Supply Board 12A	Variable	\$1,955,000	6/4/2012
Pascoag Utility District .12A	Variable	\$1,000,000	6/4/2012
Portsmouth Water & Fire District 12A	Variable	\$1,300,000	6/4/12
Bristol County Water Authority	Variable	\$500,000	11/15/2012
Town of Smithfield	0.00%	\$227,000	05/1/2013
Providence Water 13A	.22%-2.63%	\$25,000,000	5/14/13
City of Newport 13A	.37%-2.83%	\$31,000,000	5/14/2013
City of Woonsocket 13A	.37%-2.89%	\$4,400,000	5/14/2013/
Pawtucket Water Supply Board 13A	.37%-2.83%	\$8,645,000	5/14/2013
East Smithfield Water District 2014	Variable	\$600,000	8/5/13
Greenville Water District	Variable	\$1,000,000	8/22/13
Bristol County Water Authority	Variable	\$1,643,232	8/20/14
City of East Providence 14A	Variable	\$18,725,000	12/18/2014
Providence Water 14A	Variable	\$8,000,000	12/18/2014
Pawtucket Water Supply Board 2015	Variable	\$5,907,000	8/6/2015
Town of Cumberland	Variable	\$1,750,000	12/17/2015
Providence Water 15A	Variable	\$30,000,000	12/17/2015
Pawtucket Water Supply Board 2016	Variable	\$4,718,000	1/27/2016
Abbey Lane Community Association	0.00%	\$50,000	12/19/2016
Providence Water 17B	Variable	\$16,272,095	5/10/2017
Town of Cumberland 17B	Variable	\$3,000,000	5/10/2017
City of East Providence FY18	Variable	\$1,850,000	9/25/2017
City of Woonsocket FY18	2.48%	\$12,500,000	6/19/2018
Town of Cumberland FY18	2.43%	\$4,000,000	6/19/2018
Town of Burrillville	2.20%	\$700,000	6/19/2018
Providence Water FY18	0.00%	\$1,000,000	6/22/2018
East Providence FY19	2.71%	\$2,000,000	10/31/2018

Woonsocket FY19	2.50%	\$15,500,000	10/31/2018
Bristol County Water Authority Fy19	2.62%	\$3,850,000	11/14/2018
Four Seasons Mobile Home Park FY19	0.00%	\$350,000	1/10/2019
Harrisville Water & Fire District FY19	0.00%	\$2,850,000	1/31/2019
Portsmouth Water & Fire District 2019A	1.67%	\$3,100,000	6/27/2019
Providence Water2019A	1.72%	\$14,700,000	6/27/2019
Woonsocket 2019A	1.99%	\$27,293,496	6/27/2019
	<b>Total</b>	<b>\$537,676,634</b>	

**Attachment A**

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**Drinking Water Binding Commitment Report**

**HISTORICAL DATA LISTING OF DWSRF BINDING COMMITMENTS**

	<b>PROJECT NAME</b>	<b>FY OF BIND COMMIT.</b>	<b>DOLLAR AMOUNT</b>
1	PWSB #1 102 AQUEDUCT REHAB	2000	3,159,000
2	PWSB #1 AQUEDUCT RESERVOIR	2000	1,500,000
3	PWSB #1 TRMT WRKS CLEARWELL	2000	850,000
4	SHADY ACRES WELL ACTIVATION	2000	10,000
	<b>Fiscal Year 2000 Total</b>		<b>\$5,519,000</b>
	PWSB #2 90IN REHAB	2001	5,000,000
	PASCOAG BACK UP GENERATOR	2001	50,000
	PASCOAG NEW CONTROL PANEL	2001	20,000
	<b>Fiscal Year 2001 Total</b>		<b>\$5,070,000</b>
	PWSB #3 WESTERN CRANSTON	2002	5,958,553
	<b>Fiscal Year 2002 Total</b>		<b>\$5,958,553</b>
	PRUDENCE 100,000 GALLON STORAGE TANK	2003	300,000
	PWSB #4 SECURITY MEASURES	2003	2,000,000
	KINGSTON WATER TOWER 1 REHAB	2003	200,000
	WOONSOCKET MT ST CHARLES LOW TANK	2003	1,800,000
	WOONSOCKET METER CHANGE OUT	2003	64,000
	WOONSOCKET RHODES AVE 00-11	2003	1,591,000
	WOONSOCKET LOGEE ST UTILITY IMPROVEMENT	2003	2,216,250
	WOONSOCKET MT ST CHARLES HIGH SERV TANK	2003	1,951,000
	WOONSOCKET MT ST CHARLES PS	2003	357,500
	<b>Fiscal Year 2003 Total</b>		<b>\$10,479,750</b>
	PAWTUCKET MAIN REPLACEMENT	2004	4,473,845
	CAMP JORI PIPE REPLACEMENT	2004	700,000
	CAMP JORI PUMP STATION	2004	125,000
	CAMP JORI TANK	2004	25,000
	LINCOLN ROUTE 116 MAIN REPLACEMENT	2004	300,000
	EAST PROVIDENCE METERS	2004	1,000,000
	NORTH TIVERTON FISH RD	2004	1,030,000
	N TIVERTON STAFFORD RD PUMP STATION	2004	472,667
	<b>Fiscal Year 2004 Total</b>		<b>\$8,126,512</b>
	NEW SHOREHAM WELLFIELD REHAB,RPLCT WATER,INC STORAGE REFINANCE PACKAGE	2005	614,287
	PAWTUCKET Water Trmt Plant	2005	31,909,000
	Woonsocket LOGEE ST MAIN	2005	4,000,000
	<b>Fiscal Year 2005 Total</b>		<b>\$36,523,287</b>
	West Greenwich Victory Highway	2006	338,500
	<b>Fiscal Year 2006 Total</b>		<b>\$338,500</b>
	Newport St Marys Raw Water	2007	1,260,000
	Newport Residuals Mgmt	2007	1,740,000
	Portsmouth Water Storage Tank	2007	1,600,000
	Lincoln High Service Water Storage Tank	2007	1,800,000
	Jamestown New Standpipe	2007	1,200,000
	Jamestown Trmt Plant	2007	4,000,000
	Jamestown Distribution	2007	1,000,000
	<b>Fiscal Year 2007 Total</b>		<b>\$12,600,000</b>
	Bristol Meter Replacement	2008	1,512,000
	Bristol Storage Tank Rehab	2008	1,100,000
	Bristol Main Replacement	2008	2,388,000
	Prov Water Lead Service Replacement	2008	35,000,000
	South Kingstown Water Meter Replacement	2008	400,000
	Newport Remote Radio Read	2008	2,800,000
	Newport Gardiner Pond Intake Repair	2008	190,000
	Newport Lawton Valley Sedimentation	2008	300,000
	Newport Valley Reservoir Aeration	2008	100,000
	Newport Goulart Lane Tank	2008	656,000

**HISTORICAL DATA LISTING OF DWSRF BINDING COMMITMENTS**

	<b>PROJECT NAME</b>	<b>FY OF BIND COMMIT.</b>	<b>DOLLAR AMOUNT</b>
	Newport Distribution System Improvements	2008	3,500,000
	Newport PH Improv Chem Feed	2008	295,000
	<b>Fiscal Year 2008 Total</b>		<b>\$48,241,000</b>
	East Smithfield Water District Higgins St Main	2009	200,000
	Prudence Island Refinance Community Acquisition	2009	450,000
	<b>Fiscal Year 2009 Total</b>		<b>\$650,000</b>
	Cumberland Cleaning & Lining	2010	2,000,000
	Cumberland Emergency Interconnection	2010	650,000
	Cumberland Meters	2010	3,100,000
	Cumberland Nate Whipple Highway	2010	295,000
	East Prov Cleaning & Lining I II III	2010	6,000,000
	East Smithfield Water District Meters	2010	400,000
	Kingston Water Lead Abatement Tower #2	2010	520,000
	Lincoln Cleaning & Lining Water Mains	2010	1,500,000
	Newport Distribution Main I	2010	3,300,000
	North Kingstown Wickford Tank	2010	3,700,000
	North Kingstown Meters	2010	1,100,000
	Pascoag Meters	2010	179,000
	Pawtucket Water Main Replacment	2010	5,935,000
	Portsmouth SCADA	2010	400,000
	Providence Water Water Mains	2010	10,000,000
	Providence Water Meters	2010	2,000,000
	Providence Hydrant Locks	2010	360,000
	Providence MLOG	2010	890,000
	Lincoln Cleaning & Lining Water Mains	2010	362,568
	Portsmouth SCADA	2010	100,000
	East Prov Cleaning & Lining I II III	2010	561,206
	<b>Fiscal Year 2010 Total</b>		<b>\$43,352,774</b>
	NO LOANS JULY 1, 2010 - JUNE 30, 2011	2011	0
	<b>Fiscal Year 2011 Total</b>		<b>\$0</b>
	East Prov 2012-cleaning & Lining (continue)	2012	2,000,000
	Pawtucket 2012-MR-6	2012	1,700,000
	Pawtucket 2012-water main	2012	4,600,000
	Pawtucket 2012-Decant Water Discharge	2012	872,500
	Pawtucket 2012-Rehab Wells 2-9	2012	312,500
	BCWA2012 Water Service Renewal	2012	450,000
	BCWA2012 Meter Installation	2012	400,000
	Newport 12A-New Lawton Valley Trmt Plant	2012	53,100,000
	Pawtucket 12A-MR-7	2012	1,955,000
	Pascoag 12A-Tank Painting/Blasting	2012	1,000,000
	Portsmouth 12A-Meters	2012	1,300,000
	<b>Fiscal Year 2012 Total</b>		<b>\$67,690,000</b>
	BCWA-Franklin St	2013	500,000
	Smithfield Water-Meters	2013	227,000
	Woonsocket 13A-Water System Imp	2013	2,400,000
	Woonsocket 13A-Initial Site Design	2013	2,000,000
	Providence Water- Lead Services	2013	25,000,000
	Pawtucket-MR 8	2013	4,322,500
	Pawtucket-MR 9	2013	4,322,500
	Newport- Cont Lawton Valley	2013	31,000,000
	<b>Fiscal Year 2013 Total</b>		<b>\$69,772,000</b>
	East Smithfield Waltham Street	2014	600,000
	Greenville 2014-Emergency Interconnection	2014	1,000,000
	<b>Fiscal Year 2014 Total</b>		<b>\$1,600,000</b>
	Prov Water Lead Services	2015	8,000,000

**HISTORICAL DATA LISTING OF DWSRF BINDING COMMITMENTS**

	<b>PROJECT NAME</b>	<b>FY OF BIND COMMIT.</b>	<b>DOLLAR AMOUNT</b>
	East Prov Water Main Rehab CL-4	2015	9,362,500
	East Prov Water System Upgrades, Kent Hgts	2015	9,362,500
	Bristol County Water-Maple Ave Cleaning	2015	1,643,232
	<b>Fiscal Year 2015 Total</b>		<b>28,368,232</b>
	Pawtucket-MR10	2016	5,907,000
	Pawtucket-CL6	2016	4,718,000
	Cumberland-Fisher Tank	2016	1,750,000
	Providence Water-Central Operations Facility	2016	30,000,000
	<b>Fiscal Year 2016 Total</b>		<b>42,375,000</b>
	Abbey Lane-Water System Upgrades	2017	50,000
	Providence Water-Lead Services	2017	16,272,095
	Cumberland-New Production Wells	2017	3,000,000
	<b>Fiscal Year 2017 Total</b>		<b>19,322,095</b>
	East Providence FY18-Tank Rehab	2018	1,850,000
	Woonsocket FY18-Water Treatment Plant	2018	12,500,000
	Cumberland FY18- Distribution System Upgrade	2018	4,000,000
	Burrillville FY18-Broncos Highway Water Main	2018	700,000
	Prov Water FY18- Lead Services	2018	1,000,000
	<b>Fiscal Year 2018 Total</b>		<b>20,050,000</b>
	Bristol County Water - Water Meters	2019	1,400,000
	Bristol County Water - Ferry and Fairview Main Replacement	2019	750,000
	Bristol County Water - Child Street Water Main Replacement Project	2019	650,000
	Bristol County Water - 2018 Water Distribution Main Replacement	2019	1,050,000
	East Providence Kent Hgts TTHM Removal System	2019	2,000,000
	Four Season - Public Water Supply & Distribution System Improvements	2019	350,000
	Harrisville - Oakland Village Area Water System Improvements Project	2019	2,850,000
	Portsmouth Water & Fire - Union Street Pump Station Replacement	2019	3,100,000
	Providence Water - Replace Led Services - Replace/Line Water Mains	2019	14,700,000
	Woonsocket - Water Treatment Plant	2019	42,793,496
	<b>Fiscal Year 2019 Total</b>		<b>69,643,496</b>



**Attachment B**

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**Program Loan Policies & Procedures**

830-RICR-10-10-1

## TITLE 830 - INFRASTRUCTURE BANK

### CHAPTER 10 – PROGRAMS

#### SUBCHAPTER 10 - WATER

##### PART 1 - Drinking Water State Revolving Fund Loan Policies and Procedures

#### 1.1 Purpose:

The within Loan Policies and Procedures of Rhode Island Infrastructure Bank (the "Bank") have been established to govern the lending activities of the Drinking Water State Revolving Fund (DWSRF) in accordance with R.I. Gen. Laws Chapters 46-12.8 and 46-12.2, and Title XIV of the Public Health Service Act (42 U.S.C. § 300 *et seq.*).

#### 1.2 Definitions:

Except as otherwise defined herein, the words and phrases used within this Part have the same meaning as the words and phrases have in R.I. Gen. Laws Chapters 46-12.8 and 46-12.2 and Title XIV of the Public Health Service Act (42 U.S.C. § 300 *et seq.*).

#### 1.3 Financial Assistance:

- A. This Part governs the provision of financial assistance to local governmental units, and privately organized water suppliers (collectively "Borrowers") to finance costs of approved drinking water projects in the form of loans with below market interest rates or interest rate subsidies which reduce the cost of financing these projects by at least twenty-five percent (25%). Financially distressed Borrowers may receive financial assistance greater than twenty-five percent (25%) as long as these loans do not have an adverse effect on other participants in the loan programs of the Bank; bond holders; other creditors of the Bank, or the finances of the Bank. In determining those Borrowers that qualify as "financially distressed" the Bank may consider the criteria set forth in R.I. Gen. Laws §§ 45-13-12(b)(1) through (4).
- B. Small Water Systems: Small Water Systems, as defined by the Environmental Protection Agency (EPA) may be awarded financial assistance in accordance with the Small Water System Guidance Document that shall be issued by the Bank. See [www.RIIB.org](http://www.RIIB.org) for the Small Water System Guidance Document.

## **1.4 Loan Application:**

- A. Requests for financing should be submitted in writing by the Chief Executive Officer or other authorized officer of the Borrower to the Executive Director of the Bank. The written request shall include:
1. A description of the project to be financed with the projected construction and completion schedule. In the case of a refinancing, a description of the completed project and the terms and sources of previous financing.
  2. A description of the dedicated source of loan repayment, i.e., general revenues or drinking water revenues.
  3. A description of the overall operations of the Borrower, including but not limited to the most recent annual report or audited financials, with an emphasis on:
    - a. legal structure;
    - b. management;
    - c. sources of revenues;
    - d. operating expenses;
    - e. operating surpluses or deficits;
    - f. actual results versus budget; and
    - g. sources of financial liquidity.
  4. Legal authority or authorities to construct, finance and operate the project.
  5. The past five years Audited Financial Statements in accordance with Generally Accepted Government Accounting Standards or Generally Accepted Accounting Principals; or other historical financial information that the Bank deems appropriate.
  6. Financial and demographic information.
  7. For revenue bonds, financial projections over the life of the financing showing sources of revenues, operating expenses, capital replacement reserves, user fee impact analysis, and cash available for debt service.
  8. A copy of the Infrastructure Replacement Plan component of the Water Supply Management Plan if applicable.

9. An application that proposes to purchase an existing water system must be accompanied by a certification of the water system's integrity by a registered professional engineer. A certification as to the appraised value of the system must also be provided. The Bank reserves the right to review this certification and request further data for analysis.
10. Such other information as the Bank may reasonably require.

## **1.5 Loan Approval Process:**

- A. Loan approvals are subject to the following terms:
  1. That all projects to be funded appear on the Rhode Island Department of Health ("RIDOH") Project Priority List and have Certificates of Approval issued.
  2. That the loan complies with all federal, state and Bank laws, rules and regulations.
  3. That the loan and debt service requirements be approved by any applicable regulatory Agency.
  4. That a satisfactory loan agreement be signed by all parties to the transaction.
  5. That the loan will be made subject to availability of funds as related to the Bank's capacity; and that the loan will be made subject to ranking on RIDOH's Project Priority List.
  6. The Bank will conduct a financial analysis for each loan application which may include, but not be limited to:
    - a. sources of revenue and financial liquidity
    - b. historical and projected financial operating results
    - c. present and future debt service requirements
    - d. current assignment of water rates and other revenues generated from user fees
    - e. ability to increase water rates and/or secure alternative revenue sources
    - f. cost of the project and estimated completion schedule

- g. long term capital replacement planning
  - h. socioeconomic conditions and trends
  - i. management qualifications and experience
  - j. effects of legal structure and any regulator control
  - k. a Consulting Engineer's Water Facility and Financial Feasibility Report, if applicable
  - l. history of applicant/system
  - m. any other information that the Bank or its Board of Directors may require.
- B. If the Board approves the application, a Commitment Letter will be issued to the Borrower for their acceptance, outlining the terms and conditions of the loan.

#### **1.6 Terms and Conditions:**

- A. **Borrowing Rate** - The stated interest rate on the Borrower bond, which is the Borrower's market rate (the "Market Rate"), is the prevailing market taxable or tax-exempt interest rate for issuers of comparable creditworthiness to the Borrower, as determined by the Bank on the advice of the Financial Advisor after consultation with the Borrower. Subject to adjustment by the Bank from time to time, the subsidized interest rate for the Loan is seventy-five percent (75%) of the Market Rate (the "Subsidized Interest Rate"). The Borrower will be obligated by the Borrower bond to pay the Market Rate, but will be billed only for the Subsidized Interest Rate. If the Borrower or other borrowers of the Bank should default in timely payment of debt service on the Loan or on the loans made to such other borrowers of the Bank, the Bank may require the Borrower to pay up to the Market Rate on the Borrower Bond.
- B. Interest is to be calculated based on a 360-day year and twelve thirty-day months, and may be capitalized during construction. Interest payments are semi-annually on March 1 and September 1.
- C. **Loan Fees** - An origination fee of the greater of one thousand dollars (\$1,000) or one percent (1%) of the principal amount of the Loan will be payable to the Bank by the Borrower at the time of the Loan's closing. All other costs incidental to the Borrower's role in their transaction, such as, legal fees, financial advisory fees, bond insurance premiums and the like, will be paid by the Borrower. The Bank will charge an annual service fee of one-half of one percent (0.5%) of the Loan's outstanding principal, payable semi-annually at each interest payment date. A

late payment of five percent (5%) of the amount of the late payment will be charged for every fifteen (15) days that a payment is late.

- D. Amortization - Amortization will begin at a mutually agreed upon date, but in no case later than the earlier of three (3) years after loan closing or September 1st after completion of the construction of the projects. Principal payments will be made annually on September 1st and the schedule of payments will be structured to meet the debt service and financial assistance needs of the Borrower.
- E. Final Maturity - Loans shall mature no later than twenty (20) years after the completion of the funded projects
- F. Prepayments - A loan may be prepaid by the Borrower at any time but may be subject to a prepayment penalty based on the cost of reinvesting the prepayment, the cost of prepaying outstanding bonds of the Bank or any other negative financial impact to the Bank.
- G. Security - Loans will have a pledge of:
  - 1. general revenues and/or water system user fee revenues; and/or
  - 2. may be secured by any other assets and upon such other terms and conditions as the Bank deems appropriate to protect the interest of the other participants in the loan programs of the Bank; bond holders; other creditors of the Bank; bondholders; or the finances of the Bank.
- H. Construction Progress Payments - Progress payments for each construction project will be made through an account established by the Borrower. Loan proceeds will be transferred monthly from the Borrower account for each borrower based upon approved Requisition Forms submitted to the Bank. Upon receipt of the Requisition Form, the Bank will verify a) that a Certificate of Approval has been issued by RIDOH; b) the vendor is identified in the contract; and c) there is sufficient availability in the Borrower account to make the payment. Payments will be made directly to the vendor and/or the Borrower for reimbursements by the Bank, and a "paid" stamped copy of the Requisition Form will be sent to the Borrower and RIDOH. The RIDOH will perform periodic project inspections to a) monitor construction progress; b) verify eligibility of construction costs under the program; and c) insure construction is in conformity with Plans and Specifications. RIDOH will provide a copy of the inspection report to the Bank. Any adverse conditions will be reported to the Bank who will suspend further payments until the adverse conditions have been rectified. RIDOH will perform a final project inspection before the final payment is made by the Bank.

## **1.7 Reporting Requirements:**

- A. Borrowers will be required to provide information to the Bank during the life of the loan, including, but not limited to:
1. A copy of its Annual Audited Financial Statements in accordance with Generally Accepted Government Accounting Standards annually within nine (9) months of end of fiscal year.
  2. An annual analysis of operating revenues and expenses, including without limitation, a description of the status of the water system user fee revenues and/or general revenues and operating expenses in excess of budget and a schedule of current and projected user rates.
  3. A copy of the annual budget of the Borrower, within fifteen (15) days of its adoption.
  4. Annual schedule of current and projected short term and long term debt service.
  5. An annual schedule of Infrastructure Replacement Reserves.
  6. Copies of reports submitted to RIDOH, Rhode Island Department of Environmental Management, the US Environmental Protection Agency, the Rhode Island Public Utilities Commission and any other regulatory agency relating to the projects financed and the operation of the water supply facility.
  7. Other information or reports that the Bank deems appropriate.

## **1.8 Loan Agreements:**

There will be a Loan Agreement with the Borrower outlining the terms and conditions of the Bank's loan. The Borrower's repayment obligation to the Bank under the agreement will be evidenced by a bond(s) of the Borrower outlining the loan's specific terms and conditions. The bonds shall be in fully marketable form, accompanied by documentation, in form and substance satisfactory to the Bank and an opinion, in form and substance satisfactory to the Bank, of nationally recognized bond counsel as to its valid authorization, execution, delivery and enforceability, as well as its federal and state tax consequences, and may include an opinion that the bonds are not private activity bonds within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code").

## **1.9 Compliance with State and Federal Law:**

The Borrower must comply with all applicable state laws and regulations. Recipients of loans must also comply with all requirements of 42 U.S.C. § 300 *et seq.* and regulations and guidance issued thereunder in addition to any other applicable federal laws and regulations.

## **1.10 Modifications:**

Where deemed appropriate by the Bank, waiver or variation of any provisions herein may be made or additional requirements may be added.

## **1.11 Severability:**

If any provision of this Part or the application thereof to any local government unit, or privately organized water supplier is held invalid by a court of competent jurisdiction, the remainder of the rules and regulations shall not be affected thereby. The invalidity of any section or sections or parts of any section or sections shall not affect the validity of the remainder of this Part.



830-RICR-10-10-1

**TITLE 830 - INFRASTRUCTURE BANK**


**CHAPTER 10 - PROGRAMS**

**SUBCHAPTER 10 - WATER**

**PART 1 - DRINKING WATER STATE REVOLVING FUND LOAN POLICIES AND PROCEDURES**

Type of Filing: Amendment

**Agency Signature**

 E-SIGNED by Jeff Diehl

Agency Head Signature

October 01, 2018

Agency Signing Date

**Department of State**

09/28/2018

Regulation Effective Date

 K.C.

Department of State Initials

October 01, 2018

Department of State Date

**Attachment C**

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**RIDOH Project Priority List**



RI DWSRF PROJECT PRIORITY LIST FY 2018  
FINAL

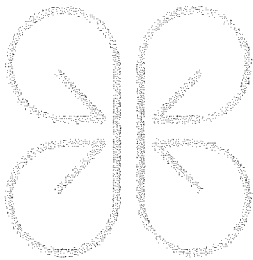
Name of System	PWS#	Population Served	New	Green Project Reserve Amount	Brief Project Description	A	B	C	D	E	F	G	Total Points	Est. Start Date	Funds Requested
Oakland Associates	1582019	1,251			Treatment for PFOA contamination of it-ten to Harrisville	36	1	5	1	5	3	0	50	Apr-18	\$825,000.00
Statersville Public Supply	1615614	3,000			Mechanic Street Water Main	35	4	0	1	5	0	0	45	May-19	\$692,000.00
East Providence Water Utilities	1615610	48,688	✓		Aeration System in Kent Heights 6 MG Tank	38	4	0	1	5	0	0	44	Jun-18	\$2,000,000.00
Harrisville Water District	1898411	2,990	✓		Extend service to Alice Ave. due to PFAS pollution of private wells	35	1	0	1	5	0	0	42	Aug-18	\$245,000.00
Harrisville Water District	1898411	2,990	✓		Extend service to Winohope, Remington, Owen and Victory Hwy. PFAS contam.	35	1	0	1	5	0	0	42	Aug-18	\$245,000.00
Comprehensive Water Department	1647530	222,864			Site 2 New Well and appurtenances and distribution system upgrades	21	4	0	0	5	5	0	35	Jun-19	\$3,000,000.00
Providence Water	1592024	600,000			Coagulation/Clarification Treatment Improvements	19	4	0	1	5	0	0	33	Aug-20	\$150,000,000.00
Woonsocket Water Department	1595918	43,400	✓		Construction of New Water Treatment Plant	19	7	0	1	5	0	0	32	Mar-18	\$56,800,000.00
Woonsocket Water Authority	1647515	52,500	✓		New Pump Station at Hope Street Tank site	14	7	0	0	5	5	0	31	Apr-19	\$1,000,000.00
City of Newport	1592010	60,000	✓	\$200,000	AMA Meter Upgrade	8	7	0	0	5	5	0	30	Jul-20	\$200,000.00
East Providence Water Utilities	1615610	48,688	✓	\$200,000	Leak Detection Program	8	7	0	0	5	5	0	30	May-19	\$200,000.00
Pawtucket Water Supply Board	1592021	99,200	✓		Assessment of Cross Bay Transmission Line for Structural Integrity	21	4	0	0	5	0	0	30	Jun-19	\$1,600,000.00
Portsmouth Water and Fire District	1592022	16,530	✓		East Providence Interconnections	10	10	0	0	5	0	0	30	Jun-19	\$4,000,000.00
Statersville Public Supply	1615614	3,000			Assessment of Saugatuck River Crossing Pipeline	21	4	0	0	5	0	0	30	May-19	\$92,000.00
Woonsocket Water District	1592023	43,400			St. Paul Water Main	10	4	0	1	5	0	0	20	Apr-19	\$750,000.00
Woonsocket Water Department	1595918	43,400		\$4,000,000.00	New Well	21	2	0	0	5	0	0	28	May-18	\$135,000.00
Portsmouth Water and Fire District	1592022	16,530		Business Case Req., Amt. TBD	Water Meter Replacement Program	8	10	0	0	5	0	5	28	Mar-18	\$4,000,000.00
Kingston Water District	1858421	3,700			Water Meter Replacement Program	14	4	0	0	5	0	5	28	Sep-18	\$2,800,000.00
Kingston Water Authority	1647515	52,500			West Kingston Well	21	1	0	0	5	0	0	27	Jul-19	\$1,000,000.00
Shannock Water District	1647529	175			Emergency Interconnections with East Providence and Pawtucket	10	7	0	0	5	0	0	27	Aug-18	\$30,000,000.00
Bristol County Water Authority	1647515	52,500	✓		Manganese Treatment System	19	2	0	1	5	0	0	27	Aug-19	\$70,000.00
Bristol County Water Authority	1647515	52,500	✓		Water Distribution System Equipment	10	7	0	0	5	0	0	27	Jun-18	\$100,000.00
Chimarra Inc.	2819424	1951	✓		Water Distribution System Improvement Program	10	7	0	0	5	0	0	27	Jun-18	\$3,590,000.00
City of Newport	1592010	43,809	✓		Assessment and Repair of Wells and Assessment of Storage Tank	21	1	0	0	5	0	0	27	Sep-19	\$17,800.00
Captain Isaac Parne School	1839823	460		\$1,500,000	Construction Distribution Main Improvements III	10	7	0	0	5	0	0	27	Apr-19	\$3,700,000.00
Bristol County Water Authority	1647515	52,500	✓		Water Meter Replacement Program	8	2	0	1	5	5	0	26	Jun-20	\$1,500,000.00
Woonsocket Water Department	1595918	42,850	✓		Replace Well and Associated Appurtenances	21	0	0	1	3	0	0	25	Aug-19	\$40,000.00
South Kingstown - Middlebridge	1615623	4,994		\$100,000.00	Water Meters and Equipment	8	7	0	0	5	0	0	25	Jun-18	\$1,400,000.00
South Kingstown - South Shore	1615623	3,811		\$100,000.00	Distribution Replacement, Golden Blvd N. Smithfield	10	10	0	0	5	0	0	25	Jun-19	\$180,000.00
South Kingstown - Middlebridge	1000015	550		\$5,000	Water Meter Replacement Program	8	1	0	0	5	5	0	24	May-19	\$1,000,000.00
Providence Water	1592024	600,000			Leak Detection Program	8	1	0	0	5	5	0	24	Sep-18	\$20,000.00
Greenville Water District	1658410	9,500		\$500,000.00	Rehab/Repl Transmission and Distrib. & Appur. & Publicly Prv Services	10	4	0	0	5	5	0	24	Aug-20	\$500,000,000.00
Smithfield Water Supply Board	1615616	9,200			Meter Replacement Project	8	1	0	0	5	5	0	24	Aug-18	\$500,000.00
City of Warwick	1615627	75,000			Rocky Hill Water Tank Replacement	16	2	0	0	5	0	0	23	Nov-18	\$50,000.00
Statersville Public Supply	1615614	3,000	✓		Indian Spring Well #4 Pump Upgrade	10	2	0	1	5	0	0	23	Nov-18	\$15,000,000.00
Statersville Public Supply	1615614	3,000			Distribution System Replacement/Cleaning and Lining	10	2	0	1	5	0	0	23	Jun-20	\$15,000,000.00
Pastosog Utility District	1592020	3,300			Replacement of Valves, Bypass and Valve Chamber	12	4	0	1	5	0	0	22	Jun-18	\$70,000.00
Four Seasons Mobil Home Cooperative	2980001	48	✓		Constock Standpipe Overhaul	12	4	0	1	5	0	0	22	Sep-18	\$625,000.00
Nasonville Water District	1590034	150	✓		Water Main Cleaning and Lining	10	7	0	0	5	0	0	22	Apr-20	\$1,624,000.00
Nasonville Water District	1590034	150	✓		Replacement of Distribution System, Pump House Repairs and Generator	14	1	0	1	5	0	0	21	Apr-20	\$316,000.00
East Providence Water Utilities	1615610	48,688	✓		Replace Failing Tank Mixing System	12	2	0	1	5	0	0	20	Sep-18	\$20,000.00
East Providence Water Utilities	1615610	48,688	✓		Storage Tank Mixing System	12	2	0	1	5	0	0	20	Aug-18	\$50,000.00
Lawrence Sunset Cove	2980003	36	✓		Emergency Connection/Alternate Source	10	4	0	0	5	0	0	19	Jun-19	\$2,000,000.00
Lawrence Sunset Cove	2980003	36	✓		Cleaning and Lining of Water Mains	10	4	0	0	5	0	0	19	Jun-19	\$8,500,000.00
Lawrence Sunset Cove	2980003	36	✓		New Storage Tank, Distribution Pumps, Controls and Generator	12	0	1	1	5	0	0	18	Aug-18	\$148,000.00
Lawrence Sunset Cove	2980003	36	✓		Replacement of Warrenville Feed Line	10	2	0	0	5	0	0	17	May-19	\$50,000.00
Nasonville Water District	1900034	150	✓		Distribution System Replacement	10	0	0	1	5	0	0	16	Aug-17	\$196,000.00
Chimarra Inc.	2519424	155	✓		Replace Radio Communication Equipment for Storage Tank and Pump	8	2	0	1	5	0	0	16	Sep-18	\$20,000.00
Kingston Water District	1858421	3,700	✓		Distribution System Replacement	10	1	0	0	5	0	0	16	May-20	\$2,500,000.00
Hillside Housing Cooperative	2942525	170	✓		Transmission Line Replacement	10	1	0	0	5	0	0	16	May-20	\$1,700,000.00
Westwood YMCA	2051712	610			Emergency Generator	8	0	0	0	1	0	0	9	Jun-19	\$7,000.00
TOTAL															\$807,386,500.00

\* The distribution replacement portion of this project was already on the PPL.  
\*\* The storage tank portion of this project was already on the PPL.

**Attachment D**

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**SFY 2020 Bank Audit**



**RHODE ISLAND  
INFRASTRUCTURE BANK**

# **RHODE ISLAND INFRASTRUCTURE BANK**

A Component Unit of the State of Rhode Island  
and Providence Plantations

Basic Financial Report  
June 30, 2019

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## **Independent Auditors' Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Rhode Island Infrastructure Bank (the Bank), a component unit of the State of Rhode Island, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Rhode Island Infrastructure Bank's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Rhode Island Infrastructure Bank as of June 30, 2019 and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Prior Year Financial Statements***

The financial statements of the Rhode Island Infrastructure Bank as of June 30, 2018 were audited by other auditors whose opinion dated September 26, 2018 expressed an unmodified opinion on those statements.

## ***Other Matters***

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rhode Island Infrastructure Bank's basic financial statements. The supplementary information contained on pages 39-50 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information for the year ended June 30, 2019 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information schedules for the year ended June 30, 2019 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The supplementary information schedules for the year ended June 30, 2018, which are the responsibility of management, were included in the prior period financial statements audited by other auditors who stated such information was fairly stated, in all material respects, in relation to the 2018 basic financial statements as a whole.



### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2019 on our consideration of the Rhode Island Infrastructure Bank's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rhode Island Infrastructure Bank's internal control over financial reporting or on-compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Rhode Island Infrastructure Bank's internal control over financial reporting and compliance.

*Blum, Shapiro & Company, P.C.*

Cranston, Rhode Island  
September 20, 2019

## Management's Discussion and Analysis

### INTRODUCTION

The following is Management's discussion and analysis of the financial condition and results of operations of Rhode Island Infrastructure Bank (the "Bank") as of June 30, 2019. This discussion should be read in conjunction with the Bank's Financial Report including the companion Notes to financial statements for the fiscal years ending June 30, 2019 and June 30, 2018.

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

Consistent with the Bank's mission of serving as Rhode Island's central hub for financing infrastructure improvements for municipalities, businesses, and homeowners, the Board and Management are focused on delivering innovative financing for an array of infrastructure-based projects. In addition to the Bank's legacy clean water (and its companion residential-based lending for the community septic system loan program and the sewer tie-in loan fund), drinking water, and municipal road and bridge programs, the Bank also supports energy efficiency and renewable energy, brownfield remediation and water quality protection financing. Together, these programs improve the State's infrastructure, create jobs, promote economic development and enhance the environment.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Consistent with the flow of financial resources measurement focus (which considers whether the financial resources obtained during the accounting period are enough to cover all claims during the same period) and the accrual basis of accounting for governmental agencies, all assets and liabilities and changes in net position are reported upon the occurrence of the underlying event giving rise to that asset or liability and resulting change in net position regardless of the timing of when the cash is received or paid. Consequently, certain revenues and expenses reported in the statement of revenues, expenses and changes in net position will result in cash flows in future periods.



**Management's Discussion and Analysis**

**FINANCIAL HIGHLIGHTS**

**Statement of Net Position – Condensed**

	2019	2018	2017
Current assets	\$ 486,813,954	\$ 465,005,699	\$ 438,464,582
Noncurrent assets	1,252,646,608	1,201,190,665	1,212,284,770
Total assets	1,739,460,562	1,666,196,364	1,650,749,352
Deferred outflows of resources (a)	5,378,818	6,489,463	8,086,130
Current liabilities	255,931,433	247,018,749	248,943,343
Non-current liabilities	776,046,506	771,214,463	796,553,519
Total liabilities	1,031,977,939	1,018,233,212	1,045,496,862
Deferred inflows of resources (a)	734,416	716,253	996,065
Net investment in capital assets	269,647	384,721	294,011
Restricted for program purposes	662,135,008	603,540,701	558,830,618
Unrestricted	49,722,370	49,810,940	53,217,926
Total net position	\$ 712,127,025	\$ 653,736,362	\$ 612,342,555

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

Statement of Net Position – as of fiscal period ended June 30, 2019 and June 30, 2018

- Total assets for the period ending June 30, 2019 amounted to \$1.739 billion, an increase of \$73.3 million, or 4.4%, from the previous year end when total assets amounted to \$1.666 billion. The main driver in the increase was growth in loans outstanding, which increased \$58.0 million in 2019.
- Total investments amounted to \$84.3 million, up \$8.4 million from \$75.9 million at the end of the previous period. The market continued to present significant challenges for fixed income investors, especially in the second half of the fiscal year when the market rallied sending yields lower and the curve inverted. Against that backdrop, Management was able to selectively enter the market to make strategic purchases that provided yield enhancements above overnight funds.
- Loan originations amounted to a robust \$149.1 million in fiscal year 2019 up from \$79.3 million in the prior year (excluding C-PACE loans of \$2.6 million and \$1.7 million in 2019 and 2018, respectively). Originations were well dispersed across all our lending programs. Net of return of principal on existing loans, which equaled \$86.6 million, loans outstanding increased 4.5% from \$1.286 billion at June 30, 2018 to \$1.344 billion at June 30, 2019.
- Net investment in capital assets decreased to \$269,647 from \$384,721 at June 30, 2018, a net decline of 30%, as depreciation amounted to \$141,377 and new capital assets were a modest \$26,301 during 2019.
- In response to the increase in loan originations described above, project costs payable (which are committed loan proceeds that have yet to be disbursed and shown in current liabilities) increased \$24.3 million and amounted to \$176.5 million at June 30, 2019 compared to \$152.2 million at the prior year-end.



## Management's Discussion and Analysis

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- Bonds payable amounted to \$846.0 million at year-end 2019, an increase of \$12.9 million from \$833.1 million at the prior year-end. The modest increase, compared to loan originations, emanates from our strategically conserving capital in anticipation of greater loan demand, some of which did not materialize as anticipated as one of our borrowers utilized the Environmental Protection Agency's (EPA) new Water Infrastructure Finance and Innovation Act (WIFIA) program to fund the initial stages of a significant infrastructure project. Combining existing sources of capital with \$10 million in available State Water Pollution Abatement funds, we met 2019 clean water loan demand of \$51.1 million without issuing bonds.
- With the inaugural Efficient Buildings Fund (EBF) bond issue of \$18.3 million and other program capital, the Bank paid down \$23.3 million in bond anticipation notes (BANs) that were outstanding at year-end June 30, 2018.
- In conjunction with the EBF bond issue, the Bank terminated the interest rate cap hedging transaction that was purchased in 2017 to limit the Bank's exposure to an increase in long-term interest rates during the time the BANs were outstanding. The net proceeds of unwinding the interest rate cap transaction amounted to \$1.2 million. These proceeds were utilized by the Bank to increase EBF program capital and served to offset interest expense resulting from an increase in interest rates.
- In addition, late in the fiscal year the Bank refinanced approximately \$10.2 million of Drinking Water State Revolving Fund bonds as part of a strategic effort to take advantage of low interest rates and provide financial savings to borrowers. Over the last five years, the Bank has provided \$25 million in savings to borrowers by refinancing existing debt at lower interest rates.
- As a result of a required \$4.0 million transfer to the State, unrestricted net position was essentially unchanged from the prior year and amounted to \$49.7 million. The prior fiscal year also contained a \$3.5 million transfer to the State. As noted in the Bank's Financial Report (see Subsequent Events), the Bank is obligated to transfer another \$4.0 million to the State by June 30, 2020.
- Overall, the Bank's financial position improved in 2019 as the total net position amounted to \$712.1 million at fiscal year-end 2019, an increase of \$58.4 million compared to \$653.7 million at June 30, 2018. For the fiscal year-end 2018, the net position increased \$41.4 million from fiscal year 2017, which amounted to \$612.3 million, and as noted above amounted to \$653.7 million at the end of fiscal year 2018. The increase was substantially related to non-operating grant income which is the capital used for certain lending programs.

**Management's Discussion and Analysis**
**Statement of Revenues, Expenses and Changes in Net Position – Condensed**

	2019	2018	2017
Interest income – loans	\$ 24,640,810	\$ 24,698,553	\$ 23,595,347
Interest income – investments	9,084,762	5,493,509	1,893,511
Other operating income	6,996,449	6,286,730	6,309,227
Grant income – operating	2,582,228	2,471,194	2,593,311
Total operating revenues	<u>43,304,249</u>	<u>38,949,986</u>	<u>34,391,396</u>
Interest expense	22,244,946	22,915,654	21,812,018
Other operating expenses:			
Principal forgiveness	2,133,647	1,909,903	1,546,296
Consulting fees to partner agencies	4,118,416	2,121,685	3,410,220
General administrative	3,608,355	3,244,014	3,568,234
Professional fees	1,150,832	1,150,249	582,430
Total operating expenses	<u>33,256,196</u>	<u>31,341,505</u>	<u>30,919,198</u>
Operating income	10,048,053	7,608,481	3,472,198
Grant income – non-operating	<u>52,342,610</u>	<u>37,285,326</u>	<u>21,093,042</u>
Less; intergovernmental transactions	<u>4,000,000</u>	<u>3,500,000</u>	<u>-</u>
Change in net position	58,390,663	41,393,807	24,565,240
Net position, beginning of year	<u>653,736,362</u>	<u>612,342,555</u>	<u>587,777,315</u>
Net position, end of year	<u>\$ 712,127,025</u>	<u>\$ 653,736,362</u>	<u>\$ 612,342,555</u>

Statement of Revenues, Expenses and Changes in Net Position – for the fiscal years ending June 30, 2019 and June 30, 2018

- The Bank's operating revenues amounted to \$43.3 million for 2019, an increase of \$4.4 million, or 11%, from \$38.9 million for 2018. As noted below, investment income was the main driver for the increase. While interest income on loans was essentially unchanged from the prior year, other operating income, which consists of loan origination and servicing fees, increased \$709,719 and amounted to \$7.0 million in fiscal year 2019 compared to \$6.3 million a year earlier.
- Owing to generally higher yields on the short-end of the curve (the Fed made four 25 basis point tightening moves in calendar year 2018), together with our continued execution of a more rigorous investment strategy meant to better match the duration of investments to the expected duration of disbursements, investment income increased by \$3.6 million in 2019 and amounted to \$9.1 million compared to \$5.5 million in 2018.
- Grant income – operating, which represents drinking water capital grant drawdowns from EPA for further payment to the partner agency for their oversight of the program, increased \$111,034 in 2019 and amounted to \$2.6 million in fiscal year 2019.
- Interest expense, net of premium amortization, decreased \$670,708 and amounted to \$22.2 million compared to \$22.9 million in the prior year. The decrease was attributed to both lower average bonds outstanding (of approximately \$6 million) and the benefit from prior refundings.
- Principal forgiveness increased \$224,000 as capital grants from EPA (which have a principal forgiveness component) increased appreciably in 2018.

**Management's Discussion and Analysis**

- Consulting fees to partner agencies increased \$2.0 million and amounted to \$4.1 million compared to \$2.1 in 2018. Most of the increase was related to a \$1.7 million drawdown from EPA made in the prior year and paid in fiscal year 2019.
- The Banks general administrative expenses increased \$364,341 and amounted to \$3.6 million compared to \$3.2 million in the prior fiscal year. Reflecting increased staffing to support the Bank's expanded mission, compensation and benefit expense represented roughly half of the increase in fiscal year 2019.
- Professional fees amounted to \$1.2 million in 2019, essentially unchanged from the prior year.
- Grant income – non-operating amounted to \$52.3 million in 2019 compared to \$37.3 million for the prior fiscal year. Capital grant drawdowns from EPA are recorded under this caption and make up most of such income. In addition to an increase in capitalization grants received from EPA, the Bank also received \$10 million in State Water Pollution Abatement funds and \$12.5 million in capital for the Municipal Road and Bridge program.

**LENDING ACTIVITY**

As shown in the table below, during fiscal year 2019 the Bank originated almost \$152 million in new loans (inclusive of C-PACE lending), including Narragansett Bay Commission (\$45 million), City of Woonsocket (\$42.8 million), Westerly (\$15 million), Providence Water Company (\$15.7 million), Bristol County Water Authority (\$3.9 million), Barrington (\$6.0 million), Portsmouth Water & Fire District (\$3.1 million), and Harrisville Fire District (\$2.9 million), among others. The Harrisville loan utilized full-principal forgiveness financing for a major water distribution improvement in the Burrillville villages of Harrisville and Oakland to replace a well-based system which has been impacted by contamination. In addition to this loan, the Bank also originated full-principal forgiveness financing for a small system in Tiverton.

Overall, originations were well diversified by lending program and funded a variety of important infrastructure-based projects. 2019 originations were up sharply across all programs, except for clean energy-related lending, compared to 2018. While the lending pipeline for clean energy-related projects remains robust, regulatory matters impacting the borrowers have delayed certain projects from closing. Management anticipates that these projects will be funded in the coming fiscal year.

Sector	2019	2018	2017
Clean Water	\$ 51,065,000	\$ 31,086,500	\$ 42,873,000
Drinking Water	70,642,496	20,050,000	19,272,095
Municipal Road and Bridge	24,000,000	17,449,000	8,000,000
Clean Energy*	6,053,584	12,452,503	18,903,685
<b>Total</b>	<b>\$ 151,761,080</b>	<b>\$ 81,038,003</b>	<b>\$ 89,048,780</b>

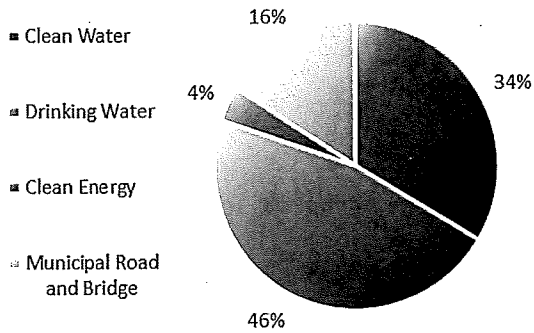
\*Included in the caption are C-PACE loans which utilize third-party capital providers. Such lending amounted to \$2.6 million, \$1.7 million, and \$1.7 million in 2019, 2018, and 2017, respectively.



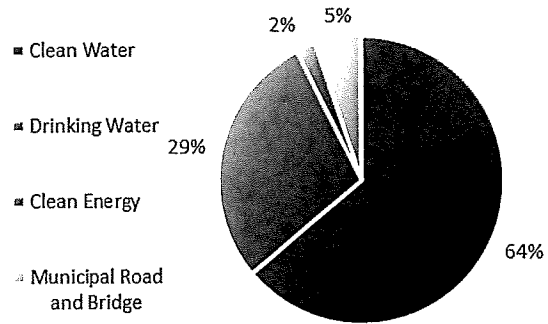
**Management's Discussion and Analysis**

The charts below summarize originations for 2019 and outstanding loans at June 30, 2019 – each by program:

**Loan Originations**



**Loans Outstanding**



**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Bank's financial activity. If you have questions about this report or need additional financial information, please contact us at: 235 Promenade Street, Suite 119, Providence, Rhode Island 02908, telephone number (401) 453-4430 or email us at [info@riib.org](mailto:info@riib.org).



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

**Statements of Net Position – June 30, 2019 and 2018**

	2019	2018
<b>Assets</b>		
Current assets:		
Unrestricted:		
Cash, cash equivalents and investments	\$ 26,196,135	\$ 26,872,936
Restricted:		
Cash and cash equivalents	271,145,536	263,218,580
Investments	84,299,052	75,894,887
Total restricted cash, cash equivalents and investments	<u>355,444,588</u>	<u>339,113,467</u>
Other current assets:		
Unrestricted:		
Prepaid expenses, other assets and other receivables	215,576	164,373
Restricted:		
Prepaid expenses, other assets and receivables	2,786	1,205,268
Service fees receivable	1,839,608	1,848,329
Loans receivable	91,665,408	85,282,047
Accrued interest receivable:		
Loans	8,514,703	8,375,045
Investments	2,935,150	2,144,234
Total current assets	<u>486,813,954</u>	<u>465,005,699</u>
Noncurrent assets:		
Unrestricted:		
Loans receivable	90,710,006	95,441,005
Capital assets - property and equipment, net	269,647	384,721
Total unrestricted noncurrent assets	<u>90,979,653</u>	<u>96,825,726</u>
Restricted:		
Loans receivable	1,161,666,955	1,105,364,939
Total noncurrent assets:	<u>1,252,646,608</u>	<u>1,201,190,665</u>
Total assets	<u>1,739,460,562</u>	<u>1,666,196,364</u>
Deferred Outflows of Resources	<u>5,378,818</u>	<u>6,489,463</u>
<b>Liabilities</b>		
Current liabilities:		
Project costs payable	176,468,877	152,184,256
Bonds payable	71,161,672	62,946,251
Notes payable	-	23,345,000
Accrued interest payable	7,302,390	7,568,460
Accounts payable and accrued expenses	611,922	842,760
Accrued arbitrage rebate	386,572	132,022
Total current liabilities	<u>255,931,433</u>	<u>247,018,749</u>
Noncurrent liabilities:		
Bonds payable	774,797,831	770,125,014
Accrued arbitrage rebate	1,248,675	1,089,449
Total noncurrent liabilities	<u>776,046,506</u>	<u>771,214,463</u>
Total liabilities	<u>1,031,977,939</u>	<u>1,018,233,212</u>
Deferred Inflows of Resources	<u>734,416</u>	<u>716,253</u>
Net position		
Net investments in capital assets	269,647	384,721
Restricted for program purposes	662,135,008	603,540,701
Unrestricted	49,722,370	49,810,940
Total net position	<u>\$ 712,127,025</u>	<u>\$ 653,736,362</u>

See notes to financial statements.





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

**Statements of Revenue, Expenses and Changes in Net Position – Years Ended June 30, 2019 and 2018**

	2019	2018
Operating revenues:		
Interest income - loans	\$ 24,640,810	\$ 24,698,553
Interest income - Investments	9,084,762	5,493,509
Loan servicing fees	5,506,824	5,455,415
Loan origination fees	1,489,625	831,315
Grant income - program administration	<u>2,582,228</u>	<u>2,471,194</u>
Total operating revenues	<u>43,304,249</u>	<u>38,949,986</u>
Operating expenses:		
Interest expense, net of premium amortization	22,244,946	22,915,654
Program administration, partner agencies	4,118,416	2,121,685
Principal forgiveness	2,133,647	1,909,903
Compensation and benefits	1,660,530	1,446,083
Debt issuance	1,302,147	1,144,944
Professional services	534,625	475,060
Legal	247,323	240,129
Correspondent and trustee	245,518	277,970
Information technology	147,619	201,262
Marketing	123,891	107,090
Audit and accounting	71,533	101,820
Financial advisory	51,833	55,270
Occupancy and office expense	170,727	171,164
Depreciation	141,377	99,700
Insurance	31,778	29,405
Business and travel	19,367	26,247
Dues and subscriptions	6,731	17,364
Seminars	<u>4,188</u>	<u>755</u>
Total operating expenses	<u>33,256,196</u>	<u>31,341,505</u>
Operating income	10,048,053	7,608,481
Non-operating revenue:		
Grant income and other contributed capital	<u>52,342,610</u>	<u>37,285,326</u>
Non-operating expenses:		
Intergovernmental transactions	<u>4,000,000</u>	<u>3,500,000</u>
Change in net position	58,390,663	41,393,807
Net position, beginning of the year	<u>653,736,362</u>	<u>612,342,555</u>
Net position, end of the year	<u>\$ 712,127,025</u>	<u>\$ 653,736,362</u>

See notes to financial statements.



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

**Statements of Cash Flows – Years Ended June 30, 2019 and 2018**

	2019	2018
Cash flows from operating activities:		
Loan repayments	\$ 86,623,322	\$ 81,429,099
Operating grants	2,582,228	2,471,194
Origination fees	1,489,625	831,315
Loan servicing fees	5,515,545	5,381,764
Investment income	8,293,846	4,673,745
Loan disbursements	(129,536,395)	(99,914,093)
Payments for goods and services	(5,255,778)	(4,285,115)
Bond issuance costs	(1,302,147)	(595,467)
Payments for personnel-related costs	(1,257,857)	(1,535,725)
Net cash used for operating activities	<u>(32,847,611)</u>	<u>(11,543,283)</u>
Cash flows from capital and related financing activities:		
Purchases of property and equipment	<u>(34,879)</u>	<u>(190,410)</u>
Cash flows from noncapital financing activities:		
Bond issuance	91,696,938	38,789,015
Repayment of bond principal	(70,279,410)	(48,885,000)
Proceeds from (payments on) notes payable	(23,345,000)	6,000,000
Non-operating grants	52,342,602	37,284,669
Intergovernmental transactions	(4,000,000)	(3,500,000)
Interest paid on bonds	(22,511,017)	(22,565,321)
Proceeds from termination of interest rate cap	1,215,000	-
Net cash provided by noncapital financing activities	<u>25,119,113</u>	<u>7,123,363</u>
Cash flows from investing activities:		
Interest income - loans	24,501,152	24,050,852
Arbitrage rebate paid to U.S. Treasury	(92,395)	(1,024,042)
Proceeds from (purchases of) investments, net	<u>(9,395,225)</u>	<u>28,269,993</u>
Net cash provided by investing activities	15,013,532	51,296,803
Cash and cash equivalents, beginning of the year	<u>290,091,516</u>	<u>243,405,043</u>
Cash and cash equivalents, end of the year	<u>\$ 297,341,671</u>	<u>\$ 290,091,516</u>
Reconciliation of operating income to net cash used for operating activities:		
Operating income	\$ 10,048,053	\$ 7,609,138
Adjustments:		
Depreciation	141,377	99,700
Amortization of bond premiums and discounts, net	8,529,289	8,514,773
Increase in investment receivable	(790,916)	(1,038,138)
Interest income - loans	(24,640,810)	(24,698,553)
Interest expense	13,715,615	14,618,589
Loan principal forgiveness	2,133,647	1,909,903
Increase in loans receivable, net	(42,913,074)	(18,484,994)
(Increase) decrease in prepaid expenses	1,151,280	(200,269)
Increase (decrease) in accounts payable	(230,795)	200,219
(Increase) decrease in accounts receivable - service fees	8,722	(73,651)
Net cash used for operating activities	<u>\$ (32,847,612)</u>	<u>\$ (11,543,283)</u>
Supplementary cash flow information:		
Noncash transactions:		
Increase in loans receivable issued related to project costs payable	<u>\$ 15,041,303</u>	<u>\$ 23,001,709</u>
Increase in fair value of investments	<u>\$ 3,166,031</u>	<u>\$ 4,127,438</u>

See notes to financial statements.

Notes to Financial Statements

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**Note 1. Summary of Significant Accounting Policies**

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

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

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

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

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

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

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

The Bank's SRF programs are leveraged by issuing bonds to provide additional funds to finance program-eligible projects. Federal and state grants and other monies available to the Bank are pledged to secure the bonds by either funding reserves or financing loans pledged to the bonds. Earnings on these pledged

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

assets are used to pay a portion of the debt service on the related bonds, thereby allowing for a reduction in the borrowers' loan repayment obligation. Generally, the Bank lends to borrowers at 67% and 75% of the current market rate for the CWSRF and DWSRF, respectively. In addition to providing low-cost financing, including interim financing, for eligible projects, the Bank's SRF programs primary activities include the issuance of debt, the investment of program funds, and the management and coordination of the programs. Through June 30, 2019, the Bank has originated approximately \$1.354 billion and \$538.6 million in CWSRF and DWSRF loans, respectively.

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

<b>Program</b>	<b>Summary</b>
<b>Brownfields Revolving Loan Fund (Brownfields RLF)</b>	The Fund provides financing for the remediation of properties contaminated with hazardous substances. The Rhode Island Department of Environmental Management (DEM), in partnership with the Rhode Island Commerce Corporation (RICC), is responsible for producing a project priority list (PPL) of eligible sites for the Bank to provide financing. In June 2016, the Bank was awarded an initial grant of \$820,000 from the EPA.
<b>Clean Water and Stormwater Infrastructure Fund (CWSWIF)</b>	The Fund provides financial assistance to eligible borrowers to develop water pollution control abatement projects. In addition, the CWSWIF provides upfront capital to municipalities and organizations who have received reimbursement grants for design and construction of green stormwater infrastructure projects. To date, the Bank has originated \$10.3 million in CWSWIF loans.
<b>Commercial – Property Assessed Clean Energy (C-PACE)</b>	C-PACE provides financing for a broad array of energy efficiency and renewable energy projects (and related improvements) in commercial and industrial properties. As the Bank does not directly provide financing for C-PACE loans, property owners are free to arrange financing directly with one of the Bank's third-party capital providers. The program produced its first round of loans during the spring of 2017 and has now issued \$6.1 million in C-PACE loans for a variety of projects.
<b>Community Septic System Loan Program (CSSLP)</b>	Included in the CWSRF program, CSSLP provides discounted financing to communities to address nonpoint source pollution abatement issues with end loans being offered to residents with cesspools or substandard septic systems. The DEM is responsible for producing a PPL of eligible communities for the Bank to provide financing. Revolved capital from CWSRF provides funding for this program. Since the inception of the program, the Bank has originated \$19.1 million in CSSLP loans.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

Program	Summary
<p><b>Efficient Buildings Fund (EBF)</b></p>	<p>The Fund provides financing to municipalities and quasi-public agencies for renewable energy and energy efficiency improvements. The Rhode Island Office of Energy Resources is responsible for producing a PPL of eligible projects for the Bank to provide financing. Bank capital is supplemented by allocated rate-payer funds and Regional Greenhouse Gas Initiative (RGGI) proceeds. To date, the Bank has funded \$31.3 million in EBF projects.</p>
<p><b>Municipal Road and Bridge Revolving Fund (MRB)</b></p>	<p>The Fund provides financing to municipalities for transportation-based infrastructure projects. The Rhode Island Department of Transportation is responsible for producing a PPL of eligible projects for the Bank to provide financing. Funding for the program is provided by the State through legislative appropriations and premiums received on state bond issuances. To date, the Bank has originated \$74.7 million in MRB loans.</p>
<p><b>Rhode Island Water Pollution Control Revolving Fund (including the Facility Plan Loan Program (FPLP) and the Sewer Tie-In Loan Fund (STILF))</b></p>	<p>The Fund provides discounted financing for water pollution abatement projects that do not meet the requirements of the CWSRF. In addition, under the FPLP, the Fund also provides financing to municipalities for the completion of water pollution abatement project facility plans, and amendments or updates to such plans. The Fund also supports the STILF program which, like CSSLP, allows communities to borrow funds to address nonpoint source wastewater pollution abatement issues with end loans being offered to residents to connect to the local sewer systems. These programs are funded through capitalization grants from state general obligation bond issues. Between the two programs, the Bank has originated \$59 million in such loans.</p>
<p><b>Water Quality Protection Charge (WQPC) Fund</b></p>	<p>The WQPC Fund provides financing for the protection of watershed lands to help ensure water quality. This Fund accounts for water quality protection charges received from various Rhode Island water suppliers. The WQPC provides funding to water suppliers for watershed protection land acquisition, water pipe replacement, and other related projects.</p>

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

**Basis of accounting:** The accompanying basic financial statements of the Bank have been prepared in conformance with generally accepted accounting principles (GAAP) as prescribed by the GASB. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Bank is engaged only in "business-type" activities and its operations are financed and operated in a manner like a non-governmental business, where the intent is that the costs of providing services is financed through user charges. The financial statements of the Bank are prepared using the

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

As more fully disclosed in Footnote 3 "Investments," the Bank's investments as of June 30, 2019 and 2018 consisted of U.S. Treasury obligations, U.S. agency obligations (e.g., FannieMae, FreddieMac, and the Federal Home Loan Bank), municipal bonds, and GICs. The Bank's various indentures or depository and administrative payment agreements (DAPAs) governing its outstanding bond issues restrict the Bank's ability to invest the proceeds of bonds issued. In addition to those listed above, permitted investments under either an indenture or DAPA, include, for example, repurchase agreements, certificates of deposit, money market funds, and commercial paper – each subject to specific ratings and/or other restrictions. Management actively manages its investment portfolio with a focus on asset allocation, diversification, and duration within the parameters of the permitted investments.

In accordance with Section 35-10.1-7 of the General Laws of the State, dealing with the collateralization of public deposits, all certificates of deposits with maturities of greater than 60 days and all deposits in institutions that do not meet its minimum capital standards as required by its Federal regulator must be collateralized. The Bank did not have any deposits in fiscal year 2019 and 2018 which required collateralization.

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (continued)**

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

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

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

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

**Allowance for loan losses:** Management reviews loan receivable balances and borrowers on a continual basis for possible uncollectible amounts. In the event management determines a specific need for an allowance, provision for loss will then be provided. Should a borrower default on a loan, potential remedies are contained in the loan agreement which is backed by the full taxing power of the borrowing municipality in the form of a general obligation pledge or in the full revenue collecting ability of the Bank's revenue borrowers. Further, the Indenture of Trust (Indenture) as it relates to the Local Interest Subsidy Trust (LIST) serves as a debt service reserve fund. An allowance for loan losses has not been established at either June 30, 2019 or June 30, 2018 since historical collection experience has shown amounts to be fully collectible when due.

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

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

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

Based on calculations that were performed as of June 30, 2019 and 2018, the Bank had accrued arbitrage rebate liabilities totaling \$1,635,247 and \$1,221,471, respectively. During 2019 and 2018, the Bank paid to the Treasury \$92,395 and \$1,024,042, respectively. The rebate obligations are generally computed and adjusted, as applicable, on an annual basis in accordance with regulations promulgated by the Treasury. Required rebates are generally due and payable in five-year intervals during the life of debt issues, with rebates due no later than 60 days after the retirement of the debt issues. Actual calculation and payment

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies (continued)

dates may be accelerated as a result of refundings/defeasances. Arbitrage rebate expense is recorded as a reduction in interest income – investments.

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

**Project costs payable:** Project costs payable represents the liability of amounts loaned to borrowers that have not been requisitioned. At June 30, 2019 and 2018, these undrawn funds amounted to \$176,468,877 and \$152,184,256, respectively. Included in these amounts is \$38,726,640 and \$16,408,599 related to Narragansett Bay Commission (NBC), the Bank's largest borrower, at June 30, 2019 and 2018, respectively.

**Bond premium:** Bond premiums, included in long-term debt, are amortized using the effective interest method over the respective life of the associated bond issues. Amortization of bond premiums, which are credited to interest expense, amounted to \$8,378,636 and \$8,209,983 for fiscal years 2019 and 2018, respectively.

**Compensated absences:** The Bank had a policy, which allowed employees to accumulate unused vacation and sick leave benefits up to a certain maximum number of days. That policy was revised in 2018 to pay unused time annually. Compensated absences are recognized as current salary costs when incurred and are recorded in accounts payable and accrued expenses in the statement of net position. The liability at both period ends were di minimis and as such not recognized.

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

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

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

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

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



## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies (continued)

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

In June 2015, the GASB issued GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The Statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (OPEB). Among other things, Statement No. 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide and requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information about their OPEB liabilities. This Statement is effective for fiscal years beginning after June 15, 2018 and was implemented in the year ended June 30, 2018 and had no impact on the financial statements.

In March, 2016, the GASB issued GASB No. 81 *Irrevocable Split-Interest Agreements*. The Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. GASB 81 requires that a government recognize revenue when the resources become applicable to the reporting period. This Statement was effective for financial statement periods beginning after December 15, 2016 and was implemented in the year ended June 30, 2018 and had no impact on the financial statements.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. While the Statement was effective for reporting periods beginning after June 15, 2018, it had no effect on the Bank's financial statements.

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

In March 2018, the GASB issued Statement No. 85, *Omnibus 2017*. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements and includes a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. This Statement is effective for reporting periods beginning after June 15, 2017 and was implemented in the year ended June 30, 2018 and had no impact on the Bank's financial statements.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement became effective for reporting periods beginning after June 15, 2017 and was implemented in the year ended June 30, 2018 and had no impact on the Bank's financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement was established to better meet the information needs of financial statement users by improving accounting and financial reporting for

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies (continued)

leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. While the requirements of this Statement became effective for reporting periods beginning after December 15, 2019, the applicability to the Bank's financial statements is de minimus and as such a lease liability was not recorded. Please refer to Note 9 for further information on the Bank's operating lease.

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

In June 2018, GASB issued Statement No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement became effective for reporting periods beginning after December 15, 2019 and had no impact on the Bank's financial statements.

In August 2018, GASB issued Statement No. 90 *Majority Equity Interests*. The primary objective of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (continued)**

purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transaction presented in flows statements of the component unit in that circumstance will include only transactions that occurred subsequent to the acquisition. The requirements of this Statement became effective for reporting periods beginning after December 15, 2018 and had no impact on the financial statements.

In May 2019, GASB issued Statement No. 91 – *Conduit Debt Obligations*. Once effective, GASB 91 will improve existing standards for government issuers by eliminating diversity in practice associated by providing a single method to report conduit debt obligations and related commitments. The GASB's existing standards, Interpretation No. 2, *Disclosure of Conduit Debt Obligations*, which allowed government issuers either to recognize conduit debt obligations as their own debt or to disclose them, which adversely affects the comparability of financial statement information.

While with the adoption of Statement 91 government issuers will no longer report conduit debt obligations as liabilities, issuers will be required to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Certain issuers may need to recognize a liability related to commitments they make or voluntarily provide associated with conduit debt if qualitative factors indicate that it is more likely than not that it will support one or more debt service payments for a conduit debt obligation. Irrespective, the issuer is required to disclose the same general information as noted above. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020 and GASB encourages earlier application. Management is currently evaluating the impact this Statement will have on the Bank's financial statements.

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

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

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

**Note 2. Cash and Cash Equivalents**

At June 30, 2019 and 2018, the carrying amount of the Bank's cash deposits was \$44,905,357 and \$26,872,836, respectively, of which \$250,000 was covered by the Federal Depository Insurance Corporation and \$44,655,357 and \$26,622,836, respectively, was uninsured and collateralized by securities held by the pledging institution in the Bank's name. The difference between the carrying amount and the

**Notes to Financial Statements**
**Note 2. Cash and Cash Equivalents (continued)**

depository balance is attributable to outstanding reconciling items (primarily outstanding checks) at year-end. Pursuant to GASB 79, *Certain External Investment Pools and Pool Participants*, the Bank's institutional money market accounts represent qualifying external investment pools that measures for financial reporting purposes all its investments at amortized cost.

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

Description	2019	2018
Cash on hand	\$ -	\$ 100
Deposits with financial institutions	44,905,357	26,872,836
Institutional money market accounts – government portfolio	252,436,314	263,218,580
	<u>\$ 297,341,671</u>	<u>\$ 290,091,516</u>

Description	2019	2018
Unrestricted:		
Cash on hand	\$ -	\$ 100
Deposits with financial institutions	9,599,861	4,748,796
Institutional money market accounts – government portfolio	16,596,274	22,124,040
	<u>\$ 26,196,135</u>	<u>\$ 26,872,936</u>
Restricted:		
Deposits with financial institutions	\$ 35,305,496	\$ 18,981,031
Institutional money market accounts – government portfolio	235,840,040	244,237,449
	<u>271,145,536</u>	<u>263,218,580</u>
	<u>\$ 297,341,671</u>	<u>\$ 290,091,516</u>

**Unrestricted cash:** Cash and cash equivalents of \$26,196,135 and \$26,872,936 as of June 30, 2019 and 2018, respectively are classified as unrestricted. While classified as unrestricted, those assets are subject to use only within the proper purpose of the Bank as established through its enabling legislation discussed in Note 1 and the directives and programs approved by the Board.

**Custodial credit risk - Cash and Cash Equivalents:** Custodial credit risk is the risk that in the event of insolvency, the Bank's deposits may not be returned in full. The Bank does not have a formal deposit policy for custodial credit risk and therefore, does not limit the amount of its deposits with its depositories. The Bank mitigates custodial credit risk by (i) ensuring that cash deposits that exceed federal depository insurance are collateralized and (ii) investing in institutional money market accounts – government portfolio that are "AAA" rated. For fiscal year end 2019 and 2018, institutional money market accounts consisted of the following:

Issuer	2019	2018
Ocean State Investment Pool	\$ 15,619,916	\$ 14,243,223
First American Funds – Government Obligations	236,816,398	248,975,357
Total	<u>\$ 252,436,314</u>	<u>\$ 263,218,580</u>

At June 30, 2019 and 2018, funds with Ocean State Investment Pool (OSIP) investments amounted to 6.19% and 5.41%, respectively, with the balance of funds in First American Funds.

The OSIP is offered by The State of Rhode Island and managed by FIAM LLC (FIAM) a Fidelity Investments company. While OSIP is unrated, investments are required to be invested in only the "highest quality securities" defined as being rated in one of the highest categories by at least two Nationally Recognized Statistical Rating Organizations. Credit quality represents ratings assigned at the security level or ratings assigned to the entities that issue the securities. OSIP uses ratings from Moody's Investors Services, Inc.

**Notes to Financial Statements**
**Note 2. Cash and Cash Equivalents (continued)**

Where Moody's ratings are not available, S&P ratings have been used. If a security has two ratings, the security is considered to be in the lower category. If a security has more than two ratings, the security is considered to be in the highest category of ratings as determined by at least two ratings. Repurchase Agreements have been classified by FIAM and approved by the Rhode Island State General Treasurer as "P1." There are no participant withdrawal limitations.

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

**Note 3. Investments**

The Bank's investments consisted of the following at June 30, 2019:

Description	Amount	Maturity Date(s)	Interest Rate(s)	Credit Ratings Moody's/S&P
US agency and Treasury securities:				
Federal Farm Credit Banks	\$ 1,300,043	2019	2.27%	AAA/AA+
Federal National Mortgage Association	3,725,914	2019 – 2026	1.79% - 2.21%	AAA/AA+
Federal Home Loan Mortgage Corp	12,551,502	2019 – 2028	1.75% - 2.35%	AAA/AA+
Federal Home Loan Bank	8,073,632	2019 – 2023	1.79% - 2.11%	AAA/AA+
Treasury Bonds and Notes	22,493,777	2019 – 2022	1.71% - 2.32%	AAA/AAA
Subtotal	<u>48,144,868</u>			
Municipal bonds:				
Oregon State	<u>5,088,494</u>	2020 – 2023	2.58% - 4.91%	AA2/AA
Guaranteed investment contracts:				
Bayern LB (a)	2,601,228	2020	5.33%	A2/NR
Bayern LB (a)	1,242,512	2020	3.75%	A2/NR
FSA Capital Management (b)	4,167,338	2024	4.71%	A2/AA
FSA Capital Management (b)	6,469,703	2025	4.67%	A2/AA
FSA Capital Management (b)	3,685,236	2027	4.79%	A2/AA
FSA Capital Management (b)	553,599	2028	5.06%	A2/AA
Citigroup Financial Products (c)	8,042,682	2027	4.81%	A3/BBB+
Mass Mutual Life Insurance Company	4,303,392	2029	4.50%	Aa3/AA+
Subtotal	<u>31,065,690</u>			
Total investments	<u>\$ 84,299,052</u>			

(a) Guaranteed by the Free State of Bavaria which is rated AAA/AAA.

(b) Guaranteed by Assured Guaranty Municipal Corporation.

(c) Guaranteed by Citigroup, Inc. As of June 30, 2019, Citigroup's rating remains below the minimum rating requirements as disclosed in Note 1 "Summary of Significant Accounting Policies". Management has determined that the current ratings and outlook do not warrant subsequent action.

**Notes to Financial Statements**
**Note 3. Investments (continued)**

The Bank's investments consisted of the following at June 30, 2018:

Description	Amount	Maturity Date(s)	Interest Rate(s)	Credit Ratings Moody's/S&P
<b>US agency and Treasury securities:</b>				
Federal Farm Credit Banks	\$ 1,299,142	2019	2.41%	AAA/AA+
Federal National Mortgage Association	5,305,498	2019 – 2026	1.16% - 3.26%	AAA/AA+
Federal Home Loan Mortgage Corp	12,632,725	2019 – 2028	0.25% - 3.07%	AAA/AA+
Federal Home Loan Bank	10,287,539	2019 – 2023	1.62% - 2.81%	AAA/AA+
Treasury Bonds and Notes	5,900,788	2019 – 2021	1.57% - 2.68%	AAA/AAA
Subtotal	<u>35,425,692</u>			
<b>Municipal bonds:</b>				
Washington State	760,914	2019	1.56 - 1.82%	AA2/N/R
Oregon State	6,412,489	2019 – 2023	2.58% - 4.91%	AA2/AA
Subtotal	<u>7,173,403</u>			
<b>Guaranteed investment contracts:</b>				
Bayern LB (a)	2,601,228	2020	5.33%	A2/NR
Bayern LB (a)	1,242,512	2020	3.75%	A2/NR
FSA Capital Management (b)	4,845,306	2024	4.71%	A2/AA
FSA Capital Management (b)	7,585,683	2025	4.67%	A2/AA
FSA Capital Management (b)	4,072,251	2027	4.79%	A2/AA
FSA Capital Management (b)	602,740	2028	5.06%	A2/AA
Citigroup Financial Products (c)	8,042,680	2027	4.81%	Baa1/A
Mass Mutual Life Insurance Company	4,303,392	2029	4.50%	Aa2/AA+
Subtotal	<u>33,295,792</u>			
Total investments	<u>\$ 75,894,887</u>			

- (a) Guaranteed by the Free State of Bavaria which was rated AAA/AAA.  
(b) Guaranteed by Assured Guaranty Municipal Corporation.  
(c) Guaranteed by Citigroup, Inc. Rating was below the minimum rating – see disclosure for 2019.

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

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

The Bank has GICs with multiple providers who maintain the contributed investments. GIC providers must meet the following ratings from S&P and Moody's: domestic banks rated at least AA/Aa2; U.S. branches of foreign banks rated at least AA/Aa2; insurance companies (or corporations whose obligations are guaranteed by an insurance company, in the form of an insurance policy, or by an insurance holding company) rated AAA/Aaa. As discussed in Note 1, the GICs are reported at contract value. The providers

**Notes to Financial Statements**
**Note 3. Investments (continued)**

are contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Bank. In accordance with GASB 72, the fair value of these investments is measured at such contract value outside of the fair value hierarchy. The Bank's GICs totaled \$31,065,690 and \$33,295,792 as of June 30, 2019 and June 30, 2018, respectively. There are no reserves against contract value for credit risk of the provider or otherwise. The crediting interest rates are based on a formula agreed upon by each provider.

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

At June 30, 2019 and 2018, maturities of the Bank's investment by sector were as follows:

Sector – 2019	Total Fair Value	Less than 1	1 - 5	6 - 10	More than 10
U.S. agency securities	\$ 25,651,091	\$ 9,953,934	\$ 9,692,451	\$ 6,004,706	\$ -
U.S. Treasury securities	22,493,776	19,577,517	2,916,259	-	-
Municipal bonds	5,088,495	1,408,248	3,680,247	-	-
Guaranteed investment contracts	31,065,690	-	3,843,739	22,364,961	4,856,990
	\$ 84,299,052	\$ 30,939,699	\$ 20,132,696	\$ 28,369,667	\$ 4,856,990

Sector – 2018	Total Fair Value	Less than 1	1 - 5	6 - 10	More than 10
U.S. agency securities	\$ 29,524,904	\$ 4,308,293	\$ 19,198,031	\$ 5,495,199	\$ 523,381
U.S. Treasury securities	5,900,788	3,955,663	1,945,125	-	-
Municipal bonds	7,173,403	2,096,429	5,076,974	-	-
Guaranteed investment contracts	33,295,792	-	3,843,739	24,545,922	4,906,131
	\$ 75,894,887	\$ 10,360,385	\$ 30,063,869	\$ 30,041,121	\$ 5,429,512

**Fair value measurement:** The Bank's investments are recorded at fair value as of June 30, 2019 and 2018, pursuant to the provisions of GASB No. 31, *Certain Investments and External Investment Pools* (GASB 31), and GASB 72. GASB 31 established accounting and financial reporting standards for certain investments to be reported at fair value and for external investment pools. GASB No. 72 addresses accounting and financial reporting issues related to fair value measurements. The Statement establishes a hierarchy of inputs to valuation techniques used to measure fair value.

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

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

**Notes to Financial Statements**
**Note 3. Investments (continued)**

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

2019	Quotes Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	Total Fair Value
Investment Sector				
U.S. agency securities	\$	-	\$ 25,651,091	\$ 25,651,091
U.S. Treasury securities		22,493,776	-	22,493,776
Municipal bonds		-	5,088,495	5,088,495
Total investments	\$	22,493,776	\$ 30,739,586	\$ 53,233,362

2018	Quotes Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	Total Fair Value
Investment Sector				
U.S. agency securities	\$	-	\$ 29,524,904	\$ 29,524,904
U.S. Treasury securities		5,900,788	-	5,900,788
Municipal bonds		-	7,173,403	7,173,403
Total investments	\$	5,900,788	\$ 36,698,307	\$ 42,599,095

The Bank had no investments that were categorized as Level 3 at either June 30, 2019 or June 30, 2018 and therefore that information is not presented in the above tables. Certain investments that are measured at fair value using the net asset value (NAV) per share as a practical expedient have not been classified in the fair value hierarchy.

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

Issuer	Percentage of Total Investments	
	2019	2018
FSA Capital Management	18%	23%
Federal Home Loan Mortgage Corp	15%	17%
Federal Home Loan Bank	10%	14%
Citigroup Financial Products	10%	11%
Oregon State	6%	8%
Federal National Mortgage Association	4%	7%
Mass Mutual Life Insurance Company	5%	6%
Bayern LB	5%	5%



**Notes to Financial Statements**
**Note 4. Loans Receivable**

At June 30, 2019 and 2018, the Bank had loans outstanding of \$1,344,042,369 and \$1,286,087,991, respectively, including all unused outstanding loan commitments (project costs payable).

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

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

At June 30, 2019, the Bank's top three borrowers had loans receivable of \$621,633,700 representing approximately 46% of total loans receivable, compared to 48% of total loans receivable at June 30, 2018.

**Principal forgiveness loans:** The Bank has received ARRA and non-ARRA capitalization grants which can be used to originate loans with some of its principal forgiven. The Bank's historical capitalization grants available for principal forgiveness loans for CWSRF are summarized below:

Capitalization Grant	Capitalization Grant Award	Principal Forgiveness Component	Principal Forgiveness Loans Issued as of FY2019
2009 (ARRA)	\$ 26,314,600	\$ 13,157,300	\$ 13,157,300
2010	13,681,000	2,048,980	2,048,980
2011	9,915,000	918,782	918,782
2012	9,486,000	527,198	527,198
2013	8,955,000	500,000	500,000
2014	9,410,000	512,070	512,070
2015	9,361,000	-	-
2016	8,962,000	896,200	896,200
2017	8,892,000	889,200	889,200
2018	10,777,000	1,000,000	1,000,000
	<u>\$ 115,753,600</u>	<u>\$ 20,449,730</u>	<u>\$ 20,449,730</u>

The above schedule includes \$12,396,592 in principal forgiveness loans issued to NBC.

**Notes to Financial Statements**
**Note 4. Loans Receivable (continued)**

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

Capitalization Grant	Capitalization Grant Award	Principal Forgiveness Component	Principal Forgiveness Loans Issued as of FY2019
2009 (ARRA)	\$ 19,500,000	\$ 9,750,000	\$ 9,750,000
2010	13,573,000	4,071,900	4,071,900
2011	9,418,000	2,825,400	2,825,400
2012	8,975,000	1,795,000	1,795,000
2013	8,421,000	1,684,200	1,684,200
2014	8,845,000	1,769,000	1,769,000
2015	8,787,000	1,757,400	1,757,400
2016	8,312,000	1,662,400	831,423
2017	8,241,000	1,648,200	1,648,200
2018	11,107,000	2,221,400	370,824
	<u>\$ 105,179,000</u>	<u>\$ 29,184,900</u>	<u>\$ 26,503,347</u>

Loans made to eligible borrowers under the CWSRF and DWSRF programs may be forgiven if certain continuing criteria are met, including that the borrower continues to make debt service payments, continues to operate the project in compliance with laws and regulations, and does not dispose of or discontinue the project. For purposes of the basic financial statements, the Bank recognizes principal forgiveness expense as the related loans are repaid. The total amount forgiven under these programs in fiscal years 2019 and 2018 was \$2,133,647 and \$1,909,903 respectively. The amounts are included in loan principal forgiveness in the statements of revenues, expenses, and changes in net position.

**Note 5. Bonds Payable**

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

In addition, from time to time the Bank issues conduit bonds. The term conduit bonds refers to certain limited-obligation revenue bonds issued by the Bank for the express purpose of providing capital financing for a specific third party. Although conduit debt obligations bear the name of the Bank and are included in its financial statements, it has no obligation for the debt beyond the resources provided by a loan with the third party on whose behalf the conduit bonds are issued. As of June 30, 2019 and 2018, there were seven series of conduit bonds outstanding, with an aggregate principal amount payable of \$70,146,000 and \$73,729,000 respectively.

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

Clean Water Program	2019	2018
1999 Series A Bonds, dated January 1, 1999, with serial bonds of \$19,590,000 at rates varying from 3.7% to 5.25% due annually from October 1, 2002 through October 1, 2016 and term bonds of \$3,765,000 at 4.75% due October 1, 2018 and \$2,470,000 at 4.75% due October 1, 2020. On May 6, 2010, the Bank advance refunded \$4,990,000 of the outstanding bonds.	\$ 2,470,000	\$ 3,295,000

**Notes to Financial Statements**


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**Note 5. Bonds Payable (continued)**

1999 Series C Bonds, dated August 1, 1999, with serial bonds of \$24,010,000 at rates varying from 4.15% to 5.50% due annually from October 1, 2001 through October 1, 2019. <i>On May 6, 2010, the Bank advance refunded \$4,985,000 of the outstanding bonds.</i>	865,000	1,720,000
2000 Series A Bonds, dated December 1, 2000 with serial bonds of \$26,550,000 at rates varying from 4.50% to 5.125% due annually from October 1, 2001 through October 1, 2020. <i>On May 6, 2010, the Bank advance refunded \$7,430,000 of the outstanding bonds.</i>	1,945,000	2,355,000
2002 Series A Bonds, dated April 1, 2002 with serial bonds of \$29,305,000 at rates varying from 3.00% to 5.50% due annually from October 1, 2002 through October 1, 2022. <i>On May 6, 2010, the Bank advance refunded \$7,505,000 of the outstanding bonds.</i>	3,790,000	5,375,000
2002 Series B Bonds, dated October 1, 2002, with serial bonds of \$76,035,000 at rates varying from 2.0% to 5.0% due annually from October 1, 2004 through October 1, 2022. <i>On May 6, 2010, the Bank advance refunded \$25,260,000 of the outstanding bonds.</i>	8,090,000	8,825,000
2006 Series A Bonds, dated December 21, 2006, with serial bonds of \$57,795,000 at rates varying from 3.40% to 5.00% due annually from October 1, 2007 through October 1, 2027. <i>On October 6, 2015, the Bank advance refunded \$27,085,000 of the outstanding bonds.</i>	6,595,000	7,325,000
2009 Series A Bonds, dated October 6, 2009, with serial bonds of \$41,555,000 at rates varying from 2.00% to 5.00% due annually from October 1, 2011 through October 1, 2030.	2,540,000	4,260,000
2010 Series A Refunding Bonds, dated May 6, 2010, with serial bonds of \$77,140,000 at rates varying from 2.00% to 5.00% due annually from October 1, 2010 through October 1, 2023.	26,320,000	34,650,000
2010 Series B Bonds, dated June 24, 2010, with serial bonds of \$30,145,000 at rates varying from 3.00% to 5.00% due annually from October 1, 2012 through October 1, 2030. <i>On June 28, 2017, the Bank advance refunded \$17,480,000 of the outstanding bonds. The remaining bonds are due October 1, 2017 through October 1, 2030.</i>	4,705,000	6,770,000
2011 Series A Bonds, dated March 29, 2011, with serial bonds of \$40,200,000 at rates varying from 2.00% to 5.00% due annually from October 1, 2012 through October 1, 2032. <i>On June 28, 2017, the Bank advance refunded \$27,105,000 of the outstanding bonds. The remaining bonds are due October 1, 2017 through October 1, 2020.</i>	3,280,000	4,815,000
2012 Series A Bonds, dated June 28, 2012, with serial bonds of \$25,620,000 at rates varying from 2.00% to 5.00% due annually from October 1, 2014 through October 1, 2033.	19,725,000	21,005,000
2012 Series B Refunding Bonds, dated November 8, 2012, with serial bonds of \$65,860,000 at rates varying from 2.00% to 5.00% due annually from October 1, 2013 through October 1, 2025.	36,665,000	42,305,000
2013 Series A Bonds, dated June 6, 2013, with serial bonds of \$52,070,000 at rates varying from 1.50% to 5.00% due annually from October 1, 2015 through October 1, 2034.	47,790,000	49,045,000

**Notes to Financial Statements**


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**Note 5. Bonds Payable (continued)**

2014 Series A Bonds, dated February 20, 2014, with serial bonds of \$55,925,000 at rates varying from 2.00% to 5.00% due annually from October 1, 2015 through October 1, 2034.	48,185,000	50,290,000
2015 Series A Bonds, dated July 30, 2015, with serial bonds of \$56,275,000 at rates varying from 3% to 5% due annually from October 1, 2017 through October 1, 2044.	53,135,000	54,740,000
2015 Series B and 2015 Series C Refunding Bonds, dated October 6, 2015, with serial bonds of \$24,345,000 at rates varying from 2% to 5% due annually from October 1, 2016 through October 1, 2026; and serial bonds of \$23,355,000 at rates varying from 1.75% to 5% due annually from October 1, 2018 through October 1, 2027, respectively. <i>The Bank's defeasance of the 2005A and 2006A bonds resulted in economic present value savings of \$5,259,859 or 10%.</i>	36,905,000	41,245,000
2016 Series A Refunding Bonds, dated June 2, 2016, with serial bonds of \$49,060,000 at rates varying from 1.75% to 5% due annually from October 1, 2018 through October 1, 2030. <i>The Bank's defeasance of the 2007A and 2009A bonds resulted in economic present value savings of \$6,074,803 or 11%.</i>	47,265,000	49,060,000
2016 Series B Bonds, dated June 2, 2016, with serial bonds of \$18,790,000 at rates varying from 2% to 5% due annually from October 1, 2017 through October 1, 2037.	18,040,000	18,685,000
2017 Series A Bonds, dated April 13, 2017, with serial bonds of \$28,130,000 at rates varying from 3% to 5% due annually from October 1, 2018 through October 1, 2036.	26,035,000	28,130,000
2017 Series B Bonds, dated June 28, 2017, with serial bonds of \$41,120,000 at rates varying from 3% to 5% due annually from October 1, 2021 through October 1, 2032. <i>The Bank's defeasance of the 2010B and 2011A bonds resulted in economic present value savings of \$4,655,796 or 10%.</i>	41,120,000	41,120,000
2018 Series A Bonds, dated April 25, 2018, with serial bonds of \$17,715,000 at rates varying from 3% to 4% due annually from October 1, 2025 through October 1, 2037.	17,715,000	17,715,000

Drinking Water Program	2019	2018
2005 Series A Bonds, dated March 23, 2005, with serial bonds of \$42,960,000 at rates varying from 3.00% to 5.00% due annually from October 1, 2006 through October 1, 2027. On June 26, 2013, the Bank advance refunded \$17,280,000 of the outstanding bonds. The remaining bonds were due October 1, 2013 through October 1, 2015 and October 1, 2025 through October 1, 2027. <i>On June 27, 2019, the Bank advance refunded \$5,620,000 of the outstanding bonds.</i>	-	5,620,000
2007 Series A Bonds, dated March 7, 2007, with serial bonds of \$5,135,000 at rates varying from 4.00% to 4.125% due annually from October 1, 2008 through October 1, 2019.	525,000	1,095,000

**Notes to Financial Statements**


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**Note 5. Bonds Payable (continued)**

2008 Series A Bonds, dated June 5, 2008, with serial bonds of \$36,350,000 at rates varying from 3.00% to 5.00% due annually from October 1, 2010 through October 1, 2029. <i>On February 28, 2017, the Bank advance refunded \$24,330,000 of the outstanding bonds. The remaining bonds were due October 1, 2018 through October 1, 2029. On June 29, 2019, the Bank advance refunded \$3,765,000 of the outstanding bonds.</i>	-	4,040,000
2009 Series A Bonds, dated November 19, 2009, with serial bonds of \$9,935,000 at rates varying from 2.00% to 5.00% due annually from October 1, 2011 through October 1, 2030.	8,205,000	8,530,000
2012 Series A Bonds, dated June 14, 2012, with serial bonds of \$34,620,000 at rates varying from 0.55% to 5.00% due annually from October 1, 2014 through October 1, 2033.	27,440,000	28,730,000
2013 Series A Bonds, dated May 14, 2013, with serial bonds of \$35,780,000 at rates varying from 3.00% to 5.00% due annually from October 1, 2015 through October 1, 2034.	31,270,000	32,515,000
2013 Series B Refunding Bonds, dated June 26, 2013, with serial bonds of \$38,790,000 at rates varying from 3.00% to 5.00% due annually from October 1, 2015 through October 1, 2024	26,250,000	30,015,000
2014 Series A Bonds, dated December 4, 2014, with serial bonds of \$13,090,000 at rates varying from 2.00% to 5.00% due annually from October 1, 2016 through October 1, 2036 and term bonds of \$1,085,000 at 3.50% due October 1, 2025 and term bonds of \$3,350,000 at 5.00% due October 1, 2036.	11,950,000	12,490,000
2015 Series A Bonds, dated December 17, 2015, with serial bonds of \$22,640,000 at rates varying from 2% to 5% due annually from October 1, 2017 through October 1, 2037.	20,785,000	21,725,000
2017 Series A Bonds, dated February 28, 2017, with serial bonds of \$23,785,000 at rates varying from 2% to 5% due annually from October 1, 2018 through October 1, 2036. <i>The Bank's defeasance of the 2008A bonds resulted in economic present value savings of \$2,608,056 or 11%.</i>	22,675,000	23,785,000
2017 Series B Bonds, dated May 10, 2017, with serial bonds of \$11,350,000 at rates varying from 2% to 5% due annually from October 1, 2019 through October 1, 2036.	11,350,000	11,350,000
2018 Series A Bonds, dated June 19, 2018, with serial bonds of \$5,000,000 at a fixed rate of 2.76% due annually from October 1, 2018 through October 1, 2022.	4,038,590	5,000,000
2019 Series A Bonds, dated June 27, 2019, with serial bonds of \$31,600,000 at rates of 4.00% and 5% due annually from October 1, 2023 through October 1, 2039.	31,600,000	-
2019 Series B Refunding Bonds, dated June 27, 2018, with serial bonds of \$10,205,000 at rates varying from 2.07% to 2.76% due annually from October 1, 2019 through October 1, 2029. <i>The Bank's defeasance of the 2005A and 2008A bonds resulted in economic present value savings of \$1,127,646 or 12%.</i>	10,205,000	-

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

Municipal Road & Bridge	2019	2018
2018 Series A Bonds, dated June 20, 2018, with serial bonds of \$13,965,000 at rates varying from 2% to 5% due annually from October 1, 2019 through October 1, 2037.	13,965,000	13,965,000
2019 Series A Bonds, dated May 2, 2019, with serial bonds of \$15,440,000 at rates of 4% to 5% due annually from October 1, 2019 through October 1, 2035.	15,440,000	-
Efficient Buildings Fund	2019	2018
2018 Series A Bonds, dated November 29, 2018, with serial bonds of \$18,310,000 at rates varying from 3% to 5% due annually from October 1, 2019 through October 1, 2033.	18,310,000	-
Conduit Bonds	2019	2018
2008 Wastewater Revenue Bonds (City of Warwick), dated April 30, 2008, with serial bonds of \$4,000,000 at 4.85% due annually from March 1, 2009 through March 1, 2028	2,255,000	2,455,000
2011 Series A Bonds, (City of Newport), dated March 31, 2011 with serial bonds of \$10,345,000 at 4.30% due annually from September 1, 2011 through September 1, 2026	6,360,000	7,005,000
2012 Series A Bonds (City of Warwick), dated June 26, 2012, with serial bonds of \$2,400,000 at 3.285% due annually from August 1, 2012 through August 1, 2022.	1,051,000	1,294,000
2013 Series A Revenue Bonds (Town of Coventry), dated September 3, 2013 with serial bonds of \$8,225,000 at 4.25% due annually from September 1, 2014 through September 1, 2028. <i>The Bank's defeasance of the 2013 bonds did not result in economic savings to the Town of Coventry.</i>	-	6,505,000
2011 Series A Bonds, (City of Newport), dated September 30, 2011 with serial bonds of \$6,640,000 at 3.4% due annually from September 1, 2012 through September 1, 2027.	4,185,000	4,575,000
2015 Series Refunding Bonds (City of Pawtucket), dated December 18, 2015, with serial bonds of \$24,265,000 at rates varying from 3.5% to 5% due annually from October 1, 2025 through October 1, 2035. <i>The Bank's defeasance of the 2003A and 2003B bonds resulted in economic present value savings of \$4,237,086 or 16%.</i>	24,265,000	24,265,000
2017 Series Bonds (Cranston-Triton), dated January 31, 2017 with serial bonds of \$27,705,000 at 4.30% due annually from September 1, 2018 through September 1, 2022. <i>The Bank's defeasance of the 1997 bonds resulted in economic present value savings of \$1,127,085 or 4%.</i>	25,290,000	27,630,000
2018 Series A Refunding Revenue Bonds (Town of Coventry), dated August 30, 2018 with serial bonds of \$6,740,000 at 4.250% due annually from September 1, 2018 through September 1, 2028.	6,740,000	-
Subtotal	777,334,590	765,319,000
Bond premium, net of amortization	68,624,913	67,752,265
Total bonds payable	\$845,959,503	\$833,071,265



**Notes to Financial Statements**

**Note 5. Bonds Payable (continued)**

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

<b>2019</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
Long term debt:					
Revenue bonds	\$ 765,319,000	\$ 82,295,000	\$ 70,279,410	\$ 777,334,590	\$ 62,780,213
Plus bond premium, net of amortization	67,752,265	9,401,937	8,529,289	68,624,913	8,381,459
<b>Total long-term debt</b>	<b>\$ 833,071,265</b>	<b>\$ 91,696,937</b>	<b>\$ 78,808,699</b>	<b>\$ 845,959,503</b>	<b>\$ 70,041,672</b>

<b>2018</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
Long term debt:					
Revenue bonds	\$ 777,524,000	\$ 36,680,000	\$ 48,885,000	\$ 765,319,000	\$ 54,864,410
Plus bond premium, net of amortization	74,158,023	2,109,015	8,514,773	67,752,265	8,081,841
<b>Total long-term debt</b>	<b>\$ 851,682,023</b>	<b>\$ 38,789,015</b>	<b>\$ 57,399,773</b>	<b>\$ 833,071,265</b>	<b>\$ 62,946,251</b>

Annual principal and interest requirements are as follows for the year ending June 30, 2019:

<b>Years</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 55,553,213	\$ 29,330,211	\$ 84,883,424
2021	54,788,866	27,382,935	82,171,801
2022	53,356,500	25,131,534	78,488,034
2023	54,205,011	22,822,617	77,027,628
2024	47,880,000	20,498,052	68,378,052
2025 - 2029	209,485,000	71,411,034	280,896,034
2030 - 2034	161,510,000	29,419,788	190,929,788
2035 - 2039	57,135,000	6,128,634	63,263,634
2040 - 2044	1,700,000	1,102,600	2,802,600
2045	11,575,000	32,850	11,607,850
Subtotal	707,188,590	233,260,255	940,448,845
Conduit Bonds	70,146,000	18,402,786	88,548,786
<b>Total</b>	<b>\$ 777,334,590</b>	<b>\$ 251,663,041</b>	<b>\$ 1,028,997,631</b>

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

In prior years, the Bank defeased certain bonds in the same manner as described above. At June 30, 2019 and 2018, the Bank had \$83,515,000 and \$123,200,000 of bonds outstanding are considered defeased, respectively.

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

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

the defeased bonds is recorded as deferred outflows of resources on the statement of net position. The excess of the carrying value of the defeased bond over the reacquisition price is recorded as deferred inflows of resources on the same.

The deferred outflows were as follows at June 30:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Beginning balance – June 30, 2017	\$ 8,086,130	\$ 996,065
Additions	-	-
Reductions	(1,596,667)	(279,812)
Ending balance – June 30, 2018	<u>6,489,463</u>	<u>716,253</u>
Additions	-	116,742
Reductions	(1,110,645)	(98,579)
Ending balance – June 30, 2019	<u>\$ 5,378,818</u>	<u>\$ 734,416</u>

**Note 6. Notes Payable**

From time to time, the Bank utilizes short-term borrowing to provide interim financing to borrowers. On July 8, 2016, the Bank issued a short-term revenue bond anticipation note to Webster Bank, N.A. for \$17,345,000. The original note, which had a maturity date of December 1, 2017, was extended on November 22, 2017 to December 1, 2018. In addition, on December 13, 2017, the Bank issued a short-term revenue bond anticipation note to Webster Public Finance Corporation for \$6,000,000 with a maturity date of November 30, 2018. In each case, the notes were issued to fund EBF loans originated at the same time and to allow the Bank to combine other projects into one larger issue in a future bond issue. That inaugural EBF bond issue (2018 Series A Bonds), as described in Note 5 closed on November 29, 2018, the proceeds of which were utilized to pay off both notes.

In conjunction with issuing the \$17,345,000 note, the Bank purchased an interest rate cap (Cap) from the Bank of America (BOA) with a notional amount of \$28,158,000. The purpose of the Cap was to limit the Bank's exposure to long-term interest rates for the period between the execution date of the cap and when the Bank can sell bonds to reimburse itself for the note. The cap was terminated in conjunction with the bond issue and \$1,215,000 of the proceeds was utilized by the Bank to contribute capital into the transaction.

For the prior period, changes in fair value of the Cap were recorded in the income statement. The interest rate cap had a positive fair value at June 30, 2018, and was recorded in prepaid expenses, other assets and other receivables on the statement of net position.

**Note 7. Capitalization Grants**

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



**Notes to Financial Statements**


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**Note 7. Capitalization Grants (Continued)**

CWSRF including the determination of the type and extent of financial assistance to be provided to borrowers.

The Bank receives capitalization grants from the EPA for the CWSRF. These grants are used to fund the Bank's lending activities and to reimburse the DEM for up to 4% of the capitalization grant for expenses incurred for services they provide the Bank related to these lending activities. To obtain the Federal monies, the Bank must also obtain a commitment for state matching funds of 20% of the Federal award. The following is a table of the federal and state matching funds awarded to the Bank and the balances remaining for drawdown as of June 30:

Grant Year	Award	Balance Remaining for Drawdown
2017:		
Federal award	\$ 8,892,000	\$ 2,080,794
State match	\$ 1,778,400	\$ -
2018:		
Federal award	\$ 10,777,000	\$ 9,682,540
State match	\$ 2,155,400	\$ -

For 2019, the Bank has applied and been approved for a Federal award of \$10,669,000.

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

The Bank also receives capitalization grants from the EPA for the DWSRF. These grants are used to fund the Bank's lending activities and to provide funding for various improvement programs administered by the DOH – ostensibly to support water supplier's efforts to meet the minimum standards for quality outlined in the Federal Act. To obtain the Federal monies, the Bank must commit 20% of the Federal award in the form of State matching funds. The DWSRF allows the DOH to set-aside up to 31% of the annual capitalization grants in four accounts as follows: 1) 4% for program administration which is to be split between the DOH and the Bank, 2) up to 2% for technical assistance, 3) up to 10% for state program management, and 4) up to 15% for local assistance.

**Notes to Financial Statements**
**Note 7. Capitalization Grants (Continued)**

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

Grant Year	Award	Balance Remaining for Drawdown
2017:		
Federal award	\$ 8,241,000	\$ 1,231,164
State match	\$ 1,648,200	\$ -
2018:		
Federal award	\$ 11,107,000	\$ 9,809,426
State match	\$ 2,221,400	\$ 2,110,577

For 2019, the Bank has applied and been approved for a Federal award of \$11,004,000.

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

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

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

**Note 8. Deferred Compensation**

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

The Bank implemented the Governmental Accounting Standards Board, Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. All assets and income of the Plan are held in trust for the exclusive benefit of the participants and their beneficiaries. As a result, deferred compensation investments and the respective liability are not included in the Bank's financial statements for the years ended June 30, 2019 and 2018.

**Notes to Financial Statements**
**Note 8. Deferred Compensation (Continued)**

The Bank currently remits to the Plan administrator an amount equal to 10% of eligible employees' compensation (gross) monthly. The Board establish the contribution percentage on an annual basis. Employees immediately vest in the employer contributions, therefore, there are no employee forfeitures. The Bank's contribution totaled \$107,548 and \$85,062 for the years ended June 30, 2019 and 2018, respectively. Employees can make contributions to the Plan up to, but not exceeding, the lesser of 33 and 1/3% of their individual compensation or \$18,000 (\$24,000 if age 50 or older). There is no additional obligation incurred by the Bank. Employee contributions to the Plan for the years ended June 30, 2019 and 2018 were \$7,272 and \$9,452, respectively.

**Note 9. Operating Lease**

On June 1, 1998, the Bank executed a seven-year lease, with renewal options, for the rental of its corporate offices. During fiscal year 2013, the Bank renewed its existing lease agreement for a period of 5 years commencing July 1, 2013 and expiring June 30, 2018. During fiscal year 2016, the Bank amended its lease, increasing the square footage of the office by 1,366 square/feet effective February 1, 2016 and extending the term to January 31, 2021. The Bank incurred rent expense of \$121,419 and \$118,635 in 2019 and 2018, respectively. Future minimum lease payments under the operating lease are as follows:

Year Ending June 30:	Amount
2020	\$ 114,587
2021	116,879
	<u>\$ 343,806</u>

**Note 10. Property and Equipment**

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

	Balance at June 30, 2018	Additions	Retirements	Balance at June 30, 2019
<b>Cost</b>				
Computer equipment and software	\$ 455,051	\$ -	\$ 56,459	\$ 398,592
Furniture and fixtures	47,874	26,303	20,594	53,583
Equipment	55,736	-	20,198	35,538
Leasehold improvements	90,415	-	-	90,415
Total cost	<u>649,076</u>	<u>26,303</u>	<u>97,251</u>	<u>578,128</u>
<b>Accumulated depreciation</b>				
Computer equipment and software	(152,277)	(126,824)	(56,827)	(222,274)
Furniture and fixtures	(37,209)	(4,243)	(20,226)	(21,226)
Equipment	(41,262)	(5,790)	(20,198)	(26,854)
Leasehold improvements	(33,607)	(4,520)	-	(38,127)
Total accumulated depreciation	<u>(264,355)</u>	<u>(141,377)</u>	<u>(97,251)</u>	<u>(308,481)</u>
Net capital assets	<u>\$ 384,721</u>	<u>\$ (115,074)</u>	<u>\$ -</u>	<u>\$ 269,647</u>

**Notes to Financial Statements**
**Note 10. Property and Equipment (Continued)**

	Balance at June 30, 2017	Additions	Retirements	Balance at June 30, 2018
<b>Cost</b>				
Computer equipment and software	\$ 264,641	\$ 190,410	\$ -	\$ 455,051
Furniture and fixtures	47,874	-	-	47,874
Equipment	55,736	-	-	55,736
Leasehold improvements	90,415	-	-	90,415
Total cost	458,666	190,410	-	649,076
<b>Accumulated depreciation</b>				
Computer equipment and software	(67,316)	(84,960)	-	(152,277)
Furniture and fixtures	(32,780)	(4,430)	-	(37,209)
Equipment	(35,472)	(5,790)	-	(41,262)
Leasehold improvements	(29,087)	(4,520)	-	(33,607)
Total accumulated depreciation	(164,655)	(99,700)	-	(264,355)
Net capital assets	\$ 294,011	\$ 90,710	\$ -	\$ 384,721

**Note 11. Commitments and Contingencies**

The Bank receives grants from the EPA and the State to fund its loan program activities. These amounts are subject to audit and adjustment by the Federal government. Any disallowed claims, including amounts already collected may constitute a liability of the Bank. The EPA conducts annual fiscal and regulatory compliance reviews to determine that Bank activities follow EPA regulations. As of June 30, 2019 and 2018, no expenditures of the Bank have been disallowed. Management do not believe that any future disallowance of expenditures would be material.

Like other areas of the country, some Rhode Island communities continue to experience budget challenges. The impact of these economic conditions on the Bank's borrowers and their ability to continue to make timely loan repayments is difficult to determine; however, the loans are secured predominantly by revenues from essential water and sewer services. Some communities, particularly smaller communities, may generally be more vulnerable to the effects of downturns in the economy. The Bank continues to monitor the financial status of its borrowers as part of an overall loan portfolio monitoring process.

**Note 12. Risk Management**

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

**Note 13. Subsequent Events**

Management has evaluated potential subsequent events through September 20, 2019, the date the financial statements were issued, the following event is noted:

- As part of the fiscal year 2020 budget passed by the General Assembly, and signed by the Governor on July 5, 2019, the Bank is obligated to transfer to the State Controller \$4.0 million by June 30, 2020.

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

**RHODE ISLAND INFRASTRUCTURE BANK  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS)  
COMBINING SCHEDULE OF NET POSITION  
JUNE 30, 2019**

	Bank	Clean Water	RIMPCRF	DWSRF	MRBRF	WQPCF	EBF	Total
<b>Assets</b>								
Current assets:								
Cash, cash equivalents and investments	\$ 26,196,135	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,196,135
Unrestricted:								
Cash and cash equivalents								
Restricted:								
Cash and cash equivalents	806,766	114,555,623	16,613,405	69,231,804	48,311,628	4,095,892	17,530,418	271,145,536
Investments	-	54,549,485	-	17,051,111	8,471,449	-	4,227,007	84,299,052
Total restricted cash, cash equivalents and investments	806,766	169,105,108	16,613,405	86,282,915	56,783,077	4,095,892	21,757,425	355,444,588
Other current assets:								
Unrestricted:								
Prepaid expenses, other assets and other receivables	215,576	-	-	-	-	-	-	215,576
Restricted:								
Prepaid expenses, other assets and receivables	-	10,735,839	(10,735,839)	1,786	1,000	-	-	2,786
Service fees receivable	1,768,730	-	-	-	70,878	-	-	1,839,608
Loans receivable	1,148,000	61,368,322	2,750,000	21,275,086	2,992,000	-	2,132,000	91,665,408
Accrued interest receivable:								
Loans	189,518	4,829,659	89,403	2,919,044	287,872	-	199,207	8,514,703
Investments	(7,404)	1,293,500	15,616	1,299,829	229,565	-	103,944	2,935,150
Total current assets	30,317,321	247,332,428	8,732,585	111,778,660	60,364,492	4,095,892	24,192,576	485,813,954
Noncurrent assets:								
Unrestricted:								
Loans receivable	90,710,006	-	-	-	-	-	-	90,710,006
Capital assets - property and equipment, net	269,647	-	-	-	-	-	-	269,647
Total unrestricted noncurrent assets	90,979,653	-	-	-	-	-	-	90,979,653
Restricted:								
Loans receivable	-	686,834,724	16,091,733	365,083,941	66,777,557	-	27,879,000	1,161,666,955
Total noncurrent assets	90,979,653	686,834,724	16,091,733	365,083,941	66,777,557	-	27,879,000	1,252,646,608
<b>Total assets</b>	<b>121,296,974</b>	<b>934,167,152</b>	<b>24,824,318</b>	<b>476,862,601</b>	<b>126,142,049</b>	<b>4,095,892</b>	<b>52,071,576</b>	<b>1,739,460,562</b>
<b>Deferred Outflows of Resources</b>								
		4,333,880	-	1,044,938	-	-	-	5,378,818
<b>Liabilities</b>								
Current liabilities								
Project costs payable	900,680	67,233,075	7,874,146	55,932,122	36,671,937	-	7,856,917	176,468,877
Bonds payable	7,227,000	46,866,150	-	14,235,190	1,612,004	-	1,229,328	71,161,672
Accrued interest payable	-	5,113,028	-	1,723,339	257,660	-	208,363	7,302,390
Accounts payable and accrued expenses	268,277	71,538	3,232	267,335	9,991	-	1,549	611,922
Accrued arbitrage rebate	8,395,957	386,572	-	-	-	-	-	386,572
Total current liabilities	13,802,914	119,662,363	7,877,378	72,157,986	38,551,592	-	9,296,157	255,931,433
Noncurrent liabilities:								
Bonds payable	62,919,000	452,350,216	-	209,944,278	30,802,686	-	18,781,651	774,797,831
Accrued arbitrage rebate	-	1,154,700	-	93,975	-	-	-	1,248,675
Total noncurrent liabilities	62,919,000	453,504,916	-	210,038,253	30,802,686	-	18,781,651	776,046,506
<b>Total liabilities</b>	<b>71,304,957</b>	<b>573,167,279</b>	<b>7,877,378</b>	<b>282,196,239</b>	<b>69,354,278</b>	<b>-</b>	<b>28,077,808</b>	<b>1,031,977,939</b>
<b>Deferred Inflows of Resources</b>								
		617,674	-	116,742	-	-	-	734,416
<b>Net Position</b>								
Net investments in capital assets	269,647	-	-	-	-	-	-	269,647
Restricted for program purposes	49,722,370	364,716,079	16,946,940	195,594,558	56,787,771	4,095,892	23,983,768	662,135,008
Unrestricted	49,992,017	364,716,079	16,946,940	195,594,558	56,787,771	4,095,892	23,983,768	712,127,025
<b>Total net position</b>	<b>\$ 49,992,017</b>	<b>\$ 364,716,079</b>	<b>\$ 16,946,940</b>	<b>\$ 195,594,558</b>	<b>\$ 56,787,771</b>	<b>\$ 4,095,892</b>	<b>\$ 23,983,768</b>	<b>\$ 712,127,025</b>

RHODE ISLAND INFRASTRUCTURE BANK  
 (A COMPONENT UNIT OF THE STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS)  
 COMBINING SCHEDULE OF NET POSITION  
 JUNE 30, 2018

	Bank	Clean Water	RWPCRF	DWSRF	MRBRF	WQPCF	EBF	Total
<b>Assets</b>								
Current assets:								
Cash, cash equivalents and investments	\$ 26,872,936	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,872,936
Unrestricted:								
Cash and cash equivalents	61,763	146,803,170	6,282,026	56,474,289	34,538,194	3,062,603	15,996,535	263,218,690
Investments	62	58,483,437	-	17,411,328	-	-	-	75,968,987
Total unrestricted cash, cash equivalents and investments	61,825	205,286,607	6,282,026	73,885,617	34,538,194	3,062,603	15,996,535	339,113,467
Restricted:								
Cash and cash equivalents	164,373	-	-	-	-	-	-	164,373
Investments	-	7,380,587	(7,380,587)	1,786	-	-	1,203,482	1,205,268
Service fees receivable	1,790,598	-	-	10,276	47,455	-	-	1,848,329
Loans receivable	1,127,000	59,605,362	2,700,000	19,612,885	2,237,000	-	-	85,282,047
Accrued interest receivable:								
Loans	184,908	4,958,012	97,492	2,755,309	189,746	-	179,578	8,375,045
Investments	(4,097)	1,447,541	452	679,597	23,576	-	(2,835)	2,144,234
Total current assets	30,207,543	278,678,169	1,699,383	96,945,270	37,035,971	3,062,603	17,376,760	485,005,899
Noncurrent assets:								
Unrestricted:								
Loans receivable	95,441,005	-	-	-	-	-	-	95,441,005
Capital assets - property and equipment, net	384,721	-	-	-	-	-	-	384,721
Total unrestricted noncurrent assets	95,825,726	-	-	-	-	-	-	95,825,726
Restricted:								
Loans receivable	-	706,884,988	9,165,916	316,725,717	44,760,315	-	27,828,000	1,105,364,936
Total noncurrent assets	95,825,726	706,884,988	9,165,916	316,725,717	44,760,315	-	27,828,000	1,201,190,662
<b>Total assets</b>	<b>126,033,269</b>	<b>985,563,157</b>	<b>10,865,299</b>	<b>413,670,987</b>	<b>81,796,286</b>	<b>3,062,603</b>	<b>45,204,760</b>	<b>1,686,196,361</b>
<b>Deferred Outflows of Resources</b>	<b>-</b>	<b>5,260,676</b>	<b>-</b>	<b>1,228,787</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,489,463</b>
<b>Liabilities</b>								
Current liabilities								
Project costs payable	1,820,506	91,275,163	595,417	27,567,891	23,277,652	-	7,647,627	152,164,256
Bonds payable	4,293,000	45,778,653	-	12,823,107	51,291	-	-	62,946,251
Notes payable	-	-	-	-	-	-	23,345,000	23,345,000
Accrued interest payable	288,099	5,508,930	-	1,889,418	16,618	-	153,494	7,568,460
Accounts payable and accrued expenses	-	76,370	-	246,564	226,112	-	5,592	842,757
Accrued arbitrage rebate	-	132,022	-	-	-	-	-	132,022
Total current liabilities	6,401,605	142,771,938	595,417	42,527,000	23,571,673	-	31,151,713	247,018,746
Noncurrent liabilities:								
Bonds payable	69,436,000	499,241,797	-	186,150,589	15,286,618	-	-	770,125,014
Accrued arbitrage rebate	-	1,074,652	-	74,797	-	-	-	1,089,449
Total noncurrent liabilities	69,436,000	500,256,449	-	186,225,386	15,286,618	-	-	771,214,463
<b>Total liabilities</b>	<b>75,837,605</b>	<b>643,027,787</b>	<b>595,417</b>	<b>228,752,386</b>	<b>38,868,291</b>	<b>-</b>	<b>31,151,713</b>	<b>1,018,233,209</b>
<b>Deferred Inflows of Resources</b>	<b>-</b>	<b>716,253</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>716,253</b>
<b>Net Position</b>								
Net investments in capital assets	384,721	-	-	-	-	-	-	384,721
Restricted for program purposes	-	347,079,793	10,269,862	186,147,378	42,927,995	3,062,603	14,065,047	603,540,698
Unrestricted	49,810,943	-	-	-	-	-	-	49,810,943
<b>Total net position</b>	<b>50,195,664</b>	<b>347,079,793</b>	<b>10,269,862</b>	<b>186,147,378</b>	<b>42,927,995</b>	<b>3,062,603</b>	<b>14,065,047</b>	<b>653,736,362</b>

**RHODE ISLAND INFRASTRUCTURE BANK  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS)  
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2019**

	Bank	Clean Water	RIWPCRF	DWSRF	MRBRF	WQPCF	EBF	Total
<b>Operating revenues:</b>								
Interest income - loans	\$ 571,254	\$ 14,032,748	\$ 248,559	\$ 8,450,875	\$ 759,111	\$ -	\$ 578,263	\$ 24,640,910
Interest income - Investments	585,231	4,985,782	125,565	2,004,248	920,795	21,921	441,220	9,084,762
Loan servicing fees	5,319,693	-	-	-	187,131	-	-	5,506,824
Loan origination fees	494,500	392,650	100,000	245,500	240,000	-	16,975	1,489,625
Grant income - program administration	-	-	-	2,582,228	-	-	-	2,582,228
Total operating revenues	<u>6,970,678</u>	<u>19,411,180</u>	<u>474,124</u>	<u>13,282,851</u>	<u>2,107,037</u>	<u>21,921</u>	<u>1,036,458</u>	<u>43,304,249</u>
<b>Operating expenses:</b>								
Interest expense, net	-	15,445,861	-	5,824,506	490,107	-	484,472	22,244,946
Program administration, partner agencies	-	349,663	-	3,768,753	-	-	-	4,118,416
Principal forgiveness	-	959,023	-	1,174,624	-	-	-	2,133,647
Personnel	1,660,530	-	-	-	-	-	-	1,660,530
Debt issuance	15,545	54,317	25,000	546,131	274,232	-	386,922	1,302,147
Professional services	496,407	-	-	-	-	-	38,218	534,625
Legal	247,323	-	-	-	-	-	-	247,323
Correspondent and trustee	245,514	-	-	4	-	-	-	245,518
Information technology	147,619	-	-	-	-	-	-	147,619
Marketing	123,891	-	-	-	-	-	-	123,891
Audit and accounting	71,533	-	-	-	-	-	-	71,533
Financial advisory	48,333	-	-	3,500	-	-	-	51,833
Office expense	170,727	-	-	-	-	-	-	170,727
Depreciation	141,377	-	-	-	-	-	-	141,377
Insurance	31,778	-	-	-	-	-	-	31,778
Business and travel	19,367	-	-	-	-	-	-	19,367
Dues and subscriptions	6,731	-	-	-	-	-	-	6,731
Seminars	4,188	-	-	-	-	-	-	4,188
Total operating expenses	<u>3,430,893</u>	<u>16,808,864</u>	<u>25,000</u>	<u>11,317,518</u>	<u>764,339</u>	<u>-</u>	<u>909,612</u>	<u>33,256,196</u>
<b>Operating income</b>	3,539,815	2,602,316	449,124	1,965,333	1,342,698	21,921	126,846	10,048,053
<b>Non-operating revenue:</b>								
Grant income and other contributed capital	833,476	11,302,072	10,000,009	6,678,603	12,517,078	1,011,368	10,000,004	52,342,610
<b>Non-operating expenses:</b>								
Intergovernmental transactions	4,000,000	-	-	-	-	-	-	4,000,000
<b>Change in net position</b>	373,291	13,904,388	10,449,133	8,643,936	13,859,776	1,033,289	10,126,850	58,390,663
Transfer from (to) other funds	(576,988)	3,731,898	(3,772,075)	803,244	-	-	(186,129)	-
<b>Net position, beginning of the year</b>	50,195,664	347,079,793	10,269,882	186,147,378	42,927,995	3,062,603	14,053,047	653,736,362
<b>Net position, end of the year</b>	<u>\$ 49,992,017</u>	<u>\$ 364,716,079</u>	<u>\$ 16,946,940</u>	<u>\$ 195,594,558</u>	<u>\$ 56,787,771</u>	<u>\$ 4,095,892</u>	<u>\$ 23,993,768</u>	<u>\$ 712,127,025</u>

**RHODE ISLAND INFRASTRUCTURE BANK  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS)  
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2018**

	Bank	Clean Water	RIWPCRF	DWSRF	MIRBRF	WQPCF	EBF	Total
<b>Operating revenues:</b>								
Interest income - loans	\$ 846,657	\$ 14,442,981	\$ 304,478	\$ 8,125,671	\$ 544,181	\$ -	\$ 434,585	\$ 24,698,553
Interest income - Investments	273,313	3,595,299	10,906	1,264,620	219,512	-	129,859	5,493,509
Loan servicing fees	5,813,816	-	-	-	(368,401)	-	-	5,455,415
Loan origination fees	106,450	284,365	-	190,500	250,000	-	-	831,315
Grant income - program administration	950,606	1,520,588	-	1,520,588	-	-	-	2,471,194
Total operating revenues	<u>7,990,842</u>	<u>18,322,645</u>	<u>315,384</u>	<u>11,101,379</u>	<u>655,292</u>	<u>-</u>	<u>564,444</u>	<u>38,949,986</u>
<b>Operating expenses:</b>								
Interest expense, net	(711,040)	17,151,829	-	6,194,061	123,907	-	156,897	22,915,654
Program administration, partner agencies	399,039	795,950	-	926,696	-	-	-	2,121,685
Principal forgiveness	-	1,010,487	-	899,416	-	-	-	1,909,903
Personnel	1,446,083	-	-	-	-	-	-	1,446,083
Debt issuance	80,744	335,608	-	173,386	420,046	-	135,160	1,144,944
Professional services	429,662	-	-	-	-	-	45,398	475,060
Legal	240,129	-	-	-	-	-	-	240,129
Correspondent and trustee	277,970	-	-	-	-	-	-	277,970
Information technology	201,262	-	-	-	-	-	-	201,262
Marketing	107,090	-	-	-	-	-	-	107,090
Audit and accounting	101,820	-	-	-	-	-	-	101,820
Financial advisory	55,270	-	-	-	-	-	-	55,270
Office expense	174,164	-	-	-	-	-	-	174,164
Depreciation	98,700	-	-	-	-	-	-	99,700
Insurance	29,405	-	-	-	-	-	-	29,405
Business and travel	26,247	-	-	-	-	-	-	26,247
Dues and subscriptions	17,364	-	-	-	-	-	-	17,364
Seminars	755	-	-	-	-	-	-	755
Total operating expenses	<u>2,972,664</u>	<u>19,293,874</u>	<u>-</u>	<u>8,193,559</u>	<u>543,953</u>	<u>-</u>	<u>337,455</u>	<u>31,341,505</u>
<b>Operating income</b>	5,018,178	(971,229)	315,384	2,907,820	111,339	-	226,989	7,608,481
<b>Non-operating revenue:</b>								
Grant income and other contributed capital	88,939	15,632,110	-	9,128,279	6,545,997	890,001	5,000,000	37,285,326
<b>Non-operating expenses:</b>								
Intergovernmental transactions	3,500,000	-	-	-	-	-	-	3,500,000
<b>Change in net position</b>	1,607,117	14,660,881	315,384	12,036,099	6,657,386	890,001	5,226,989	41,393,807
<b>Transfer from (to) other funds</b>	(4,923,390)	4,713,908	(2,764,529)	1,235,286	518,987	39,852	1,179,906	-
<b>Net position, beginning of the year</b>	<u>53,511,937</u>	<u>327,705,004</u>	<u>12,719,027</u>	<u>172,875,993</u>	<u>35,751,682</u>	<u>2,132,750</u>	<u>7,646,152</u>	<u>612,342,555</u>
<b>Net position, end of the year</b>	<u>\$ 50,195,664</u>	<u>\$ 347,079,793</u>	<u>\$ 10,269,882</u>	<u>\$ 186,147,378</u>	<u>\$ 42,927,985</u>	<u>\$ 3,062,603</u>	<u>\$ 14,053,047</u>	<u>\$ 653,736,362</u>



**RHODE ISLAND INFRASTRUCTURE BANK  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS)  
SCHEDULE OF MUNICIPAL ROAD AND BRIDGE REVOLVING FUND -  
OUTSTANDING LOAN BALANCES BY COMMUNITY  
YEAR ENDED JUNE 30, 2019**

<u>Borrower</u>	<u>Total Loans Receivable</u>	<u>Project Costs Disbursed</u>	<u>Project Costs Payable</u>
Barrington	\$ 3,500,000	\$ 50,000	\$ 3,450,000
Bristol	1,469,000	1,469,000	-
Burrillville	476,000	211,774	264,226
Central Falls	1,500,000	15,000	1,485,000
Coventry	937,000	924,576	12,424
Cranston	1,597,000	1,597,000	-
Cumberland	466,042	272,941	193,101
East Greenwich	6,141,000	4,914,197	1,226,803
East Providence	761,000	761,000	-
Hopkinton	171,000	103,104	67,896
Middletown	5,000,000	3,730,811	1,269,189
New Shoreham	892,000	810,708	81,292
Newport	925,000	925,000	-
Pawtucket	16,901,000	13,953,674	2,947,326
Providence Public Building Authority	9,596,000	270,162	9,325,838
Warwick	1,335,000	1,102,608	232,392
Warren	2,000,000	-	2,000,000
Westerly	15,000,000	883,548	14,116,452
West Warwick	102,515	102,515	-
<b>Total</b>	<b>\$ 68,769,557</b>	<b>\$ 32,097,618</b>	<b>\$ 36,671,939</b>

**RHODE ISLAND INFRASTRUCTURE BANK**  
**(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS)**  
**STATE REQUIRED STATEMENTS OF NET POSITION**  
**JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 26,196,135	\$ 26,872,936
Investments	-	-
Receivables (net)	13,289,461	12,367,608
Restricted assets:		
Cash and cash equivalents	271,145,536	263,218,580
Investments	84,299,052	75,894,887
Receivables (net)	91,665,408	85,282,047
Other assets	218,362	1,369,641
Due from primary government	-	-
Due from other component units	-	-
Due from other governments	-	-
Inventories	-	-
Other assets	-	-
<b>Total current assets</b>	<u>486,813,954</u>	<u>465,005,699</u>
Noncurrent assets:		
Investments	-	-
Receivables (net)	90,710,006	95,441,005
Restricted assets:		
Cash and cash equivalents	-	-
Investments	-	-
Receivables (net)	1,161,666,955	1,105,364,939
Other assets	-	-
Due from other component units	-	-
Capital assets - nondepreciable	-	-
Capital assets - depreciable (net)	269,647	384,721
Other assets, net of amortization	-	-
<b>Total noncurrent assets</b>	<u>1,252,646,608</u>	<u>1,201,190,665</u>
<b>Total assets</b>	<u>1,739,460,562</u>	<u>1,666,196,364</u>
Deferred Outflows of Resources		
Hedging instruments	-	-
Deferred loss on refunding of debt	5,378,818	6,489,463
Deferred pension amounts	-	-
Other deferred outflows of resources	-	-
<b>Total deferred outflows of resources</b>	<u>5,378,818</u>	<u>6,489,463</u>

**RHODE ISLAND INFRASTRUCTURE BANK**  
**(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS)**  
**STATE REQUIRED STATEMENTS OF NET POSITION (CONTINUED)**  
**JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>Liabilities</b>		
Current liabilities:		
Cash overdraft	\$ -	\$ -
Accounts payable	611,922	842,760
Due to primary government	-	-
Due to other component units	-	-
Due to other governments	-	-
Unearned revenue	-	-
Other current liabilities	184,157,839	183,229,738
Current portion of long-term debt	71,161,672	62,946,251
<b>Total current liabilities</b>	<u>255,931,433</u>	<u>247,018,749</u>
Noncurrent liabilities:		
Due to primary government	-	-
Due to other component units	-	-
Due to other governments	-	-
Net pension liability	-	-
Net OPEB obligation	-	-
Unearned revenue	-	-
Notes payable	-	-
Loans payable	-	-
Obligations under capital leases	-	-
Compensated absences	-	-
Bonds payable	774,797,831	770,125,014
Other liabilities	1,248,675	1,089,449
<b>Total noncurrent liabilities</b>	<u>776,046,506</u>	<u>771,214,463</u>
<b>Total liabilities</b>	<u>1,031,977,939</u>	<u>1,018,233,212</u>
Deferred Inflows of Resources		
Deferred gain on refunding of debt	734,416	716,253
Deferred pension amounts	-	-
<b>Total deferred inflows of resources</b>	<u>734,416</u>	<u>716,253</u>
<b>Net Position</b>		
Net investment in capital assets	269,647	384,721
Restricted for:		
Debt	-	-
Other	662,135,008	603,540,701
Unrestricted	49,722,370	49,810,940
<b>Total net position</b>	<u>\$ 712,127,025</u>	<u>\$ 653,736,362</u>

**RHODE ISLAND INFRASTRUCTURE BANK  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS)  
STATE REQUIRED STATEMENT OF ACTIVITIES  
YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Expenses	\$ 37,256,196	\$ 34,841,505
Program Revenues		
Charges for services	6,996,449	6,286,730
Operating grants and contributions	2,582,228	2,471,194
Capital grants and contributions	52,342,610	37,285,326
<b>Total program revenues</b>	<u>61,921,287</u>	<u>46,043,250</u>
<b>Net (expenses) revenues</b>	<u>24,665,091</u>	<u>11,201,745</u>
General Revenues		
Interest and investment earnings	33,725,572	30,192,062
Miscellaneous revenue	-	-
<b>Total general revenues</b>	<u>33,725,572</u>	<u>30,192,062</u>
Special items	-	-
Extraordinary items	-	-
<b>Change in net position</b>	58,390,663	41,393,807
<b>Total net position - beginning</b>	<u>653,736,362</u>	<u>612,342,555</u>
<b>Total net position - ending</b>	<u>\$ 712,127,025</u>	<u>\$ 653,736,362</u>

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

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Fiscal Year Ending 30-Jun	Long Term Debt	
	Principal	Interest
2020	\$ 62,780,213	\$ 31,873,443
2021	62,397,866	29,661,906
2022	60,976,500	27,144,976
2023	64,010,011	24,516,841
2024	49,865,000	22,043,401
2025-2029	225,460,000	77,024,327
2030-2034	176,200,000	31,924,166
2035-2039	62,370,000	6,338,531
2040-2044	1,700,000	1,102,600
2045	11,575,000	32,850
	<u>\$ 777,334,590</u>	<u>\$ 251,663,041</u>

**RHODE ISLAND INFRASTRUCTURE BANK  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS)  
STATE REQUIRED SCHEDULE OF CHANGES IN LONG-TERM DEBT  
YEAR ENDED JUNE 30, 2019**

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due Thereafter
Bonds and leases payable, restricted	\$ 765,319,000	\$ 82,295,000	\$ 70,279,410	\$ 777,334,590	\$ 62,780,213	\$ 714,554,377
Net unamortized premium / discount	67,752,265	9,401,937	8,529,289	68,624,913	8,381,459	60,243,454
<b>Bonds payable</b>	<u>833,071,265</u>	<u>91,696,937</u>	<u>78,808,699</u>	<u>845,959,503</u>	<u>71,161,672</u>	<u>774,797,831</u>
Notes payable	-	-	-	-	-	-
Loans payable	-	-	-	-	-	-
Obligations under capital leases	-	-	-	-	-	-
Net OPEB liability	-	-	-	-	-	-
Net pension obligation	-	-	-	-	-	-
Due to primary government	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-
Due to other governments and agencies	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Compensated absences	-	-	-	-	-	-
Reported as other liabilities						
Arbitrage rebate	1,221,471	413,776	-	1,635,247	386,572	1,248,675
Pollution remediation	-	-	-	-	-	-
Items not listed above	-	-	-	-	-	-
<b>Other liabilities</b>	<u>1,221,471</u>	<u>413,776</u>	<u>-</u>	<u>1,635,247</u>	<u>386,572</u>	<u>1,248,675</u>
	<u>\$ 834,292,736</u>	<u>\$ 92,110,713</u>	<u>\$ 78,808,699</u>	<u>\$ 847,594,750</u>	<u>\$ 71,548,244</u>	<u>\$ 776,046,506</u>

**RHODE ISLAND INFRASTRUCTURE BANK  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS)  
STATE REQUIRED SCHEDULE OF CHANGES IN LONG-TERM DEBT  
YEAR ENDED JUNE 30, 2018**

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due Thereafter
Bonds and leases payable, restricted	\$ 777,524,000	\$ 36,680,000	\$ 48,885,000	\$ 765,319,000	\$ 54,864,410	\$ 710,454,590
Net unamortized premium / discount	74,158,023	2,109,015	8,514,773	67,752,265	8,081,841	59,670,424
<b>Bonds payable</b>	<u>851,682,023</u>	<u>38,789,015</u>	<u>57,399,773</u>	<u>833,071,265</u>	<u>62,946,251</u>	<u>770,125,014</u>
Notes payable	-	-	-	-	-	-
Loans payable	-	-	-	-	-	-
Obligations under capital leases	-	-	-	-	-	-
Net OPEB liability	-	-	-	-	-	-
Net pension obligation	-	-	-	-	-	-
Due to primary government	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-
Due to other governments and agencies	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Compensated absences	-	-	-	-	-	-
Reported as other liabilities						
Arbitrage rebate	1,821,831	423,682	1,024,042	1,221,471	132,022	1,089,449
Pollution remediation	-	-	-	-	-	-
Items not listed above	-	-	-	-	-	-
<b>Other liabilities</b>	<u>1,821,831</u>	<u>423,682</u>	<u>1,024,042</u>	<u>1,221,471</u>	<u>132,022</u>	<u>1,089,449</u>
<b>\$</b>	<u>\$ 853,503,854</u>	<u>\$ 39,212,697</u>	<u>\$ 58,423,815</u>	<u>\$ 834,292,736</u>	<u>\$ 63,078,273</u>	<u>\$ 771,214,463</u>

**RHODE ISLAND INFRASTRUCTURE BANK  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS)  
STATE REQUIRED SCHEDULE OF TRAVEL AND ENTERTAINMENT  
YEAR ENDED JUNE 30, 2019**

<b>Traveler(s)</b>	<b>Date(s)</b>	<b>Location</b>	<b>Amount</b>	<b>Purpose</b>
Executive Director	July 9 - 11, 2019	Washington, DC	\$ 455.60	Green Bank Summit (for travel in FY2020)
Executive Director	July 16 - 17, 2019	New York, NY	794.25	UN SDG 13 event - banker meeting (for travel in FY2020)
Executive Director	September 24, 2018	New York, NY	226.00	HSBC Sustainability Conference, Environmental Finance Conference (Speaker Engagement)
Executive Director, Chief Operating Officer, and Director, Program Operations	November 6 - 9, 2018	Albuquerque, NM	3,222.11	CIFA Conference
Executive Director	November 8 - 9, 2018	Dallas, TX	1,248.44	CDFA Conference
Executive Director	November 26 - 30, 2018	Shanghai, China	829.91	Green Bank Congress
Various	December 20, 2018	Providence, RI	304.77	Lunch meeting
Director, Stormwater and Resiliency	March 20 - 22, 2019	Baltimore, MD	458.06	Climate Leadership Conference
Executive Director	April 3 - 5, 2019	Austin, TX	1,233.20	PACENation Summit
Executive Director	April 22 - 25, 2019	Washington, DC	1,298.16	CIFA - Water Infrastructure Investment Conference
			<u>10,070.50</u>	
Other incidental travel and entertainment			<u>3,319.50</u>	
Total			\$ <u><u>13,390.00</u></u>	



**Attachment E**

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**Sample Credit Review**

**RHODE ISLAND INFRASTRUCTURE BANK**  
**Borrower Approval Memo**  
**City of Woonsocket, Rhode Island**  
**Safe Drinking Water Revolving Fund Program**  
**September 18, 2018**

**LOAN SUMMARY:**

**Borrower:** City of Woonsocket, Rhode Island  
**Loan Request:** \$18,500,000  
**Program:** Safe Drinking Water Revolving Fund Program  
**Use of Proceeds:** Finance a portion of the design and construction of a new \$65 million water treatment plant and costs of issuance.  
**Security:** Revenue Pledge  
**Credit Rating:** City Water Revenue Pledge Rating: S&P "A"  
City underlying General Obligation Ratings: Moody's "Ba3"/Fitch "BBB+"  
**Structure:** Fixed Rate loan with up to 20-year amortization.

**BORROWER FINANCIAL SUMMARY:**

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**Strengths:**

- Legal structure – Security provided by the Trust Indenture
- History of stable operating performance
- Healthy debt service coverage, which is expected to decline with added new debt
- Municipal Bond Insurance expected to secure debt service payments

**Mitigating Factors/Challenges:**

- Slightly above average debt profile when including total \$65 million project.
- Below-average service area demographics
- Estimated water rate increases totaling approximately 47% (over a five-year period)

**AUDITED FINANCIAL SUMMARY (WATER FUND):**

<b>Audited Financial Report:</b>	June 30, 2017
<b>Auditing Firm:</b>	Hague, Sahady & Co., P.C.
<b>Fiscal Year 2017 Net Position - Unrestricted:</b>	\$10,700,741
<b>Fiscal Year 2017 Revenue:</b>	\$8,186,937
<b>RIIB Debt Outstanding:</b>	
<b>Sewer:</b>	\$40,177,944
<b>Water:</b>	\$22,490,723
<b>Undrawn RIIB Funds</b>	
<b>CW 2015</b>	\$850,244 (Original Par \$14 Million)
<b>DW 2018</b>	\$2,256,754 (Original Par \$12.5 Million)

## I. INTRODUCTION

Woonsocket, the sixth largest municipality in the State by population, was incorporated in 1888. The City has an area of 7.9 square miles located in northern Rhode Island within a strategic triangle - 15 miles from Providence, Rhode Island; 35 miles from Boston, Massachusetts; and 25 miles from Worcester, Massachusetts.

The City operates under a Home Rule Charter, adopted in 1952, and amended from time to time, providing for a mayor/council form of government. The City is governed by a Mayor and a seven-member City Council.

The members of the City Council are elected for a term of two years each and elect one of their members as Council President. All legislative powers of the City are vested in the City Council, subject to the constitution of the State and the provisions of the Home Rule Charter. The Home Rule Charter grants the City Council the authority to enact, amend or repeal ordinances relating to all local governmental matters.

The City has a municipally-owned water system. Its three reservoirs give the City adequate water supply for all industrial, commercial, and residential consumption. The combined capacity of the three reservoirs is approximately 1.2 billion gallons with a current consumption rate of 3,500,000 gallons per day. A new water treatment facility is being built to meet future needs. Construction began in 2018. The water system consists of a water treatment plant, reservoirs, transmission lines that service the City and portions of the surrounding communities of Bellingham and Blackstone, Massachusetts, and Cumberland and North Smithfield, Rhode Island. The water system is presently operating as an enterprise fund and accordingly presents its financial statements on the accrual basis method of accounting as prescribed for self-supporting governmental units

On September 5, 2017, an ordinance was passed by the City Council that approved the Woonsocket Water Division (WWD) to design, construct and equip a new water treatment plant through the issuance of revenue bonds not to exceed \$65,000,000. The new treatment plant, expected to be completed in the fall of 2020, is the result of a Rhode Island Department of Environmental Planning (RIDEM) mandate that the WWD replace its existing water treatment plant, which was built in 1962, with a new facility that meets current RIDEM regulations. On November 27, 2017, the WWD received approval from Rhode Island Public Utilities Commission (RIPUC) to enter into long-term debt and issue \$12,500,000 in revenue bonds from the Rhode Island Infrastructure Bank, principally to cover engineering services for plant design and to fund initial plant construction costs. In 2018, RIPUC approved the \$44,750,000 for the second two phases of the project.

### A. Litigation: The following is an excerpt from the City's January 26, 2018 Continuing Disclosure Report

The City is involved in several lawsuits and claims. Both City officials and their legal counsel are unable to express an opinion as to the ultimate outcome of the cases, and no provision for loss has been made in the City's financial statements except as set forth below. It is the opinion of both the City officials and their legal counsel that the results of the cases would have no materially adverse effect on the City's financial position. However, the following case should be noted.

In the matter of Glen Hebert et. al. v City of Woonsocket et. al. (PC 2013-3287), the City appealed the February 4, 2016 Rhode Island Superior Court decision against the City to the Rhode Island Supreme Court on March 14, 2016. The Superior Court determined that the City and its Budget Commission had improperly either modified or cancelled police retirees' health benefits and ordered that any such health benefit reductions be restored. The case remains unchanged from last year; it was certified to the Supreme Court on January 19, 2017. The fiscal impact on the City would be significant but difficult to estimate.

The amount due and owing to the Plaintiffs through June 30, 2017 is \$624,466, which has been recorded on the City's financial statements as a liability. Future costs to the City would include the cost of previously paid and future co-pays and deductibles by this group of retirees as well as potential other groups who were not covered by a previous settlement agreement.

## II. EMPLOYEE RETIREMENT PLANS AND OPEB

The City's plan summaries can be found in the Appendix A.

## III. DEBT ANALYSIS

### A. Outstanding Debt and Debt Service Schedule

The outstanding water debt of the City for the fiscal years ended June 30, 2014 through 2018 was as follows:

Clean Water Loans	2014	2015	2016	2017	2018*
5/13/2003	\$ 6,435,000	\$ 5,955,000	\$ 5,455,000	\$ 4,935,000	\$ 4,400,000
3/23/2005	2,690,000	2,505,000	2,314,000	2,117,000	1,913,000
6/6/2013	4,399,000	4,219,000	4,037,000	3,853,000	3,667,000
1/1/2017	-	-	-	-	12,500,000
<b>Outstanding Balance</b>	<b>\$ 13,524,000</b>	<b>\$ 12,679,000</b>	<b>\$ 11,806,000</b>	<b>\$ 10,905,000</b>	<b>\$ 22,480,000</b>

Unaudited.

### B. Security for Borrowing/Financing Plan

The security for the loan is a revenue pledge from the City of Woonsocket Water Fund. Based on the revenue nature of this proposed RIIB loan, only the Water Fund has the obligation to repay the Bank. The City's trust indenture with the Bank has covenants typical of a revenue pledge such as a debt service coverage test, a debt service reserve fund and an additional bonds test. The City is required to raise rates to meet debt service on any Bank water loans.

### C. Pro-forma Debt Service

Calendar Year	Existing & Phase 1 WTP Debt Service	Phase 2 WTP Debt Service	Phase 3 WTP Debt Service	Phase 3 CAPI	Total
2018	\$ 1,397,762	\$ -	\$ -	\$ -	\$ 1,397,762
2019	1,558,877	555,524	571,213	(482,573)	2,203,041
2020	1,558,861	512,791	1,003,105	(864,740)	2,210,017
2021	1,558,846	512,791	1,003,105	(268,069)	2,806,673
2022	2,268,959	1,359,791	1,003,105	(631,260)	4,000,595
2023	2,317,864	1,359,244	1,271,105	-	4,948,213
2024	2,314,030	1,359,737	1,274,516	-	4,948,283
2025	1,560,405	1,358,975	2,028,351	-	4,947,731
2026	1,286,923	1,359,895	2,301,473	-	4,948,291
2027	1,283,410	1,359,208	2,305,093	-	4,947,711
2028	1,279,700	1,359,388	2,308,621	-	4,947,709
2029	1,276,432	1,359,554	2,312,084	-	4,948,070
2030	1,272,073	1,359,345	2,316,389	-	4,947,807
2031	1,268,638	1,359,747	2,319,457	-	4,947,842
2032	1,263,917	1,359,491	2,323,948	-	4,947,356
2033	1,260,589	1,359,101	2,328,049	-	4,947,739
2034	965,651	1,359,620	2,622,799	-	4,948,070
2035	962,129	1,358,983	2,626,794	-	4,947,906
2036	956,931	1,359,137	2,631,789	-	4,947,857
2037	953,124	1,359,079	2,635,741	-	4,947,944
2038	-	-	4,947,795	-	4,947,795
	<b>\$ 28,565,121</b>	<b>\$ 23,331,401</b>	<b>\$ 42,134,532</b>	<b>\$ (2,246,642)</b>	<b>\$ 91,784,412</b>

Source: Application to the RI Division of Public Utilities and Carriers, submitted May 10, 2018.

**IV. SOURCES OF REVENUE**

The Water Fund is used to account for water use fees and the expenses associated with providing water services to City and neighboring communities. Water sales and fees support the operating expenses of the Water Fund. This includes a fixed annual charge and a charge based on consumption.

Currently the City has rates sufficient to provide the needed revenue to service this proposed bond and the 2017 bonds in the amount of \$12.5 million. The City will seek approval for a rate increase to support the final bond in the amount of \$19 million which is expected to be issued in 2019. The City anticipates rate increases totaling 47% during a five year period beginning in 2020. The City's water system is regulated by the Rhode Island Division of Public Utilities and Carries.

**A. Rate Structure**

The current water use charge is \$5.43 per 1,000 gallons. The following table illustrates the City's current fixed charge structure.

<b>CHARGES</b>		
<b>Meter Size</b>	<b>Service Quarterly</b>	<b>Fire Protection Quarterly</b>
5/8	\$ 16.82	\$ 17.01
3/4	20.00	24.15
1	22.55	29.90
1 1/2	33.89	55.45
2	43.82	77.82
3	56.85	107.16
4	81.59	162.89
6	136.90	287.47
8	232.51	502.81
10	329.47	721.22

**B.** The following table compares the City's income levels to the State and national averages.

	<b>Median Family Income</b>	<b>Per Capita Income</b>
Woonsocket	\$ 47,682	\$ 22,428
Cumberland	94,212	39,099
North Smithfield	97,386	39,121
Bellingham	106,580	43,720
Blackstone	93,500	33,253
Rhode Island	76,655	31,904
Massachusetts	90,180	38,069
United States	67,871	29,829

2012-2016 American Community Survey.

**V. OPERATING PERFORMANCE – General Fund Balance Sheet /Income Statement Trends**

See pages 6 and 7 for Balance Sheet and Statement of Revenue and Expenditures.

## VI. HISTORIC DEBT SERVICE COVERAGE

Historic debt service coverage of the City's Water Fund for the fiscal years ended June 30, 2013 through 2017 was as follows:

	<i>Water Fund Revenue Debt</i>				
	Actual				
	2013	2014	2015	2016	2017
Unrestricted Fund Balance [ + ]	\$ 4,136,604	\$ 5,644,613	\$ 6,873,409	\$ 12,706,176	\$ 10,700,741
Total Operating Revenues [ + ]	7,537,390	7,886,743	7,918,853	8,747,659	8,186,937
Total Operating Expenses [ - ]	(5,590,787)	(5,028,907)	(4,953,425)	(5,791,608)	(6,623,599)
Depreciation and Amortization [ + ]	671,413	645,230	646,223	701,488	782,329
Net Revenues Available For D/S	6,754,620	9,147,679	10,485,060	16,363,715	13,046,408
Available for Debt Service	6,754,620	9,147,679	10,485,060	16,363,715	13,046,408
Debt Service	1,495,479	1,606,812	1,312,670	1,308,388	1,278,224
Coverage (with Unrestricted Fund Balance)	4.52	5.69	7.99	12.51	10.21
Coverage (without Unrestricted Fund Balance)	1.75	2.18	2.75	2.80	1.84
Debt to Operating Revenue	1.94	1.71	1.60	1.35	1.33

Debt to operating revenue will increase to approximately 6.5x with the addition of \$65 million in debt.

## VII. CREDIT SUMMARY

The City's Water Revenue pledge is rated A by S&P. The City's Water Fund has a history of stable operating performance. As of June 30, 2017, the City's Water Fund had an unrestricted net position of nearly \$11 million and the City ended the past five fiscal years with increases to its net position. The City exceeded its indenture coverage test during the past five years without including the Water Fund's unrestricted fund balance. Debt service coverage was 1.84x as of June 30, 2017. The proposed bonds debt service is expected to be secured by a municipal bond insurance policy.

Offsetting these positive credit factors are the City's below average income levels and an expected increase in debt service associated with the new plant. The Water Fund total outstanding debt as of June 30, 2018 was a manageable \$22.48 million. However, the City's Water Fund debt will increase by \$44,750,000 when the new project is complete. Additionally, while not directly impacting the operations of the Water Fund, the City has large unfunded pension and OPEB obligations.

## VIII. RECOMMENDATION

PFM recommends approval of the loan application subject to completion of all legal requirements by the City and with the understanding that the Bank will review the request in connection with the Project Priority List and Bank capacity.

Prepared by PFM Financial Advisors LLC  
September 18, 2018

<b>Balance Sheet</b>					
<b>Water Fund</b>					
<b>Year Ended June 30,</b>					
<b>ASSETS</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Current Assets</b>					
Cash and cash equivalents	\$ 6,628,991	\$ 10,164,862	\$ 11,392,419	\$ 12,809,381	\$ 12,645,612
Restricted cash	4,078,430	4,078,430	4,078,430	2,624,050	1,298,358
Receivables, net:					
User fees, less allowance for doubtful accounts	2,099,372	1,998,669	2,147,306	2,120,536	2,293,266
Due from other funds	1,083,563	1,085,118	1,002,704	881,326	-
Prepaid expenses	-	-	91,863	65,212	64,357
<b>Total current assets</b>	<u>\$ 13,890,356</u>	<u>\$ 17,327,079</u>	<u>\$ 18,712,722</u>	<u>\$ 18,500,505</u>	<u>\$ 16,301,593</u>
<b>Non-Current Assets</b>					
Nondepreciable	\$ 1,296,983	\$ 1,296,985	\$ 1,296,987	1,297,036	\$ 7,763,550
Depreciable, net	26,881,515	26,619,520	26,460,973	27,818,007	23,679,857
<b>Total non-current assets</b>	<u>\$ 28,178,498</u>	<u>\$ 27,916,505</u>	<u>\$ 27,757,960</u>	<u>\$ 29,115,043</u>	<u>\$ 31,443,407</u>
<b>Deferred outflows of resources</b>					
Pension related outflows	\$ -	\$ -	\$ 152,097	\$ 664,158	\$ 1,300,410
<b>TOTAL ASSETS</b>	<u>\$ 42,068,854</u>	<u>\$ 45,243,584</u>	<u>\$ 46,470,682</u>	<u>\$ 47,615,548</u>	<u>\$ 49,045,410</u>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts payable and accrued expenses	376,441	942,355	428,607	602,294	\$ 520,660
Accrued interest payable	100,128	105,138	132,996	132,859	123,700
Due to other funds	537,703	1,996,393	2,135,114	1,046,192	226,022
Other liabilities	37,609	39,285	39,211	43,261	44,754
Current portion of bonds payable	1,126,000	845,000	873,000	901,000	925,000
<b>Total current liabilities</b>	<u>2,177,881</u>	<u>3,928,171</u>	<u>3,608,928</u>	<u>2,725,606</u>	<u>1,840,136</u>
<b>Non-current liabilities</b>					
Compensated absences	301,700	236,319	316,758	354,256	\$ 367,906
Net pension liability	-	-	197,695	1,223,141	2,225,920
Net OPEB obligation	1,540,294	1,503,101	1,460,571	1,479,241	1,485,681
Bonds Payable	13,523,999	12,679,000	11,806,000	10,905,000	9,979,999
<b>Total non-current liabilities</b>	<u>\$ 15,365,993</u>	<u>\$ 14,418,420</u>	<u>\$ 13,781,024</u>	<u>\$ 13,961,638</u>	<u>\$ 2,593,826</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 17,543,874</u>	<u>\$ 18,346,591</u>	<u>\$ 17,389,952</u>	<u>\$ 16,687,244</u>	<u>\$ 4,433,962</u>
<b>Deferred inflows of resources</b>					
Pension related inflows	\$ -	\$ -	\$ 420,585	\$ 250,229	\$ 608,261
<b>NET POSITION</b>					
Net investment in capital assets	\$ 16,309,946	\$ 17,173,950	\$ 17,860,403	\$ 16,012,007	\$ 20,538,408
Restricted	4,078,430	4,078,430	4,078,430	2,624,050	1,298,358
Unrestricted	4,136,604	5,644,613	6,873,409	12,706,176	10,700,741
<b>TOTAL NET POSITION</b>	<u>\$ 24,524,980</u>	<u>\$ 26,896,993</u>	<u>\$ 28,812,242</u>	<u>\$ 31,342,233</u>	<u>\$ 32,537,507</u>

Prepared from audited financial statements

**Statement of Revenues, Expenditures and Changes in Fund Balances**

**Water Fund**

Year Ended June 30,

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Operating Revenues</b>					
Charges for services	\$ 7,537,390	\$ 7,886,743	\$ 7,918,853	\$ 8,396,681	\$ 8,186,937
Intergovernmental	-	-	-	350,978	-
<b>Total Operating Revenues</b>	<u>\$ 7,537,390</u>	<u>\$ 7,886,743</u>	<u>\$ 7,918,853</u>	<u>\$ 8,747,659</u>	<u>\$ 8,186,937</u>
<b>Operating Expenses</b>					
Personnel services	\$ 2,664,097	\$ 2,139,135	\$ 2,408,745	\$ 2,949,646	\$ 3,460,878
Contractual services	641,588	648,649	711,586	736,192	733,113
Supplies and materials	609,294	587,083	460,602	471,839	120,276
Fixed and general charges	309,735	309,735	176,141	226,690	308,893
Repairs and maintenance	264,938	292,733	202,310	307,363	369,744
Administrative	429,722	406,342	347,818	398,390	848,366
Depreciation	671,413	645,230	646,223	701,488	782,329
<b>Total Operating Expenses</b>	<u>\$ 5,590,787</u>	<u>\$ 5,028,907</u>	<u>\$ 4,953,425</u>	<u>\$ 5,791,608</u>	<u>\$ 6,623,599</u>
<b>Operating income (loss)</b>	<u>\$ 1,946,603</u>	<u>\$ 2,857,836</u>	<u>\$ 2,965,428</u>	<u>\$ 2,956,051</u>	<u>\$ 1,563,338</u>
<b>Non-operating revenues (expenses)</b>					
Interest income	-	-	-	2,953	-
Other income	-	-	-	6,237	-
Amortization	(44,000)	-	-	-	-
Interest expense	(467,607)	(485,823)	(495,528)	(435,250)	(368,064)
<b>Total nonoperating revenue (expenses)</b>	<u>(511,607)</u>	<u>(485,823)</u>	<u>(495,528)</u>	<u>(426,060)</u>	<u>(368,064)</u>
<b>Income (loss) before transfers</b>	<u>1,434,996</u>	<u>2,372,013</u>	<u>2,469,900</u>	<u>2,529,991</u>	<u>1,195,274</u>
<b>Change in net position</b>	<u>\$ 1,434,996</u>	<u>\$ 2,372,013</u>	<u>\$ 2,469,900</u>	<u>\$ 2,529,991</u>	<u>\$ 1,195,274</u>
<b>Net position - beginning</b>	<u>\$ 23,089,984</u>	<u>\$ 24,524,980</u>	<u>\$ 26,342,342</u>	<u>\$ 28,812,242</u>	<u>\$ 31,342,233</u>
<b>Total net position - ending</b>	<u>\$ 24,524,980</u>	<u>\$ 26,896,993</u>	<u>\$ 28,812,242</u>	<u>\$ 31,342,233</u>	<u>\$ 32,537,507</u>

\*Restated

Prepared from audited financial statements



The City provides pension benefits to general municipal, police and fire employees through participation in the Municipal Employee's Retirement System of the State of Rhode Island.

*MERS - Municipal Employees*

**Municipal Employees' Retirement System (General Employees)**

<b>Fiscal Year</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Percent Contributed</b>	<b>Unfunded Liability<sup>(1)</sup></b>	<b>Funded Ratio</b>
2017	\$ 1,390,704	\$ 1,390,704	100 %	\$ 10,320,918	85.7 %
2016	1,225,093	1,225,093	100	6,247,242	90.7
2015	1,066,595	1,066,595	100	4,578,396	93.0
2014	1,000,863	1,000,863	100	4,329,122	93.3
2013	806,970	806,970	100	4,055,652	93.6

(1) Assumes asset appreciation of 7.50% and payroll growth of 3.75% annually. 2012-2016; 7.00% asset appreciation and payroll growth of 3.75% annually in 2017.

*MERS – Fire Employees*

**Municipal Employees' Retirement System (Fire)**

<b>Fiscal Year</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Percent Contributed</b>	<b>Unfunded Liability<sup>(1)</sup></b>	<b>Funded Ratio</b>
2017	\$ 1,074,603	\$ 1,074,603	100 %	\$ 5,152,432	90.3 %
2016	786,233	786,233	100	2,413,759	94.9
2015	757,891	757,891	100	1,190,487	97.3
2014	534,099	534,099	100	801,009	98.0
2013	566,965	566,965	100	1,902,954	95.0

(1) Assumes asset appreciation of 7.50% and payroll growth of 3.75% annually. 2012-2016; 7.00% asset appreciation and payroll growth of 3.75% annually in 2017.

## Municipal Employees' Retirement System (Police)

Fiscal Year	Actuarially Determined Contribution	Actual Contribution	Percent Contributed	Unfunded Liability <sup>(1)</sup>	Funded Ratio
2017	\$ 1,848,947	\$ 1,848,947	100 %	\$ 18,725,978	67.0 %
2016	1,436,140	1,436,140	100	15,949,908	69.5
2015	1,288,328	1,288,328	100	14,791,856	70.3
2014	948,214	948,214	100	13,785,045	70.7
2013	878,692	878,692	100	13,632,522	70.0

(1) Assumes asset appreciation of 7.50% and payroll growth of 3.75% annually, 2012-2016; 7.00% asset appreciation and payroll growth of 3.75% annually in 2017.

## Police &amp; Fire Closed Local Pension Plan

## Local Plan (Police &amp; Firefighters)

Fiscal Year	Actuarially Determined Contribution	Actual Contribution	Percent Contributed	Unfunded Liability <sup>(1)</sup>	Funded Ratio
2017	\$ 3,721,000	\$ 3,721,000	100.0 %	\$ 45,853,801	46.0 %
2016	3,633,000	3,663,301	100.0	44,353,633	49.0
2015	3,548,000	3,550,035	100.1	41,587,584	48.0
2014	3,465,000	3,466,953	100.1	41,180,717	52.0
2013	3,618,476	1,003,151	27.9	33,733,113	59.0
2012	3,610,195	1,006,677	28.1	42,617,125	57.0

(1) Audited Financial Statements and 2017 Continuing Disclosure Report. Assumes asset appreciation of 7.7% and alternating payroll growth of 0% and 2.00% annually beginning in 2015.

## Other Post-Employment Benefits

## Other Post Employment Benefits (Water Fund)

Fiscal Year	Actuarially Determined Contribution	Actual Contribution	Percent Contributed	Unfunded Liability <sup>(1)</sup>	Funded Ratio
2017	\$ 256,975	\$ 250,535	97.5 %	\$ 3,875,107	0 %
2016	251,393	232,723	92.6	3,895,595	0
2015	283,476	314,734	111.0	4,670,297	0
2014	270,234	294,568	109.0	4,746,950	0

(1) Assumes asset appreciation of 4.00% and payroll growth of 2.5% annually.

**Other Post Employment Benefits (Wastewater)**

<b>Fiscal Year</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Percent Contributed</b>	<b>Unfunded Liability<sup>(1)</sup></b>	<b>Funded Ratio</b>
2017	\$ 28,676	\$ 28,404	99.1 %	\$ 432,853	0 %
2016	27,957	26,445	94.6	436,885	0
2015	21,710	30,085	138.6	413,663	0
2014	21,103	27,372	129.7	425,986	0

(1) Assumes asset appreciation of 4.00% and payroll growth of 2.5% annually.

**Other Post Employment Benefits (City)**

<b>Fiscal Year</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Percent Contributed</b>	<b>Unfunded Liability<sup>(1)</sup></b>	<b>Funded Ratio</b>
2017	\$ 7,211,643	\$ 3,657,418	50.7 %	\$ 108,305,341	0 %
2016	6,979,896	3,413,334	48.9	105,460,793	0
2015	7,855,203	4,038,080	51.4	121,531,905	0
2014	6,635,685	3,648,955	55.0	118,808,135	0

(1) Assumes asset appreciation of 4.00% and payroll growth of 2.5% annually.

**Other Post Employment Benefits (School)**

<b>Fiscal Year</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Percent Contributed</b>	<b>Unfunded Liability<sup>(1)</sup></b>	<b>Funded Ratio</b>
2017	\$ 2,019,698	\$ 1,017,328	50.4	\$ 25,275,650	0 %
2016	1,931,871	1,008,623	52.2	24,698,186	0
2015	1,938,656	1,077,948	55.6	26,151,259	0
2014	1,843,726	1,148,499	62.3	25,592,568	0

(1) Assumes asset appreciation of 4.00% and payroll growth of 2.5% annually.

**Other Post Employment Benefits (User Fund)**

<b>Fiscal Year</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Percent Contributed</b>	<b>Unfunded Liability<sup>(1)</sup></b>	<b>Funded Ratio</b>
2017	\$ 43,838	\$ 12,932	29.5 %	\$ 183,855	0 %
2016	41,915	12,086	28.8	188,637	0
2015	41,908	38,868	92.7	351,894	0
2014	19,527	44,427	227.5	374,956	0

(1) Assumes asset appreciation of 4.00% and payroll growth of 2.5% annually.