

**MARYLAND WATER QUALITY
FINANCING ADMINISTRATION**

**Financial Statements and Supplemental Information
Together with Report of Independent Public Accountants**

For the Years Ended June 30, 2019 and 2018



S B & C O M P A N Y, L L C
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JUNE 30, 2019 AND 2018

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Director of
Maryland Water Quality Financing Administration

Report on the Financial Statements

We have audited the accompanying statements of net position of the Maryland Water Quality Financing Administration (the Administration), an enterprise fund of the State of Maryland, as of June 30, 2019 and 2018, and the related statements of revenue, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Administration's 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 controls relevant to the preparation and fair presentation of financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls 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 controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Administration as of June 30, 2019 and 2018, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



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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 3 through 12, 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Administration's basic financial statements. The supplemental information, as listed in the table of contents on pages 35-56, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2019 on our consideration of the Administration's internal controls 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 to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal controls 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 Administration's internal controls over financial reporting and compliance.

Owings Mills, Maryland
September 20, 2019

SB & Company, LLC

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Management's Discussion and Analysis June 30, 2019 and 2018

The Maryland Water Quality Financing Administration (MWQFA or the Administration) was established in 1987 by an act of the Maryland State Legislature under Title 9, Subtitle 16 of the Environmental Article, Annotated Code of Maryland.

The legislation created the Maryland Water Quality Revolving Loan Fund (WQRLF) consistent with the requirements under the Federal Clean Water Act. The purpose of the WQRLF is to make below market interest rate loans to local governments and eligible private entities for construction of water quality infrastructure. Starting in fiscal year 2010, the WQRLF can also provide loan forgiveness, grants, and negative interest rate loans. MWQFA receives capitalization grants from the Federal government, which are matched with a 20% State of Maryland (State) contribution.

Legislative amendments to the MWQFA Act in 1997 established the Maryland Drinking Water Revolving Loan Fund (DWRLF) consistent with the requirements under the Federal Safe Drinking Water Act. The purpose of the DWRLF is to provide below market interest rate loans to local governments and eligible private entities for certain drinking water capital projects. The DWRLF also allows for extended term loans (up to 30 years) and loan principal forgiveness, grants, and negative interest rate loans for disadvantaged communities and eligible green projects. MWQFA receives capitalization grants from the Federal government, which are matched with a 20% State contribution. At least 69% of the Federal funds must be used for the capital program, while the remaining can be used for program set-asides.

A legislative amendment to the MWQFA Act in 2004 established the Bay Restoration Fund (BRF). The BRF is financed by two sources. First, a monthly flat fee of \$2.50 (\$30 per year) effective January 1, 2005 through June 30, 2012, from each household and business (\$2.50 per month per equivalent dwelling unit) served by a wastewater treatment plant (Wastewater Fund). The Wastewater funds are managed by the Maryland Department of the Environment (MDE) for the key purpose of providing grants for the upgrade of major wastewater treatment plants in Maryland with enhanced nutrient removal technologies. Second, an annual fee of \$30 from each user/household served by an onsite well and septic system (Septic Fund) effective October 1, 2005 through June 30, 2012, of which 60% is allocated to MDE for the purpose of providing grants for the upgrade of onsite septic disposal systems with nitrogen removal technology. Forty percent of the BRF septic funds are allocated to the Maryland Department of Agriculture (MDA) for the purpose of implementing the cover crop program. The MWQFA is responsible for the financial management of the fees transferred to MDE by the State Comptroller's office under the BRF. During the 2012 legislative session, the State Legislature amended the BRF statute (HB 446) that doubled the BRF fee to \$5.00 per month (\$60 per year) for most users, effective July 1, 2012 (FY 2013). The fee remained unchanged for users that do not discharge wastewater into the Chesapeake or Atlantic Bays Watershed. Amendments to the BRF statute expanded the use of the funds to also allow grants for sewer rehabilitation, stormwater best management practices (SB 133/2015) and to provide additional funding to local health departments to manage septic system regulations (HB12/2014). During the 2017 legislative session, the BRF statute was further amended to allow the BRF wastewater fund to also provide grants for biological nutrient removal (HB-384/2017) and to allow for the purchase of nutrients not to exceed \$10 million per year in expenditures (SB-314/2017).

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Management's Discussion and Analysis June 30, 2019 and 2018

A Legislative amendment to the MWQFA was made through the Budget Reconciliation and Financing Acts (BRFA) of 2010, 2011, and 2012 resulting in the unexpended balance in the BRF being reduced by a total of \$290,000,000. Those funds were not needed to pay for current debt service obligations on Revenue Bonds issued by MWQFA. The \$290,000,000 of BRF funds transferred out was replenished back with \$290,000,000 of State General Obligation (GO) bonds. As of June 30, 2013, MWQFA has fully drawn down the \$290,000,000 of State GO bonds against capital project expenditures.

A Legislative amendment to the MWQFA Act in 2008 established the Chesapeake and Atlantic Coastal Bays Non-point Source (NPS) Fund. This amendment provides financial assistance for the implementation of non-point source pollution control projects to achieve the State's tributary strategy. Source of funding for the NPS Fund are transfers made from the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund, which is managed by the State's Department of Natural Resources (DNR). The MWQFA was responsible for the financial management of funds transferred by DNR for the NPS Trust Fund until the program was closed in June 2014.

The WQRLF, DWRLF, and BRF Fund program activities are considered proprietary activities and are accounted for in a manner similar to a private sector business operation. Sources of funding for these programs include Federal grants, State match to Federal funds (20% requirement), State GO bonds, revenue bonds, special fees, and other revolving type revenue. The total net position of these programs represents the accumulated earnings since their inception and they are generally restricted for program purposes.

This section of the MWQFA annual financial report presents management's discussion and analysis of the MWQFA financial performance during the fiscal years that ended on June 30, 2019 and 2018, with the year ended June 30, 2017, presented for comparative purposes. Please read it in conjunction with the MWQFA's financial statements, which follow this section.

Financial Highlights

The financial highlights include an analysis of any change from the prior year's statement of net position greater than \$3,000,000 and greater than five percent of any individual statement of net position item.

Statements of Net Position

The statement of net position is a financial statement that reports the assets, liabilities, and net position of the Administration at a given point in time.

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Management's Discussion and Analysis June 30, 2019 and 2018

Statements of Net Position (continued)

As of June 30, 2019:

The unrestricted current asset of cash and cash equivalents decreased by \$77.1 million. This decrease was primarily a result of a \$139.6 million increase in capital loan disbursements from FY18. The WQRLF and DWRLF had increases in capital loan disbursements totaling \$102.0 million and \$37.6 million, respectively.

The current restricted asset of BRF fee receivable decreased by \$6.5 million. This was primarily due to the Baltimore City ransomware attack which resulted in delayed billing of the 4th quarter BRF fee.

The non-current unrestricted loans receivable increased by \$183.7 million from new large WQRLF and DWRLF direct loans. The non-current restricted loans receivable decreased by \$33.1 million as a result of principal payments on older pledged loans becoming fully paid off and no new pledged loans.

The non-current revenue bonds payable decreased by \$24.0 million. This decrease is the result of the reclassification of current principal payments into the current liability account.

The non-current bond premium liability decreased by \$4.9 million. This decrease is the result of annual amortization of the bond premium.

The net position restricted for debt service decreased by \$39.6 million. This decrease is primarily due to the liquidation of WQRLF loans receivable for loans pledged to the bond indenture.

The total unrestricted net position increased by \$136.8 million. The WQRLF and DWRLF had increases in unrestricted net position of \$82.1 million and \$11.2 million, respectively as a result of increased loan receivables. The BRF program also had an increase of \$42.5 million due to increased cash resulting from the decreased operating expenditures.

As of June 30, 2018:

The unrestricted current asset of cash and cash equivalents increased by \$34.5 million. This increase was primarily a result of a \$28.2 million decrease in capital grant disbursements from FY17.

Current unrestricted investments decreased by \$4.0 million. This decrease is due to the maturity of a Farm Credit/Ag First Bond from the linked deposit program.

The non-current unrestricted loans receivable increased by \$45.3 million from WQRLF and DWRLF direct loans. The non-current restricted loans receivable decreased by \$34.8 million as a result of principal payments on older pledged loans becoming fully paid off and no new pledged loans.

The non-current liability revenue bonds payable decreased by \$22.7 million. This decrease is the result of the reclassification of current principal payments into the current liability account.

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Management's Discussion and Analysis June 30, 2019 and 2018

Statements of Net Position (continued)

The non-current liability bond premium decreased by \$5.6 million. This decrease is the result of annual amortization of the bond premium.

The net position restricted for debt service decreased by \$26.8 million. This decrease is primarily due to the liquidation of WQRLF loans receivable for loans pledged to the bond indenture.

The total unrestricted net position increased by \$103.0 million. This change is a result of increased loan receivables. The WQRLF and DWRLF had increases in unrestricted net position of \$79.5 million and \$11.2 million, respectively. The BRF program also had an increase of \$12.3 million due to increased cash resulting from the decreased operating expenditures.

The following condensed statements of net position show a summary of changes between fiscal years:

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Management's Discussion and Analysis June 30, 2019 and 2018

Statements of Net Position (continued)

Comparative Condensed Statements of Net Position June 30, 2019, 2018, and 2017 (Millions of Dollars)

				<u>\$ Increase/(Decrease)</u>	
	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>Difference</u> <u>FY 19 - 18</u>	<u>Difference</u> <u>FY 18 - 17</u>
Current Assets					
Cash and cash equivalents	\$ 375.7	\$ 452.8	\$ 418.3	\$ (77.1)	\$ 34.5
Investments	-	-	4.0	-	(4.0)
Receivables:					
Loans	69.1	66.7	63.8	2.4	2.9
BRF fees	1.7	1.8	1.7	(0.1)	0.1
Other	12.0	10.6	10.5	1.4	0.1
Current Restricted Assets					
Cash and cash equivalents	22.4	23.5	22.2	(1.1)	1.3
Receivables:					
BRF fees	21.5	28.0	26.3	(6.5)	1.7
Loans	33.2	34.8	34.7	(1.6)	0.1
Other	1.0	1.2	1.4	(0.2)	(0.2)
Total Current Assets	<u>536.6</u>	<u>619.4</u>	<u>582.9</u>	<u>(82.8)</u>	<u>36.5</u>
Non-current Assets					
Investments	7.1	5.5	5.8	1.6	(0.3)
Loans receivable	1,142.5	958.8	913.5	183.7	45.3
Other	0.1	0.1	0.1	-	-
Non-current Restricted Assets					
Loans receivable	<u>148.4</u>	<u>181.5</u>	<u>216.3</u>	<u>(33.1)</u>	<u>(34.8)</u>
Total Non-current Assets	<u>1,298.1</u>	<u>1,145.9</u>	<u>1,135.7</u>	<u>152.2</u>	<u>10.2</u>
Total Assets	<u>\$ 1,834.7</u>	<u>\$ 1,765.3</u>	<u>\$ 1,718.6</u>	<u>\$ 69.4</u>	<u>\$ 46.7</u>

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Management's Discussion and Analysis June 30, 2019 and 2018

Statements of Net Position (continued)

June 30, 2019, 2018, and 2017 (Millions of Dollars)					
	6/30/2019	6/30/2018	6/30/2017	\$ Increase/(Decrease)	
				Difference FY 19 - 18	Difference FY 18 - 17
Current Liabilities					
Accounts payable	\$ 0.5	\$ 0.5	\$ 0.5	\$ -	\$ -
Revenue bonds	23.9	22.7	23.6	1.2	(0.9)
Accrued interest on bonds	2.4	2.5	2.7	(0.1)	(0.2)
Total Current Liabilities	26.8	25.7	26.8	1.1	(1.1)
Non-current Liabilities					
Other accrued expenses	0.2	0.2	0.3	-	(0.1)
Revenue bonds	247.2	271.2	293.9	(24.0)	(22.7)
Bond premium	14.6	19.5	25.1	(4.9)	(5.6)
Total Non-current Liabilities	262.0	290.9	319.3	(28.9)	(28.4)
Total Liabilities	288.8	316.6	346.1	(27.8)	(29.5)
Net Position					
Net investment in capital assets	0.1	0.1	0.1	-	-
Restricted for debt service	206.7	246.3	273.1	(39.6)	(26.8)
Unrestricted	1,339.1	1,202.3	1,099.3	136.8	103.0
Total Net Position	\$ 1,545.9	\$ 1,448.7	\$ 1,372.5	\$ 97.2	\$ 76.2

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Management's Discussion and Analysis June 30, 2019 and 2018

Statements of Revenue, Expenses and Changes in Net Position

The statement of revenue, expenses and changes in net position is a financial statement that reports the activity of the Administration during the fiscal year.

For fiscal year ended June 30, 2019:

There was a decrease of \$8.7 million in fee revenue due to the Baltimore City ransomware attack which resulted in delayed billing of the 4th quarter BRF fee.

There was a decrease of \$27.8 million in capital grant disbursements due to BRF grant disbursements decreasing by \$27.8 million. This decrease is attributed to the completion of the majority of BRF ENR Major WWTP projects as well as normal fluctuations in construction project draws.

For fiscal year ended June 30, 2018:

There was a decrease of \$28.2 million in capital grant disbursements primarily due to BRF grant disbursements decreasing by \$26.0 million. This decrease is due to large construction reimbursements that occurred in FY17 for BRF ENR Major WWTP projects as well as normal fluctuations in construction project draws.

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Management's Discussion and Analysis June 30, 2019 and 2018

Statements of Revenue, Expenses and Changes in Net Position (continued)

The following condensed Statement of Revenue, Expenses and Changes in Net Position shows a summary of changes between fiscal years:

Comparative Statements of Revenue, Expenses and Changes in Net Position Years ended June 30, 2019, 2018 and 2017 (Millions of Dollars)

				<u>\$ Increase/(Decrease)</u>	
	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>Difference</u>	<u>Difference</u>
				<u>FY 19 -18</u>	<u>FY 18 -17</u>
Operating Revenue					
Interest on loans	\$ 13.8	\$ 13.0	\$ 12.7	\$ 0.8	\$ 0.3
Loan administrative fee	6.1	5.6	5.5	0.5	0.1
Fee revenue	124.4	133.1	133.1	(8.7)	-
Grant revenue (set-a-sides only)	3.6	3.8	3.9	(0.2)	(0.1)
Other grant revenue and other	0.1	0.1	0.4	-	(0.3)
Total Operating Revenue	148.0	155.6	155.6	(7.6)	-
Operating Expenses					
Salaries and related benefits	7.8	7.0	7.0	0.8	-
Transfers-out (set-a-sides)	3.6	3.8	3.9	(0.2)	(0.1)
Capital grant disbursements	89.6	117.4	145.6	(27.8)	(28.2)
General and other costs	2.3	2.3	2.6	-	(0.3)
Total Operating Expenses	103.3	130.5	159.1	(27.2)	(28.6)
Operating Income(Loss)	44.7	25.1	(3.5)	19.6	28.6
Non-operating Revenue & Expenses					
Investment income	8.2	7.5	7.0	0.7	0.5
Cost of issuance & arbitrage rebate exp	-	-	(0.2)	-	0.2
Interest on bonds	(7.4)	(7.8)	(9.3)	0.4	1.5
FMV investment adjustment	0.2	(0.5)	(0.1)	0.7	(0.4)
Total Non-operating Revenue and Expenses	1.0	(0.8)	(2.6)	1.8	1.8
Loss Before Contributions	45.7	24.3	(6.1)	21.4	30.4
Contributions from Federal and State governments	51.5	51.9	53.8	(0.4)	(1.9)
Changes in Net Position	97.2	76.2	47.7	21.0	28.5
Net Position, Beginning of Year	1,448.7	1,372.5	1,324.8	76.2	47.7
Net Position, End of Year	\$ 1,545.9	\$ 1,448.7	\$ 1,372.5	\$ 97.2	\$ 76.2

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Management's Discussion and Analysis June 30, 2019 and 2018

Statements of Cash Flows

Another way to assess MWQFA's financial health is to look at the statement of cash flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The statement of cash flows also helps users access:

- An entity's ability to generate future net cash flows,
- An entity's ability to meet its obligations as they come due,
- An entity's need for external financing.

A summary of MWQFA's cash flows for the years ended June 30, 2019, 2018, and 2017, were presented in the following table:

Condensed Statements of Cash Flows			
Years Ended June 30,			
	2019	2018	2017
Cash from:			
Operating Activities	\$ 31,362,084	\$ 4,593,294	\$ (24,882,968)
Noncapital financing activities	16,326,659	14,684,789	26,492,505
Capital and related financing activities	(42,574)	(42,488)	\$ -
Investing activities	(125,870,407)	16,529,776	(60,285,135)
Net change in cash	(78,224,238)	35,765,371	(58,675,598)
Cash, beginning of year	476,312,715	440,547,344	499,222,942
Cash, End of Year	\$ 398,088,477	\$ 476,312,715	\$ 440,547,344

During fiscal year 2019, cash from operating activities totaled \$31,362,084, cash provided by noncapital financing activities totaled \$16,326,659, cash from capital and related financing activities totaled (\$42,574), and cash provided by investing activities totaled (\$125,870,407) for an overall decrease in cash of \$78,224,238 compared to an increase of \$35,765,371 in fiscal year 2018. The cash increase in operating activity was because the amount of operating revenue exceeded grant disbursements and operating expenses. The increase in cash from noncapital financing was due to bond principal repayment and interest being less than cash received from federal grants and state match contributions. The investing activities decrease was due to loan disbursements exceeding loan repayments and investment proceeds.

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Management's Discussion and Analysis June 30, 2019 and 2018

Statements of Cash Flows (continued)

During fiscal year 2018, cash from operating activities increased by \$4,593,294, cash provided by noncapital financing activities increased by \$14,684,789, cash from capital and related financing activities decreased by 42,488, and cash provided by investing activities increased by \$16,529,776, for an overall increase in cash of \$35,765,371 compared to a decrease of \$58,675,598 in fiscal year 2017. The cash increase in operating activity was because the amount of operating revenue exceeded grants provided and operating expenses. The increase in cash from noncapital financing was due to bond repayment and interest being less than cash received from federal grants and state match contributions. The investing activities increase was because of loan repayments and investment proceeds exceeding loan disbursements.

Economic Environment

The MWQFA is subject to the present economic environment that exists in the State of Maryland as well as factors relating to national issues. Currently, MWQFA receives Federal funding for the WQRLF and DWRLF from the U.S. Environmental Protection Agency (EPA). Those funds are subject to economic factors, which may result in increases or decreases of Federal funding for these programs from year to year. MWQFA has a steady stream of special fund revenues resulting from revolving loan fund repayments.

The loans are primarily supported by water and sewer revenue of the borrowers and backed by the general obligation pledge. MWQFA does not foresee economic factors that would significantly impact its operation. However, a natural disaster in Maryland could result in delayed loan repayments or loan defaults by local jurisdictions. The WQRLF Series 2016 bonds are highly over-collateralized with pledged loans.

The BRF is subject to citizens and businesses paying fees for upgrading wastewater treatment plants and septic systems in Maryland. The MWQFA does not have the authority to raise the fees. However, MWQFA continues to have sufficient cash flow from fees to satisfy current debt service requirements related to BRF Series 2008, 2014, and 2015 bonds. Also, MWQFA continues to meet current capital disbursements for those activities. As noted above, a natural disaster in Maryland could result in a reduction of fees related to the BRF that may lead to a temporary suspension or delay of capital disbursements.

Contact Maryland Water Quality Financing Administration Management

This financial report is designed to provide our fellow citizens, customers, investors, and creditors with a general overview of MWQFA finances, and to show MWQFA's accountability for the money it receives. If you have questions about this report, please contact Maryland Water Quality Financing Administration, 1800 Washington Boulevard, Baltimore, Maryland 21230.

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Statements of Net Position As of June 30, 2019 and 2018

ASSETS	2019	2018
Current Assets		
Cash and cash equivalents	\$ 375,673,429	\$ 452,789,532
Receivables:		
Investment interest	34,317	25,250
Loans	69,147,050	66,662,296
Loan interest	5,876,853	5,098,155
BRF fee	1,681,089	1,789,775
Administrative fee	6,130,001	5,545,834
Current Restricted Assets		
Cash and cash equivalents	22,415,048	23,523,183
Receivables:		
BRF fee	21,462,019	28,018,348
Loans	33,167,130	34,765,990
Loan interest	969,710	1,195,390
Total Current Assets	536,556,646	619,413,753
Non-current Assets		
Investments	7,135,144	5,505,175
Loans receivable	1,142,531,868	958,759,346
Fixed assets, net	72,089	65,623
Non-current Restricted Assets		
Loans receivable	148,384,796	181,551,926
Total Non-current Assets	1,298,123,897	1,145,882,070
Total Assets	\$ 1,834,680,543	\$ 1,765,295,823

The accompanying notes are an integral part of these financial statements.

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Statements of Net Position (continued) As of June 30, 2019 and 2018

LIABILITIES	2019	2018
Current Liabilities		
Accounts payable and accrued expenses	\$ 429,657	\$ 482,369
Revenue bonds	23,935,000	22,730,000
Accrued interest on bonds payable	2,396,475	2,517,807
Total Current Liabilities	26,761,132	25,730,176
Non-current Liabilities		
Accrued expenses	198,986	246,484
Revenue bonds	247,245,000	271,180,000
Bonds premium	14,576,457	19,453,487
Total Non-current Liabilities	262,020,443	290,879,971
Total Liabilities	288,781,575	316,610,147
NET POSITION		
Net investment in capital assets	72,089	65,623
Restricted for debt service	206,714,862	246,280,019
Unrestricted	1,339,112,017	1,202,340,034
Total Net Position	\$ 1,545,898,968	\$ 1,448,685,676

The accompanying notes are an integral part of these financial statements.

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

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

	2019	2018
Operating Revenue		
Interest on loans	\$ 13,781,121	\$ 13,031,970
Loan administration fee	6,138,054	5,548,497
Fees	124,429,220	133,119,287
Grants and other	3,649,896	3,877,572
Total Operating Revenue	147,998,291	155,577,326
Operating Expenses		
Salaries and related benefits	7,739,638	6,949,011
General	2,332,388	2,320,662
Capital grants disbursements	89,611,523	117,430,468
Other	3,634,396	3,835,142
Total Operating Expenses	103,317,945	130,535,283
Operating Income	44,680,346	25,042,043
Non-operating Revenue (Expenses)		
Investment income	8,280,405	7,562,758
Interest on bonds	(7,432,089)	(7,834,354)
Net unrealized loss on investments	197,520	(527,205)
Net Non-operating Revenue (Expenses)	1,045,836	(798,801)
Income Before Contributions	45,726,182	24,243,242
Contributions received from:		
Federal government	42,276,510	42,613,840
State of MD-required match for Federal grant	9,210,600	9,285,000
Changes in Net Position	97,213,292	76,142,082
Net Position, Beginning of Year	1,448,685,676	1,372,543,594
Net Position, End of Year	\$ 1,545,898,968	\$ 1,448,685,676

The accompanying notes are an integral part of these financial statements.

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Statements of Cash Flows For the Years Ended June 30, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities:		
BRF fee and other receipts	\$ 134,744,131	\$ 135,199,020
Grant disbursements	(89,611,523)	(117,430,468)
Salaries and benefits paid	(7,834,731)	(7,050,450)
General and other expenses paid	(5,935,793)	(6,124,808)
Net Cash from Operating Activities	31,362,084	4,593,294
Cash Flows from Non-capital Financing Activities:		
Federal government grants	42,276,510	42,613,840
State of MD-required match to Federal grant	9,210,600	9,285,000
Repayment of bonds	(22,730,000)	(23,620,000)
Interest on bonds	(12,430,451)	(13,594,051)
Net Cash from Non-capital Financing Activities	16,326,659	14,684,789
Cash Flows from Capital and Related Financing Activities:		
Purchase of equipment	(42,574)	(42,488)
Net Cash from Capital Financing Activities	(42,574)	(42,488)
Cash Flows from Investing Activities:		
Loan repayments	101,440,781	99,904,980
Loan disbursements	(252,932,066)	(113,318,178)
Interest and fees received from borrowers	18,781,990	18,603,838
Purchase of investments	(1,646,000)	-
Interest on investments securities	8,271,337	7,632,496
Proceeds from sales and maturities of investments	213,551	3,706,640
Net Cash from Investing Activities	(125,870,407)	16,529,776
Net (Decrease) Increase in Cash and Cash Equivalents	(78,224,238)	35,765,371
Cash and Cash Equivalents, Beginning of Year	476,312,715	440,547,344
Cash and Cash Equivalents, End of Year	\$ 398,088,477	\$ 476,312,715

The accompanying notes are an integral part of these financial statements.

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Statements of Cash Flows (continued) For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Reconciliation of operating loss to net cash from operating activities:		
Operating income (loss)	\$ 44,680,346	\$ 25,042,043
Depreciation	36,108	30,566
Effect of changes in non-cash operating assets and liabilities:		
Interest and fees received from borrowers	(18,781,990)	(18,603,838)
Loan interest receivable	(553,018)	33,368
Administrative fee and BRF fee receivables	6,080,848	(1,807,836)
Accounts payable and other liabilities	(100,210)	(101,009)
Net Cash from Operating Activities	<u><u>\$ 31,362,084</u></u>	<u><u>\$ 4,593,294</u></u>

The accompanying notes are an integral part of these financial statements.

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Notes to the Financial Statements June 30, 2019 and 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Maryland Water Quality Financing Administration (the Administration) was created during the 1987 session of the Maryland General Assembly as an enterprise fund of the State of Maryland (State). The Administration's purpose is to provide financing of capital infrastructure for wastewater and drinking water projects pursuant to the Federal Clean Water Act of 1987, the Federal Safe Drinking Water Act and Amendments of 1996, the State of Maryland Bay Restoration Fund Act of 2004, and the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund Act of 2008. The Administration is empowered to issue bonds subject to the approval of the State Board of Public Works and Secretary of the Maryland Department of the Environment (MDE). Bonds issued by the Administration do not constitute a debt or pledge of the full faith and credit of the State or any political subdivision thereof, other than the Administration.

Basis of Accounting

The Administration utilizes the enterprise fund accounting method, which is the accrual basis of accounting in preparing its financial statements, wherein revenue is recognized when earned and expenses are recognized when incurred. As an enterprise fund, operating revenue and expenses are distinguished from non-operating items. Operating revenues and expenses result from the Administration providing loan and grant financing of capital wastewater and drinking water projects. Operating expenses include administrative expenses and grant or loan forgiveness expenditures in support of these projects. All revenue and expenses not meeting these criteria are reported as non-operating revenues and expenses.

The WQRLF and the BRF record their activity in the general accounts, capital reserve accounts and bond funds. The DWRLF records activity in the general accounts and capital reserve accounts, as no DWRLF revenue bonds have been issued to date.

The general accounts are used to record transactions relating to general administrative functions performed by the Administration, and other MDE units or State agencies on its behalf.

The capital reserve accounts are used to record transactions of the funds, which are executed by the Administration through the State treasury. The bond funds held by trustee accounts are used to record transactions in trust accounts established in connection with bonds issued by the Administration. As of June 30, 2019, there have been no bonds issued in the DWRLF.

Use of Estimates

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amount of revenue, expenses, gains and losses during the reporting periods. Actual results could differ from these estimates.

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Notes to the Financial Statements June 30, 2019 and 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Assets

The WQRLF, DWRLF, and the BRF are special, continuing, non-lapsing funds that were enacted by separate legislation, and the money in those funds may not be reverted to the General Fund of the State of Maryland. As of June 30, 2019, the Maryland General Assembly did not enact enabling legislation regarding the Administration's restricted use of those funds other than for specific purposes. As such, the restricted assets as reported on the Administration's statements of net position are restricted to payment of debt service on the bonds and are not available for new loans or to pay the general operating expenses of the Administration.

Cash and Cash Equivalents

Cash and cash equivalents include bank deposits and highly liquid investments readily convertible to cash, which have original maturities of three months or less when acquired. The cash reported on the accompanying statements of net position is listed as restricted and non-restricted amounts. The non-restricted cash is used primarily for disbursements related to direct loans (loans not pledged for payment of bond debt service) and administrative operations. The restricted cash is used primarily for pledged loan disbursements or repayment of debt service requirements.

Investments

Investments are stated at fair value. The change in fair value is recognized as an increase or decrease from the original cost of the investment. The investments reported on the accompanying statements of net position are listed as non-restricted amounts. The non-restricted investments are used primarily for future disbursements related to direct loans and administrative operations. They are the result of surplus funds that are invested to earn additional revenue until such time as they are needed.

Allowance for Loan Losses

Management periodically reviews loans receivable for possible uncollectible amounts. In the event management determines a specific need for an allowance, a provision for loss is provided. No allowance for loan losses was provided as of June 30, 2019 and 2018.

Fixed Assets

Fixed assets are carried at cost and include only vehicles. They are depreciated over their estimated useful service life of 5 years using the straight-line method.

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Notes to the Financial Statements June 30, 2019 and 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Bonds Payable

The Administration issues revenue bonds to fund WQRLF capital projects and BRF construction grants. The bonds payable obligations include indenture series 2016 for WQRLF capital project loans and series 2008, 2014, and 2015 for BRF capital project grants.

The bond indenture is a document that outlines the terms and conditions under which revenue bonds are issued.

Contributions and Revenue

Amounts received from EPA and the State for distribution as loans to local governments were recorded as contributions and were restricted for the purposes identified above.

The portion of the State deposit designated to match Federal grant revenue is disbursed proportionate to Federal disbursements.

Interest on investments is recorded as earned in the respective accounts. Loan administration fees, which equal up to 5% of annual loan debt service payments on loans, are recorded as fee revenue in the general accounts. Interest income on certain loans receivable is restricted to pay the debt service related to the fund's bonds payable to the extent required by the indenture and is recorded in the bond funds held by trustee accounts. Under the bond indentures, certain funds held by trustees in the bond accounts may be transferred to the capital reserve accounts after payment of bond debt service, pursuant to the Administration's cash flow projection that it will meet certain debt service requirements in all future years.

Fringe Benefits

The Administration is allocated a fringe rate as designated by the State of Maryland, which includes various employee benefit items.

Pension Benefits

Eligible employees of the Administration and support staff, as employees of the State, are covered under the retirement plans of the State Retirement and Pension System of Maryland (the System) and are also entitled to certain pension and healthcare benefits upon retirement. This system is a cost sharing multiple-employer defined benefit pension plan administered by the System's Board of Trustees in accordance with the State Personnel and Pensions Article. Eligible employees are required to contribute a fixed percentage of their regular salaries and wages that exceed the Social Security wage base to the System. The Administration is required to make contributions to the System based on actuarial valuations, which is funded through the fringe allocation as directed by the State.

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Notes to the Financial Statements June 30, 2019 and 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pension Benefits (continued)

The contribution requirements of eligible employees and the Administration are established and may be amended by the System's Board of Trustees. The Administration's only liability for retirement and post-employment benefits is its required contribution, which is funded through the fringe allocation as directed by the State. The Administration is not required to record a net unfunded pension liability as this is recorded at the State level because the State has not allocated a liability to the Administration. For State Retirement information, contact the Maryland State Retirement and Pension System at 120 East Baltimore Street, Baltimore, Maryland, 21202.

Other Post-Employment Benefits

The Administration's employees participate in the State of Maryland's Post Employment Health Benefit Plan. The State subsidizes a portion of the covered medical, dental, prescription, and hospitalization costs, depending on the type of insurance. Costs for postretirement benefits are for State retirees and are primarily funded by the State. The State does not distinguish employees by employer/State agency. For the years ended June 30, 2019 and 2018, the State did not allocate postemployment health care costs to participating employers and as a result did not require a contribution from the Administration. As such, the State has elected to maintain the entire Net OPEB Liability as a liability of the general fund of the State and has not allocated any balances to State entities including the Administration. For post-employment benefit information, contact Maryland Department of Budget and Management at 300 W Preston Street, Baltimore, Maryland 21201.

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

The following is a summary of the components of cash and cash equivalents as of June 30, 2019 and 2018:

	2019	2018
Cash held by the State's treasury office	\$ 398,077,202	\$ 476,312,713
Cash in trust accounts	11,275	2
Total Cash and Cash Equivalents	<u>\$ 398,088,477</u>	<u>\$ 476,312,715</u>

Cash held by the State's treasury office is invested by the State Treasurer as a pool of funds from various State agencies.

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Notes to the Financial Statements June 30, 2019 and 2018

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

Deposits and investments held that relate to the indenture are not available to pay the general operating expenses of the Administration. Generally, the indenture authorizes the Administration or its trustee bank to invest assets related to the indenture in obligations of the United States of America, any Federal agency, repurchase agreements collateralized by direct obligations of the United States government, high quality commercial paper or money market funds that invest in government securities. Investments in the bond funds are held in safekeeping in trustee bank accounts in accordance with the requirements of the related indenture. The Administration is authorized to otherwise invest in securities as allowed under the Maryland State Code.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Administration relies on the State Treasurer's Office to invest its funds in securities as allowed by Maryland State Code and their policies and procedures. The cash flow needs of the Administration are a factor in determining the length of investment maturities.

As of June 30, 2019, the Administration has the following investments and maturities:

Investment Types	Fair Value	Investment Maturities (In Years)		
		Less than 1	1 to 5	6 to 10
Linked Deposits-Farm Credit AG Bonds	\$ 2,979,840	\$ -	\$ -	\$ 2,979,840
Certificates of Deposit- Linked Deposits	4,155,304	-	179,272	3,976,032
Total Investments	\$ 7,135,144	\$ -	\$ 179,272	\$ 6,955,872

In addition, the Administration's investments have the following quality ratings as of June 30, 2019:

Investment Types	Fair Value	Concentration ¹	Rating	Rating
				Organization
Linked Deposits-Farm Credit AG Bonds	\$ 2,979,840	42%	Aaa	Moody's
Certificates of Deposit- Linked Deposits	4,155,304	58%		
Total Investments	\$ 7,135,144	100%		

The Administration categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Administration has the following recurring fair value measurements as of June 30, 2019:

	Fair Value Measurements	Quoted Prices in	Significant	Significant
	Using	Active Markets	Other	Unobservable
	6/30/2019	for Identical	Observable	Inputs (Level 3)
		Assets (Level 1)	Inputs (Level 2)	
Investments by fair value level				
Linked Deposits-Farm Credit AG Bonds	\$ 2,979,840	\$ -	\$ 2,979,840	\$ -
Certificates of Deposit- Linked Deposits	4,155,304	-	4,155,304	-
Total Investments by fair value level	\$ 7,135,144	\$ -	\$ 7,135,144	\$ -

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Notes to the Financial Statements June 30, 2019 and 2018

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

As of June 30, 2018, the Administration had the following investments and maturities:

Investment Types	Fair Value	Investment Maturities (In Years)		
		Less than 1	1 to 5	6 to 10
Linked Deposits-Farm Credit AG Bonds	\$ 2,782,320	\$ -	\$ -	\$ 2,782,320
Certificates of Deposit- Linked Deposits	2,722,855	-	215,272	2,507,583
Total Investments	\$ 5,505,175	\$ -	\$ 215,272	\$ 5,289,903

In addition, the Administration's investments had the following quality ratings as of June 30, 2018:

Investment Types	Fair Value	Concentration ¹	Rating	Rating
				Organization
Linked Deposits-Farm Credit AG Bonds	\$ 2,782,320	51%	Aaa	Moody's
Certificates of Deposit- Linked Deposits	2,722,855	49%		
Total Investments	\$ 5,505,175	100%		

1. Concentration of Credit Risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Administration places no limit on the amount it may invest in any one issuer. For fiscal years 2019 and 2018, the Administration's investments were not in obligations of the Federal Home Loan Mortgage Corporation – FHLMC and the Federal National Mortgage Association – FNMA or any other agency funds. The investment portfolio was in Linked Deposit CD's and Bonds, as well as U.S. Treasury Bills and Notes.

As of June 30, 2018, the Administration had the following investments by fair value level:

	Fair Value	Quoted Prices in	Significant	Significant
	Measurements	Active Markets	Other	Unobservable
	Using	for Identical	Observable	
	6/30/2018	Assets (Level 1)	Inputs (Level 2)	Inputs (Level 3)
Investments by fair value level				
Linked Deposits-Farm Credit AG Bonds	\$ 2,782,320	\$ -	\$ 2,782,320	\$ -
Certificates of Deposit- Linked Deposits	2,722,855	-	2,722,855	-
Total Investments by fair value level	\$ 5,505,175	\$ -	\$ 5,505,175	\$ -

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Notes to the Financial Statements June 30, 2019 and 2018

3. LOANS RECEIVABLE

The Administration makes low interest rate loans to various local governments and other entities in the State. These loans are secured by a pledge of the revenue from the ownership or operation of the wastewater and/or drinking water systems and certain other funds of the entities. Certain loans are additionally secured by the full faith and credit of the borrowing entities.

The WQRLF loans included in bond funds held by trustee accounts are pledged under the indenture. The loans included in the capital reserve accounts represent loans made under Federal and State regulations, which are not pledged under the indenture. The Administration may, at its option, pledge these loans to support future bond issues, at which time the loans and related fund equity will be transferred to bond funds held by trustee accounts.

As of June 30, 2019 and 2018, the Administration's lending commitments and outstanding balances under the WQRLF to specific governmental entities within the State are detailed as follows:

WQRLF Borrower	2019			2018		
	Total Commitment	Commitment Outstanding	Outstanding Balance June 30, 2019	Total Commitment	Commitment Outstanding	Outstanding Balance June 30, 2018
Aberdeen , City of	\$ 9,329,266	\$ -	\$ 5,553,502	\$ 9,329,266	\$ -	\$ 5,966,881
Allegany County	23,679,030	-	9,334,580	23,679,030	-	10,506,570
Annapolis, City of	1,591,479	-	-	1,591,479	-	-
Anne Arundel County	113,446,894	4,921,584	47,457,070	113,791,048	8,315,271	48,638,231
Ashton Park Comm. Assoc.	408,470	-	234,714	408,470	-	254,800
Baltimore City	573,243,707	93,139,695	290,412,937	573,243,707	177,492,915	225,336,438
Baltimore County	415,903,533	86,727,994	204,168,805	270,203,533	18,827,142	138,355,159
Bel Air, Town of	101,686	-	-	101,686	-	-
Berlin , Town of	3,207,000	-	2,408,795	3,207,000	-	2,570,787
Betterton, Town of	93,559	-	22,588	93,559	-	28,179
Boonsboro, Town of	2,127,984	-	36,059	2,127,984	-	43,058
Bowie, City of	4,154,565	-	1,462,052	4,154,565	-	1,694,256
Brunswick, City of	1,690,570	-	135,592	1,690,570	-	165,624
Calvert County	18,343,759	-	3,374,527	18,343,759	135,808	3,776,216
Cambridge, City of	12,440,864	-	2,079,733	12,440,864	-	2,751,974
Canton Crossing	3,711,142	-	1,361,142	3,711,142	-	1,561,142
Carroll County	12,074,030	-	65,954	12,074,030	-	97,682
Cecil County	43,197,704	-	24,508,278	44,370,811	3,088,277	24,783,219
Centreville, Town of	3,878,064	-	841,633	3,878,064	-	953,848
Charles County	23,358,722	-	5,573,870	23,358,722	-	6,332,820
Chesapeake Beach, Town of	9,491,864	-	5,811,097	9,491,864	-	6,304,033
Chestertown, Town of	3,955,893	-	1,259,149	3,955,893	-	1,432,748
Clear Spring, Town of	72,705	-	-	72,705	-	-
Crisfield, City of	1,169,458	-	580,162	1,169,458	-	642,175
Cumberland, City of	13,459,725	762,658	5,249,631	13,459,725	2,518,761	4,028,720

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Notes to the Financial Statements June 30, 2019 and 2018

3. LOANS RECEIVABLE (continued)

WQRLF Borrower	2019			2018		
	Total Commitment	Commitment Outstanding	Outstanding Balance June 30, 2019	Total Commitment	Commitment Outstanding	Outstanding Balance June 30, 2018
Delmar, Town of	\$ 276,040	\$ -	\$ 17,129	\$ 276,040	\$ -	\$ 33,857
Denton, Town of	3,787,084	601,126	1,434,217	2,386,077	-	755,638
Easton, Town of	21,852,648	-	11,140,763	21,852,648	-	12,304,575.00
Elkton, Town of	21,395,474	-	9,596,241	21,395,474	-	10,699,763
Emmitsburg, Town of	600,000	-	43,426	600,000	-	86,336
Federalsburg, Town of	3,479,097	-	1,795,272	3,479,097	-	1,974,603
Frederick, City of	54,460,376	1,845,949	40,286,869	52,429,287	5,783,219	36,841,812
Frederick County	113,637,450	-	52,446,223	114,454,864	2,533,875	55,194,032
Frostburg, City of	739,788	-	349,874	739,788	-	390,475
Fruitland, City of	4,919,475	-	1,526,370	4,935,438	92,026	2,195,221
Funkstown, Town of	1,875,221	-	644,142	1,875,221	-	758,213
Galena, Town of	112,219	-	-	112,219	-	-
Garrett County	1,970,000	-	-	1,970,000	-	-
Garrett County San. Distr	2,635,641	-	107,345	2,635,641	-	218,583
Grantsville, Town of	16,891	-	-	16,891	-	-
Greensboro, Town of	443,345	-	-	443,345	-	-
Hagerstown, City of	22,102,169	-	7,486,249	22,102,169	-	8,707,173
Hancock, Town of	797,062	-	100,115	797,062	-	148,562
Harford County	69,535,228	-	-	69,535,228	-	-
Havre De Grace, City of	28,996,682	-	15,726,595	28,996,682	-	17,281,256
Hebron, Town of	195,729	-	88,584	195,729	-	100,489
Howard County	91,534,729	-	14,572,857	91,534,729	-	17,956,269
Hurlock, Town of	3,626,240	-	1,223,961	3,626,240	-	1,388,687
Indian Head, Town of	4,603,656	-	798,484	4,603,656	-	979,498
Kent County	7,394,107	-	2,597,201	7,394,107	-	2,953,074
La Plata, Town of	12,972,019	-	4,986,287	12,972,019	-	5,683,712
Leonardtown, Town of	9,082,233	-	6,864,592	9,082,233	-	7,185,129
Md. Envir Services	6,014,121	-	2,504,430	6,014,121	-	3,178,189
Middletown, Town of	3,970,639	-	225,530	3,970,639	-	445,881
Millington, Town of	42,000	-	-	42,000	-	-
Mountain Lake Park, Town of	770,287	-	156,319	770,287	-	178,296
Mount Airy, Town of	3,523,087	-	-	3,523,087	-	234,495
Myersville, Town of	1,259,983	-	-	1,259,983	-	81,407
New Windsor, Town of	3,858,474	-	388,983	3,858,474	-	421,398
North Beach, Town of	3,621,861	-	1,782,766	3,686,922	65,061	1,941,613
Oakland, Town of	892,046	-	82,736	892,046	-	94,368
Oxford, Town of	45,402	-	-	45,402	-	-
Perryville, Town of	5,923,965	-	3,252,470	5,923,965	-	3,562,341
Pocomoke City, City of	851,579	-	255,371	851,579	-	299,482
Poolesville, Town of	5,658,051	-	2,265,087	5,658,051	-	2,523,480
Preston, Town of	1,129,870	942,891	186,979	-	-	-

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Notes to the Financial Statements June 30, 2019 and 2018

3. LOANS RECEIVABLE (continued)

WQRLF Borrower	2019			2018		
	Total Commitment	Commitment Outstanding	Outstanding Balance June 30, 2019	Total Commitment	Commitment Outstanding	Outstanding Balance June 30, 2018
Prince George's County	\$ 23,238,580	\$ -	\$ -	\$ 23,238,580	\$ -	\$ -
Queen Anne's County	59,557,969	11,478,376	28,152,755	59,557,969	16,338,126	24,217,820
Ridgely, Town of	1,598,297	-	842,616	1,598,297	-	928,470
Rising Sun, Town of	1,010,437	-	-	1,010,437	-	-
Rockville, Town of	2,300,633	-	979,431	2,300,633	-	1,100,692
Salisbury, Town of	84,504,043	1,899,971	53,127,521	84,504,043	3,435,007	54,157,180
Sharptown	170,925	-	123,176	170,925	-	132,676
Snow Hill, Town of	1,358,420	-	554,328	1,358,420	-	592,748
Somerset County	2,151,215	-	266,274	2,151,215	-	395,509
Somerset County San. Distr.	187,031	-	-	187,031	-	-
St. Mary's County	7,447,625	-	-	7,447,625	-	221,516
St. Mary's METCOM	49,718,529	5,083,362	28,394,002	48,168,269	5,142,873	28,510,922
Talbot County	9,975,333	-	3,945,641	9,975,333	-	4,459,221
Taneytown, City of	6,477,722	-	32,951	6,477,722	-	292,922
Thurmont, Town of	10,153,303	-	5,205,720	10,153,303	-	5,621,097
Union Bridge, Town of	142,000	-	25,625	142,000	-	33,786
Washington County	41,709,193	-	12,116,976	41,709,193	-	15,241,368
Washington Co Sanitary Dist.	20,387,427	-	-	20,387,427	-	-
Westernport, Town of	1,030,992	-	86,498	1,030,992	-	114,650
Westminster, City of	29,318,055	27,334,131	272,344	1,711,580	-	-
Wicomico County	2,929,876	-	-	2,929,876	-	-
Willards, Town of	433,599	-	199,409	433,599	-	221,126
Williamsport, Town of	684,538	-	324,840	684,538	-	369,802
Wash. Suburban San. Comm.	459,048,210	51,235,345	240,087,075	415,088,237	15,213,266	248,011,325
Worcester County	11,134,755	-	1,774,671	11,134,755	-	2,464,964
Loan Totals	2,641,402,348	\$ 285,973,082	\$ 1,173,377,190	2,420,439,373	\$ 258,981,627	\$ 1,070,110,261
Grant /Loan Forgiveness	89,832,819			85,018,057		
Total Commitment	\$2,731,235,167			\$2,505,457,430		

The current portion of WQRLF loans receivable as of June 30, 2019 and 2018, was \$91,415,027 and \$90,704,591, respectively. Also, the outstanding balance of loans receivable is made up of \$181,551,926 pledged loans (2008 indenture) and \$991,825,264 non-pledged direct loans. During fiscal years 2019 and 2018, there were no defaults or delinquencies.

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Notes to the Financial Statements June 30, 2019 and 2018

3. LOANS RECEIVABLE (continued)

As of June 30, 2019 and 2018, the Administration's lending commitments under the DWRLF to specific governmental entities within the State are detailed as follows:

DWRLF Borrower	2019			2018		
	Total	Commitment	Outstanding	Total	Commitment	Outstanding
	Commitment	Outstanding	Balance June 30, 2019	Commitment	Outstanding	Balance June 30, 2018
Allegany County	\$ 576,082	\$ -	\$ 492,211	\$ 576,082	\$ -	\$ 514,657
Annapolis, City of	28,500,000	-	25,662,076	28,500,000	3,158,797	23,457,405
Anne Arundel County	6,816,718	-	4,475,926	6,816,718	-	4,710,282
Baltimore City	114,494,151	44,841,254	61,154,717	114,494,151	73,528,574	33,540,853
Baltimore County	79,851,193	26,524,884	40,246,994	79,851,193	41,617,675	26,884,011
Beaches Water Co.	464,713	-	326,449	464,713	-	348,110
Betterton, Town of	43,483	-	10,498	43,483	-	13,097
Boonsboro, Town of	1,662,639	-	162,948	1,662,639	-	181,541
Bowie, City of	1,677,500	-	207,404	1,677,500	-	307,328
Brunswick, City of	359,975	-	138,130	359,975	-	159,323
Calvert County	2,568,000	-	2,211,513	2,568,000	-	2,331,408
Cecilton, Town of	968,323	-	562,912	968,323	-	594,850
Centreville, Town of	912,870	-	-	912,870	-	-
Chesapeake City, Town of	125,955	-	89,956	125,955	-	96,077
Chestertown, Town of	1,765,422	-	548,336	1,765,422	-	644,138
Clear Spring, Town of	1,260,531	-	541,095	1,260,531	-	593,828
Cumberland, City of	9,818,975	-	5,207,226	9,256,475	-	5,000,566
Dorchester County	52,778	-	-	52,778	-	-
East New Market	368,150	-	272,807	368,150	-	292,355
Emmitsburg, Town of	1,582,762	-	375,218	1,582,762	-	466,696
Fahrney Keedy	500,000	-	-	500,000	-	-
Federalsburg, Town of	1,830,881	-	739,347	1,830,881	-	832,658
Frederick County	10,831,167	-	563,171	10,831,167	-	969,882
Frostburg, City of	337,500	-	271,141	337,500	-	287,955
Funkstown, Town of	153,015	153,015	-	-	-	-
Garrett Co Sanitary District	388,653	-	176,124	388,653	-	194,126
Grantsville, Town of	224,283	-	17,018	224,283	-	42,835
Hagerstown, City of	28,275,989	67,661	17,950,270	27,510,029	-	18,429,865
Hampstead, Town of	722,587	-	93,685	722,587	-	138,755
Independence Village	44,902	-	-	44,902	-	-
La Plata, Town of	499,150	-	348,280	499,150	-	371,265
Lonaconing, Town of	843,046	-	757,381	887,179	44,133	787,430
Manchester	400,000	-	90,380	400,000	-	112,418
Martingham Utilities Coop	594,700	-	380,002	594,700	-	399,480
Maryland American Water Co	3,843,932	135,267	3,706,665	3,843,932	2,739,822	1,104,110
Myersville, Town of	467,842	-	-	467,842	-	32,170
New Windsor, Town of	1,927,731	-	908,005	1,927,731	-	994,713
North East, Town of	19,048,711	-	10,853,934	19,048,711	-	11,449,345

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Notes to the Financial Statements June 30, 2019 and 2018

3. LOANS RECEIVABLE (continued)

DWRLF Borrower	2019			2018		
	Total Commitment	Commitment Outstanding	Outstanding Balance June 30, 2019	Total Commitment	Commitment Outstanding	Outstanding Balance June 30, 2018
Oakland, Town of	\$ 3,677,165	\$ 410,593	\$ 2,705,481	\$ 2,759,832	\$ 308,458	\$ 1,986,830
Oxford, Town of	810,770	-	333,048	810,770	-	383,244
Perryville, Town of	11,534,299	-	7,533,807	11,534,299	-	7,940,979
Pittsville, Town of	86,166	-	61,364	86,166	-	65,580
Pocomoke City	17,214	-	12,200	17,214	-	13,052
Port Deposit, Town of	291,760	-	-	291,760	-	-
Queenstown, Town of	489,139	-	356,188	489,139	-	380,182
Rising Sun, Town of	1,698,717	-	802,719	1,698,717	-	864,560
Rock Hall, Town of	1,020,183	-	576,865	1,020,183	-	611,711
Rockville, City of	8,122,000	-	946,509	8,122,000	-	1,457,473
Salisbury, City of	1,513,160	-	1,221,057	1,513,160	-	1,270,838
Secretary, Town of	149,408	-	48,713	149,408	-	56,776
Sharptown, Town of	122,299	-	90,979	122,299	-	98,915
Smithsburg, Town of	1,005,714	945,758	59,956	-	-	-
Somerset County	32,000	-	17,066	32,000	-	18,133
St. Mary's Co Metcom	16,944,682	4,204,943	9,676,183	13,348,427	5,559,044	5,366,362
St. Michaels, Town of	1,481,752	-	930,517	1,860,639	448,759	931,682
Taneytown, City of	4,011,000	-	2,435,787	4,011,000	-	2,639,811
Thurmont, Town of	2,243,740	-	-	2,243,740	-	-
Union Bridge, Town of	775,499	-	379,322	775,499	-	406,479
Walkersville, Town of	7,271,545	5,579,073	1,692,472	-	-	-
Westernport, Town of	3,008,026	-	2,718,189	3,008,026	-	2,777,839
Westminister, City of	15,535,902	-	6,793,727	15,535,902	-	7,680,752
Williamsport, Town of	750,000	123,820	606,846	750,000	692,250	57,750
Worcester County	367,063	-	202,134	367,063	-	221,146
WSSC	135,049	-	110,706	135,049	-	115,672
Loan Totals	407,898,561	\$ 82,986,268	\$ 219,853,654	394,049,259	\$ 128,097,512	\$ 171,629,298
Grant /Loan Forgiveness	61,643,611			58,436,761		
Total Commitment	\$ 469,542,172			\$ 452,486,020		

The current portion of DWRLF loans receivable as of June 30, 2019 and 2018, was \$10,899,153 and \$10,723,695, respectively. During fiscal years 2019 and 2018, there were no defaults or delinquencies.

The Administration is not required to disclose the market value of the loans. The Administration believes that the calculated market value of the loans at any given date would be less than their nominal amounts primarily because of their below market interest rates. The Administration currently plans to hold the loans to maturity and will continue to reflect them in the accompanying financial statements at cost.

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Notes to the Financial Statements June 30, 2019 and 2018

4. FIXED ASSETS

Fixed assets represent vehicles, net of accumulated depreciation. The activity for the years ended June 30, 2019 and 2018 was as follows:

For the Year Ended June 30, 2019					
	Balance June 30, 2018	Increases	Decreases	Depreciation	Balance June 30, 2019
Cost	\$ 159,442	\$ 42,574	\$ -	\$ -	\$ 202,016
Accumulated depreciation	93,819	-	-	36,108	129,927
Net	<u>\$ 65,623</u>	<u>\$ 42,574</u>	<u>\$ -</u>	<u>\$ 36,108</u>	<u>\$ 72,089</u>

For the Year Ended June 30, 2018					
	Balance June 30, 2017	Increases	Decreases	Depreciation	Balance June 30, 2018
Cost	\$ 116,954	\$ 42,488	\$ -	\$ -	\$ 159,442
Accumulated depreciation	63,253	-	-	30,566	93,819
Net	<u>\$ 53,701</u>	<u>\$ 42,488</u>	<u>\$ -</u>	<u>\$ 30,566</u>	<u>\$ 65,623</u>

Note: Depreciation is charged to business activities.

5. DRINKING WATER STATE REVOLVING SOURCE WATER PROTECTION

The transaction below is part of the DWRLF 15% set-aside grant and the loan information below is not included in the DWRLF capital program financial statements. The DWRLF 15% set-aside work plans approved by EPA allow use of Federal funds to make loans to purchase land for source water and wellhead protection. One loan is outstanding with an original principal balance of \$310,000, with the Town of Boonsboro. This loan is at a 0% interest rate and has a 20-year term. Information on this loan as of June 30, 2019, is summarized below:

	Loan Amount	ITD Principal Payments	Principal Balance	Annual Repayment
Town of Boonsboro	\$ 310,000	\$ 232,500	\$ 77,500	\$ 15,500

Principal payments have been transferred to the DWRLF Capital Reserve account.

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Notes to the Financial Statements June 30, 2019 and 2018

6. REVENUE BONDS PAYABLE

The Administration had the following outstanding debt as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Water Quality RLF		
2016 Series CW-RLF Revenue Bonds, dated November 10, 2016 with an all-in true interest rate of 1.53% due serially from March 1, 2017 to March 1, 2025.	<u>\$ 17,805,000</u>	<u>\$ 20,320,000</u>
Total amount payable for Clean Water RLF	17,805,000	20,320,000
Bay Restoration Fund		
2008 Series BRF Revenue Bonds, dated June 25, 2008 with an all-in true interest rate of 4.09% due serially from March 1, 2009 to March 1, 2023.	16,450,000	20,020,000
2014 Series BRF Revenue Bonds, dated May 14, 2014 with an all-in true interest rate of 2.58% due serially from March 1, 2016 to March 1, 2029.	77,755,000	83,730,000
2015 Series BRF Revenue Bonds, dated December 3, 2015 with an all-in true interest rate of 2.60% due serially from March 1, 2018 to March 1, 2030.	<u>159,170,000</u>	169,840,000
Total amount payable for BRF	<u>253,375,000</u>	<u>273,590,000</u>
Total amount payable for all indentured series- CWRLF & BRF	271,180,000	293,910,000
Less: Current portion payable	<u>23,935,000</u>	<u>22,730,000</u>
Non-current bonds payable	<u><u>\$ 247,245,000</u></u>	<u><u>\$ 271,180,000</u></u>

As of June 30, 2019, there were four series of Serial Bonds outstanding as follows:

Water Quality RLF Series	Current Bonds Payable due March 1, 2020	Non-Current Bonds Payable	Years Remaining	Final Payment Due Date
2016	\$ 2,635,000	\$ 15,170,000	6	March 1, 2025
Total WQRLF	<u><u>\$ 2,635,000</u></u>	<u><u>\$ 15,170,000</u></u>		
Bay Restoration Fund Series	Current Bonds Payable due March 1, 2020	Non-Current Bonds Payable	Years Remaining	Final Payment Due Date
2008	\$ 3,825,000	\$ 12,625,000	4	March 1, 2023
2014	6,270,000	71,485,000	10	March 1, 2029
2015	<u>11,205,000</u>	<u>147,965,000</u>	11	March 1, 2030
Total BRF	<u><u>\$ 21,300,000</u></u>	<u><u>\$ 232,075,000</u></u>		

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Notes to the Financial Statements June 30, 2019 and 2018

6. REVENUE BONDS PAYABLE (continued)

The WQRLF bonds are payable solely from, and secured by, a pledge of the loan principal and interest payments required to be made by the local and other governmental entity borrowers and a pledge of all bond funds to the Administration identified by the indenture dated April 1, 2008. Similarly, the BRF bonds are payable solely from the revenue derived from collections from the Bay Restoration wastewater fees as identified by the indenture dated June 1, 2008.

The principal and interest payment obligations related to WQRLF and BRF as of June 30, 2019, were as follows:

Water Quality RLF

Years Ended June 30,	Interest	Principal	Total
2020	\$ 803,100	\$ 2,635,000	\$ 3,438,100
2021	671,350	2,770,000	3,441,350
2022	532,850	2,905,000	3,437,850
2023	474,750	2,965,000	3,439,750
2024	326,500	3,110,000	3,436,500
2025	171,000	3,420,000	3,591,000
Total WQRLF	2,979,550	17,805,000	20,784,550

Bay Restoration Fund

Years Ended June 30,	Interest	Principal	Total
2020	\$ 10,526,552	\$ 21,300,000	\$ 31,826,552
2021	9,468,851	22,360,000	31,828,851
2022	8,352,907	23,470,000	31,822,907
2023	7,184,408	24,640,000	31,824,408
2024	5,971,420	21,245,000	27,216,420
2025-2029	15,280,915	122,110,000	137,390,915
2030	547,500	18,250,000	18,797,500
Total BRF	57,332,553	253,375,000	310,707,553

Total Payable-all series	\$ 60,312,103	\$ 271,180,000	\$ 331,492,103
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As of June 30, 2019 and 2018, the Administration's management believes that it is in compliance with all significant requirements of the indentures.

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Notes to the Financial Statements June 30, 2019 and 2018

7. SCHEDULES OF CHANGES IN BONDS PAYABLE AND COMPENSATED ABSENCES

Changes in business-type activities, long-term debt for the year ended June 30, 2019, were as follows:

Bond Series & Program	Beginning Balance 6/30/2018	Additions	Reductions	Ending Balance 6/30/2019	Amounts Due Within One Year
<u>2016 Water Quality RLF</u>					
Unamortized Premium	\$ 2,331,812	\$ -	\$ 559,833	\$ 1,771,979	\$ -
Revenue Bonds Payable	20,320,000	-	2,515,000	17,805,000	2,635,000
Total WQ: 2016 Series	22,651,812	-	3,074,833	19,576,979	2,635,000
<u>2008, 2014 & 2015 Bay Rest. Fund</u>					
Unamortized Premium	17,121,675	-	4,317,197	12,804,478	-
Revenue Bonds Payable	273,590,000	-	20,215,000	253,375,000	21,300,000
Total BRF: 2008, 2014 & 2015 Series	290,711,675	-	24,532,197	266,179,478	21,300,000
Total All Bond Series & Programs	313,363,487	-	27,607,030	285,756,457	23,935,000
<u>Compensated Absences</u>					
Water Quality	502,704	286,513	395,512	393,705	286,513
Drinking Water	47,520	38,741	37,284	48,977	38,741
BRF - Wastewater	109,377	59,916	43,973	125,320	59,916
BRF - Septics	52,907	33,259	36,753	49,413	33,259
Total Compensated Absences	712,508	418,429	513,522	617,415	418,429
Total	\$ 314,075,995	\$ 418,429	\$ 28,120,552	\$ 286,373,872	\$ 24,353,429

Changes in business-type activities long-term debt for the year ended June 30, 2018, were as follows:

Bond Series & Program	Beginning Balance 6/30/2017	Additions	Reductions	Ending Balance 6/30/2018	Amounts Due Within One Year
<u>2008A & 2016 Water Quality RLF</u>					
Unamortized Premium	\$ 2,923,453	\$ -	\$ 591,641	\$ 2,331,812	\$ -
Revenue Bonds Payable	24,650,000	-	4,330,000	20,320,000	2,515,000
Total WQ: 2008A & 2016 Series	27,573,453	-	4,921,641	22,651,812	2,515,000
<u>2008, 2014 & 2015 Bay Rest. Fund</u>					
Unamortized Premium	22,149,265	-	5,027,590	17,121,675	-
Revenue Bonds Payable	292,880,000	-	19,290,000	273,590,000	20,215,000
Total BRF: 2008, 2014 & 2015 Series	315,029,265	-	24,317,590	290,711,675	20,215,000
Total All Bond Series & Programs	342,602,718	-	29,239,231	313,363,487	22,730,000
<u>Compensated Absences</u>					
Water Quality	547,538	340,838	385,672	502,704	340,838
Drinking Water	60,841	38,316	51,637	47,520	38,316
BRF - Wastewater	145,104	51,123	86,850	109,377	51,123
BRF - Septics	60,464	35,747	43,304	52,907	35,747
Total Compensated Absences	813,947	466,024	567,463	712,508	466,024
Total	\$ 343,416,665	\$ 466,024	\$ 29,806,694	\$ 314,075,995	\$ 23,196,024

The Administration had no pending workers' compensation claims as of June 30, 2019 and 2018.

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Notes to the Financial Statements June 30, 2019 and 2018

8. GRANTS AND RELATED PARTY TRANSACTIONS

Maryland Environmental Services (MES) was awarded grants under the BRF program. MES received BRF grant disbursements totaling \$325,912 and \$1,755,904, for the fiscal years ended 2019 and 2018, respectively.

9. BAY RESTORATION FUND ACTIVITY

Bay Restoration Fund (BRF) includes Wastewater Fund and Septic Fund. BRF fee revenue is collected by the State Comptroller's office and transferred to MWQFA for the purpose of providing grants for upgrade of major wastewater treatment plants in Maryland with enhanced nutrient removal technologies (Wastewater Fund) and for the purpose of providing grants for the upgrade of on-site septic disposal systems with nitrogen removal technology (Septic Fund). The revenue is recorded as earned. During the fiscal year ending June 30, 2019, the Wastewater Fund received cash deposits from the Maryland Comptroller's Office totaling \$114,201,670, which earned investment interest of \$2,205,892, for capital projects and \$124,427, for the 2008 indenture. Similarly, the Septic Fund (60.0% of septic fees) received cash deposits of \$16,892,565, which earned investment interest of \$269,238. The 40.0% of septic fee revenue transferred by the State Comptroller's office to the MDA is not recorded or accounted for in the accompanying financial statements of the Administration. The Board of Public Works approves grant awards, which are implemented through signed agreements. Also, capital disbursements of funds were made totaling \$69,054,229, for the wastewater treatment plant and sewer upgrades, and \$13,856,092, for septic system projects for fiscal year 2019. Wastewater Fund and Septic Fund fee revenue receivables as of June 30, 2019 and 2018 were \$21,788,852 and \$1,354,256, and \$28,445,023 and \$1,363,100, respectively.

Below is a summary of grant activity for fiscal years June 30, 2019 and 2018:

	2019			2018		
	BRF Grant Award	Cumulative Grant Disbursements	Remaining Grant Balance as of 6/30/19	BRF Grant Award	Cumulative Grant Disbursements	Remaining Grant Balance as of 6/30/18
BRF Wastewater Fund						
BRF WW Grants:						
ENR Major WWTP	\$ 1,297,978,830	\$ 1,165,084,063	\$ 132,894,767	\$ 1,249,507,663	\$ 1,137,512,122	\$ 111,995,541
Sewer -pre FY10	19,711,306	19,711,306	-	19,711,306	19,711,306	-
O&M to WWTP	23,586,610	23,586,610	-	18,259,360	18,259,360	-
Expanded Uses(post FY16):						
ENR Minor WWTP	35,207,815	22,236,936	12,970,879	20,738,032	15,621,871	5,116,161
Sewer Rehab/Extensions	125,154,679	61,367,467	63,787,212	70,194,094	31,827,494	38,366,600
Septic Systems	-	-	-	-	-	-
Stormwater BMP	-	-	-	-	-	-
Total BRF WW Grants	\$ 1,501,639,240	\$ 1,291,986,382	\$ 209,652,858	\$ 1,378,410,455	\$ 1,222,932,153	\$ 155,478,302
	2019			2018		
	BRF Grant Award	Cumulative Grant Disbursements	Remaining Grant Balance as of 6/30/19	BRF Grant Award	Cumulative Grant Disbursements	Remaining Grant Balance as of 6/30/18
BRF Septic Fund						
BRF SEPTIC Grants:						
Capital Projects	\$ 152,339,070	\$ 140,743,848	\$ 11,595,222	\$ 137,168,365	\$ 128,332,756	\$ 8,835,609
HB12 Admin	6,805,000	6,805,000	-	5,360,000	5,360,000	-
Total BRF Septic Grants	\$ 159,144,070	\$ 147,548,848	\$ 11,595,222	\$ 142,528,365	\$ 133,692,756	\$ 8,835,609

SUPPLEMENTAL INFORMATION

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Combining Statements of Net Position – Schedule 1 As of June 30, 2019 and 2018

	2019				2018			
	Funds held by Administration				Funds held by Administration			
	Clean Water RLF	Drinking Water RLF	Bay Restoration Fund	Total	Clean Water RLF	Drinking Water RLF	Bay Restoration Fund	Total
ASSETS								
Current Assets:								
Cash and cash equivalents	\$ 235,257,137	\$ 26,625,632	\$ 113,790,660	\$ 375,673,429	\$ 294,195,971	\$ 62,799,591	\$ 95,793,970	\$ 452,789,532
Receivables:								
Investment interest	34,317	-	-	34,317	25,250	-	-	25,250
Loans	58,247,897	10,899,153	-	69,147,050	55,938,601	10,723,695	-	66,662,296
Loan interest	4,980,402	896,451	-	5,876,853	4,366,459	731,696	-	5,098,155
BRF fee	-	-	1,681,089	1,681,089	-	-	1,789,775	1,789,775
Administrative fee	5,382,847	747,154	-	6,130,001	4,795,256	750,578	-	5,545,834
Current Restricted Assets:								
Cash and cash equivalents	-	-	22,415,048	22,415,048	-	-	23,523,183	23,523,183
Receivables:								
Investment interest	-	-	-	-	-	-	-	-
BRF fee	-	-	21,462,019	21,462,019	-	-	28,018,348	28,018,348
Loans	33,167,130	-	-	33,167,130	34,765,990	-	-	34,765,990
Loan interest	969,710	-	-	969,710	1,195,390	-	-	1,195,390
Total Current Assets	338,039,440	39,168,390	159,348,816	536,556,646	395,282,917	75,005,560	149,125,276	619,413,753
Non-current Assets:								
Investments	7,135,144	-	-	7,135,144	5,505,175	-	-	5,505,175
Loans receivable	933,577,367	208,954,501	-	1,142,531,868	797,853,743	160,905,603	-	958,759,346
Fixed assets, net	5,847	-	66,242	72,089	20,868	-	44,755	65,623
Non-current Restricted Assets:								
Loans receivable	148,384,796	-	-	148,384,796	181,551,926	-	-	181,551,926
Total Non-current Assets	1,089,103,154	208,954,501	66,242	1,298,123,897	984,931,712	160,905,603	44,755	1,145,882,070
Total Assets	\$ 1,427,142,594	\$ 248,122,891	\$ 159,415,058	\$ 1,834,680,543	\$ 1,380,214,629	\$ 235,911,163	\$ 149,170,031	\$ 1,765,295,823

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Combining Statements of Net Position – Schedule 1 (continued) As of June 30, 2019 and 2018

	2019				2018			
	Funds held by Administration				Funds held by Administration			
	Clean Water RLF	Drinking Water RLF	Bay Restoration Fund	Total	Clean Water RLF	Drinking Water RLF	Bay Restoration Fund	Total
LIABILITIES								
Current Liabilities:								
Accounts payable	\$ 297,741	\$ 38,741	\$ 93,175	\$ 429,657	\$ 348,986	\$ 40,550	\$ 92,833	\$ 482,369
Revenue bonds	2,635,000	-	21,300,000	23,935,000	2,515,000	-	20,215,000	22,730,000
Accrued interest on bonds payable	106,862	-	2,289,613	2,396,475	123,006	-	2,394,801	2,517,807
Total Current Liabilities	3,039,603	38,741	23,682,788	26,761,132	2,986,992	40,550	22,702,634	25,730,176
Non-current Liabilities:								
Other liabilities	107,192	10,236	81,558	198,986	161,866	9,204	75,414	246,484
Revenue bonds	15,170,000	-	232,075,000	247,245,000	17,805,000	-	253,375,000	271,180,000
Bond premium	1,771,979	-	12,804,478	14,576,457	2,331,812	-	17,121,675	19,453,487
Total Non-current Liabilities	17,049,171	10,236	244,961,036	262,020,443	20,298,678	9,204	270,572,089	290,879,971
Total Liabilities	20,088,774	48,977	268,643,824	288,781,575	23,285,670	49,754	293,274,723	316,610,147
NET POSITION								
Net investment in capital assets	5,847	-	66,242	72,089	20,868	-	44,755	65,623
Restricted for debt service	162,837,795	-	43,877,067	206,714,862	194,738,488	-	51,541,531	246,280,019
Unrestricted	1,244,210,178	248,073,914	(153,172,075)	1,339,112,017	1,162,169,603	235,861,409	(195,690,978)	1,202,340,034
Total Net Position	\$ 1,407,053,820	\$ 248,073,914	\$ (109,228,766)	\$ 1,545,898,968	\$ 1,356,928,959	\$ 235,861,409	\$ (144,104,692)	\$ 1,448,685,676

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Combining Statements of Revenue, Expenses and Changes in Net Position – Schedule 2 For the Years Ended June 30, 2019 and 2018

	2019				2018			
	Funds held by Administration				Funds held by Administration			
	Clean Water	Drinking Water	Bay Restoration	Total	Clean Water	Drinking Water	Bay Restoration	Total
	RLF	RLF	Fund		RLF	RLF	Fund	
Operating Revenue:								
Interest on loans	\$ 12,016,254	\$ 1,764,867	\$ -	\$ 13,781,121	\$ 11,542,535	\$ 1,489,435	\$ -	\$ 13,031,970
Loan administration fees	5,383,677	754,377	-	6,138,054	4,796,086	752,411	-	5,548,497
Fee revenue	-	-	124,429,220	124,429,220	-	-	133,119,287	133,119,287
Grant revenue	-	-	-	-	-	14,294	-	14,294
Grant revenue (Set-Asides 2%,10%, & 15%)	-	3,634,396	-	3,634,396	-	3,835,142	-	3,835,142
Miscellaneous	-	15,500	-	15,500	12,636	15,500	-	28,136
Total Operating Revenue	17,399,931	6,169,140	124,429,220	147,998,291	16,351,257	6,106,782	133,119,287	155,577,326
Operating Expenses:								
Salaries and related benefits	5,635,671	669,095	1,434,872	7,739,638	5,401,212	608,585	939,214	6,949,011
General	1,450,128	153,818	728,442	2,332,388	1,405,553	158,385	756,724	2,320,662
Capital grant disbursements	3,377,499	3,323,703	82,910,321	89,611,523	2,286,376	4,433,998	110,710,094	117,430,468
Transfers-out (Set-Asides 2%,10%, & 15%)	-	3,634,396	-	3,634,396	-	3,835,142	-	3,835,142
Total Operating Expenses	10,463,298	7,781,012	85,073,635	103,317,945	9,093,141	9,036,110	112,406,032	130,535,283
Operating Income (Loss)	6,936,633	(1,611,872)	39,355,585	44,680,346	7,258,116	(2,929,328)	20,713,255	25,042,043
Non-operating Revenue (Expenses):								
Investment income	4,864,381	816,467	2,599,557	8,280,405	4,540,069	1,016,220	2,006,469	7,562,758
Interest expense on bonds	(352,873)	-	(7,079,216)	(7,432,089)	(480,545)	-	(7,353,809)	(7,834,354)
Net change in fair value of investments	197,520	-	-	197,520	(527,205)	-	-	(527,205)
Total Non-operating Revenue (Expenses)	4,709,028	816,467	(4,479,659)	1,045,836	3,532,319	1,016,220	(5,347,340)	(798,801)
Income (Loss) Before Contributions	11,645,661	(795,405)	34,875,926	45,726,182	10,790,435	(1,913,108)	15,365,915	24,243,242
Contributions received from:								
Federal government	32,066,000	10,210,510	-	42,276,510	32,315,000	10,298,840	-	42,613,840
State of MD-required match to Federal grant	6,413,200	2,797,400	-	9,210,600	6,463,000	2,822,000	-	9,285,000
Change in Net Position	50,124,861	12,212,505	34,875,926	97,213,292	49,568,435	11,207,732	15,365,915	76,142,082
Net Position, Beginning of Year	1,356,928,959	235,861,409	(144,104,692)	1,448,685,676	1,307,360,524	224,653,677	(159,470,607)	1,372,543,594
Net Position, End of Year	\$1,407,053,820	\$ 248,073,914	\$(109,228,766)	\$1,545,898,968	\$1,356,928,959	\$ 235,861,409	\$(144,104,692)	\$1,448,685,676

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Combining Statements of Cash Flows – Schedule 3 For the Years Ended June 30, 2019 and 2018

	2019				2018			
	Funds held by Administration				Funds held by Administration			
	Clean Water	Drinking Water	Bay		Clean Water	Drinking Water	Bay	
	RLF	RLF	Restoration	Total	RLF	RLF	Restoration	Total
			Fund				Fund	
Cash Flows from Operating Activities:								
BRF Fee and other receipts	\$ -	\$ 3,649,896	\$ 131,094,235	\$ 134,744,131	\$ 12,636	\$ 3,864,936	\$ 131,321,448	\$ 135,199,020
Capital grant disbursements	(3,377,499)	(3,323,703)	(82,910,321)	(89,611,523)	(2,286,376)	(4,433,998)	(110,710,094)	(117,430,468)
Salaries and benefits paid	(5,744,670)	(667,638)	(1,422,423)	(7,834,731)	(5,446,046)	(621,906)	(982,498)	(7,050,450)
General expenses paid	(1,432,027)	(3,790,448)	(713,318)	(5,935,793)	(1,389,803)	(3,993,432)	(741,573)	(6,124,808)
Net Cash from Operating Activities	(10,554,196)	(4,131,893)	46,048,173	31,362,084	(9,109,589)	(5,184,400)	18,887,283	4,593,294
Cash Flows from Non-capital Financing Activities:								
Contributions received from:								
Federal government	32,066,000	10,210,510	-	42,276,510	32,315,000	10,298,840	-	42,613,840
State of MD-required match to Federal grant	6,413,200	2,797,400	-	9,210,600	6,463,000	2,822,000	-	9,285,000
Proceeds from sale of bonds	-	-	-	-	-	-	-	-
Repayment of bonds	(2,515,000)	-	(20,215,000)	(22,730,000)	(4,330,000)	-	(19,290,000)	(23,620,000)
Cost of issuance/underwriters' discount	-	-	-	-	-	-	-	-
Interest on bonds	(928,850)	-	(11,501,601)	(12,430,451)	(1,127,950)	-	(12,466,101)	(13,594,051)
Net Cash from Non-capital Financing Activities	35,035,350	13,007,910	(31,716,601)	16,326,659	33,320,050	13,120,840	(31,756,101)	14,684,789
Cash Flows from Capital and Related Financing Activities:								
Purchase of equipment	-	-	(42,574)	(42,574)	-	-	(42,488)	(42,488)
Net Cash from Capital and Related Financing Activities	-	-	(42,574)	(42,574)	-	-	(42,488)	(42,488)
Cash Flows from Investing Activities:								
Loan repayments	90,704,591	10,736,190	-	101,440,781	89,289,509	10,615,471	-	99,904,980
Loan disbursements	(193,971,520)	(58,960,546)	-	(252,932,066)	(91,969,269)	(21,348,909)	-	(113,318,178)
Interest and fees received from borrowers	16,424,077	2,357,913	-	18,781,990	16,433,357	2,170,481	-	18,603,838
Purchase of investments	(1,646,000)	-	-	(1,646,000)	-	-	-	-
Interest on investment securities	4,855,313	816,467	2,599,557	8,271,337	4,609,808	1,016,220	2,006,468	7,632,496
Proceeds from sale of investments	213,551	-	-	213,551	3,706,640	-	-	3,706,640
Net Cash from Investing Activities	(83,419,988)	(45,049,976)	2,599,557	(125,870,407)	22,070,045	(7,546,737)	2,006,468	16,529,776
Net Increase/(Decrease) in Cash and Cash Equivalents	(58,938,834)	(36,173,959)	16,888,555	(78,224,238)	46,280,506	389,703	(10,904,838)	35,765,371
Cash & Cash Equivalents, Beginning of Year	294,195,971	62,799,591	119,317,153	476,312,715	247,915,465	62,409,888	130,221,991	440,547,344
Cash & Cash Equivalents, End of Year	\$ 235,257,137	\$ 26,625,632	\$ 136,205,708	\$ 398,088,477	\$ 294,195,971	\$ 62,799,591	\$ 119,317,153	\$ 476,312,715

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Combining Statements of Cash Flows – Schedule 3 (continued) For the Years Ended June 30, 2019 and 2018

	2019				2018			
	Funds held by Administration				Funds held by Administration			
	Bay				Bay			
	Clean Water	Drinking Water	Restoration	Total	Clean Water	Drinking Water	Restoration	Total
	RLF	RLF	Fund		RLF	RLF	Fund	
Reconciliation of operating income (loss) to net cash from operating activities:								
Operating income (loss)	\$ 6,936,633	\$ (1,611,872)	\$ 39,355,585	\$ 44,680,346	\$ 7,258,116	\$ (2,929,328)	\$ 20,713,255	\$ 25,042,043
Depreciation of fixed assets	15,021	-	21,087	36,108	15,435	-	15,131	30,566
Effect of changes in non-cash operating assets and liabilities:								
Interest and fees received from borrowers	(16,424,077)	(2,357,913)	-	(18,781,990)	(16,433,357)	(2,170,481)	-	(18,603,838)
Loan interest receivable	(388,263)	(164,755)	-	(553,018)	23,908	9,460	-	33,368
Administrative fee and BRF fee receivables	(587,591)	3,424	6,665,015	6,080,848	70,828	(80,825)	(1,797,839)	(1,807,836)
Accounts payable and other liabilities	(105,919)	(777)	6,486	(100,210)	(44,519)	(13,226)	(43,264)	(101,009)
Net Cash from Operating Activities	\$ (10,554,196)	\$ (4,131,893)	\$ 46,048,173	\$ 31,362,084	\$ (9,109,589)	\$ (5,184,400)	\$ 18,887,283	\$ 4,593,294

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

CLEAN WATER STATE REVOLVING LOAN FUND

Combining Statements of Net Position – Schedule 4

As of June 30, 2019 and 2018

	2019				2018			
	Funds held by Administration				Funds held by Administration			
	General Accounts	Capital Reserve Accounts	Bond Funds 2008 Indenture	Total	General Accounts	Capital Reserve Accounts	Bond Funds 2008 Indenture	Total
ASSETS								
Current Assets:								
Cash and cash equivalents	\$ 884,589	\$ 234,372,548	\$ -	\$ 235,257,137	\$ 865,155	\$ 293,330,816	\$ -	\$ 294,195,971
Receivables:								
Investment interest	3	34,314	-	34,317	-	25,250	-	25,250
Loans	-	58,247,897	-	58,247,897	-	55,938,601	-	55,938,601
Loan interest	-	4,980,402	-	4,980,402	-	4,366,459	-	4,366,459
Administrative fee	5,382,847	-	-	5,382,847	4,795,256	-	-	4,795,256
Current Restricted Assets:								
Cash and cash equivalents	-	-	-	-	-	-	-	-
Receivables:								
Loans	-	-	33,167,130	33,167,130	-	-	34,765,990	34,765,990
Loan interest	-	-	969,710	969,710	-	-	1,195,390	1,195,390
Total Current Assets	6,267,439	297,635,161	34,136,840	338,039,440	5,660,411	353,661,126	35,961,380	395,282,917
Non-current Assets:								
Investments	-	7,135,144	-	7,135,144	-	5,505,175	-	5,505,175
Loans receivable	-	933,577,367	-	933,577,367	-	797,853,743	-	797,853,743
Fixed assets, net	5,847	-	-	5,847	20,868	-	-	20,868
Non-current Restricted Assets:								
Loans receivable	-	-	148,384,796	148,384,796	-	-	181,551,926	181,551,926
Total Non-current Assets	5,847	940,712,511	148,384,796	1,089,103,154	20,868	803,358,918	181,551,926	984,931,712
Total Assets	\$ 6,273,286	\$1,238,347,672	\$ 182,521,636	\$1,427,142,594	\$ 5,681,279	\$1,157,020,044	\$ 217,513,306	\$1,380,214,629

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

CLEAN WATER STATE REVOLVING LOAN FUND

Combining Statements of Net Position – Schedule 4 (continued)

As of June 30, 2019 and 2018

	2019				2018			
	Funds held by Administration				Funds held by Administration			
	General Accounts	Capital Reserve Accounts	Bond Funds 2008 Indenture	Total	General Accounts	Capital Reserve Accounts	Bond Funds 2008 Indenture	Total
LIABILITIES								
Current Liabilities:								
Accounts payable	\$ 297,741	\$ -	\$ -	\$ 297,741	\$ 348,986	\$ -	\$ -	\$ 348,986
Revenue bonds payable	-	-	2,635,000	2,635,000	-	-	2,515,000	2,515,000
Accrued interest on bonds payable	-	-	106,862	106,862	-	-	123,006	123,006
Total Current Liabilities	297,741	-	2,741,862	3,039,603	348,986	-	2,638,006	2,986,992
Non-current Liabilities:								
Other liabilities	107,192	-	-	107,192	161,866	-	-	161,866
Revenue bonds payable	-	-	15,170,000	15,170,000	-	-	17,805,000	17,805,000
Bond premium	-	-	1,771,979	1,771,979	-	-	2,331,812	2,331,812
Total Non-current Liabilities	107,192	-	16,941,979	17,049,171	161,866	-	20,136,812	20,298,678
Total Liabilities	404,933	-	19,683,841	20,088,774	510,852	-	22,774,818	23,285,670
NET POSITION								
Net investment in capital assets	5,847	-	-	5,847	20,868	-	-	20,868
Restricted for debt service	-	-	162,837,795	162,837,795	-	-	194,738,488	194,738,488
Unrestricted	5,862,506	1,238,347,672	-	1,244,210,178	5,149,559	1,157,020,044	-	1,162,169,603
Total Net Position	\$ 5,868,353	\$1,238,347,672	\$ 162,837,795	\$1,407,053,820	\$ 5,170,427	\$1,157,020,044	\$ 194,738,488	\$1,356,928,959

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

CLEAN WATER STATE REVOLVING LOAN FUND

Combining Statements of Revenue, Expenses and Changes in Net Position – Schedule 5

For the Years Ended June 30, 2019 and 2018

	2019				2018			
	Funds held by Administration				Funds held by Administration			
	General Accounts	Capital Reserve Account	Bond Funds 2008 Indenture	Total	General Accounts	Capital Reserve Account	Bond Funds 2008 Indenture	Total
Operating Revenues:								
Interest on loans	\$ -	\$ 9,854,753	\$ 2,161,501	\$ 12,016,254	\$ -	\$ 8,923,829	\$ 2,618,706	\$ 11,542,535
Loan administration fees	5,383,677	-	-	5,383,677	4,796,086	-	-	4,796,086
Miscellaneous income	-	-	-	-	-	12,636	-	12,636
Total Operating Revenue	5,383,677	9,854,753	2,161,501	17,399,931	4,796,086	8,936,465	2,618,706	16,351,257
Operating Expenses:								
Salaries and related benefits	5,635,671	-	-	5,635,671	5,401,212	-	-	5,401,212
General	1,450,128	-	-	1,450,128	1,405,553	-	-	1,405,553
Capital grant disbursements	-	3,377,499	-	3,377,499	-	2,286,376	-	2,286,376
Total Operating Expenses	7,085,799	3,377,499	-	10,463,298	6,806,765	2,286,376	-	9,093,141
Operating Income (Loss)	(1,702,122)	6,477,254	2,161,501	6,936,633	(2,010,679)	6,650,089	2,618,706	7,258,116
Non-operating Revenue (Expenses)								
Investment income	48	4,856,413	7,920	4,864,381	3	4,536,818	3,248	4,540,069
Interest expense on bonds	-	-	(352,873)	(352,873)	-	-	(480,545)	(480,545)
Net change in fair value of investments	-	197,520	-	197,520	-	(527,205)	-	(527,205)
Total Non-operating Revenue (Expenses)	48	5,053,933	(344,953)	4,709,028	3	4,009,613	(477,297)	3,532,319
Income (Loss) Before Contributions	(1,702,074)	11,531,187	1,816,548	11,645,661	(2,010,676)	10,659,702	2,141,409	10,790,435
Contributions received from:								
Federal government	-	32,066,000	-	32,066,000	-	32,315,000	-	32,315,000
State of MD-required match to federal grant	-	6,413,200	-	6,413,200	-	6,463,000	-	6,463,000
Interfund transfers	2,400,000	31,317,241	(33,717,241)	-	2,500,000	29,542,481	(32,042,481)	-
Change in Net Position	697,926	81,327,628	(31,900,693)	50,124,861	489,324	78,980,183	(29,901,072)	49,568,435
Net Position, Beginning of Year	5,170,427	1,157,020,044	194,738,488	1,356,928,959	4,681,103	1,078,039,861	224,639,560	1,307,360,524
Net Position, End of Year	\$ 5,868,353	\$ 1,238,347,672	\$ 162,837,795	\$ 1,407,053,820	\$ 5,170,427	\$ 1,157,020,044	\$ 194,738,488	\$ 1,356,928,959

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

CLEAN WATER STATE REVOLVING LOAN FUND

Combining Statements of Cash Flow – Schedule 6

For the Years Ended June 30, 2019 and 2018

	2019				2018			
	Funds held by Administration				Funds held by Administration			
	General Account	Capital Reserve Account	Bond Funds 2008 Indenture	Totals	General Account	Capital Reserve Account	Bond Funds 2008 Indenture	Totals
Cash Flows from Operating Activities:								
Other receipts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,636	\$ -	\$ 12,636
Capital grant disbursements	-	(3,377,499)	-	(3,377,499)	-	(2,286,376)	-	(2,286,376)
Salaries and benefits paid	(5,744,670)	-	-	(5,744,670)	(5,446,046)	-	-	(5,446,046)
General expenses paid	(1,432,027)	-	-	(1,432,027)	(1,389,803)	-	-	(1,389,803)
Net Cash from Operating Activities	(7,176,697)	(3,377,499)	-	(10,554,196)	(6,835,849)	(2,273,740)	-	(9,109,589)
Cash Flows from Non-capital Financing Activities:								
Contributions received from:								
Federal government	-	32,066,000	-	32,066,000	-	32,315,000	-	32,315,000
State of MD-required match to Federal grant	-	6,413,200	-	6,413,200	-	6,463,000	-	6,463,000
Interfund transfers	2,400,000	31,317,241	(33,717,241)	-	2,500,000	29,542,481	(32,042,481)	-
Repayment of bonds	-	-	(2,515,000)	(2,515,000)	-	-	(4,330,000)	(4,330,000)
Interest on bonds	-	-	(928,850)	(928,850)	-	-	(1,127,950)	(1,127,950)
Net Cash from Non-capital Financing Activities	2,400,000	69,796,441	(37,161,091)	35,035,350	2,500,000	68,320,481	(37,500,431)	33,320,050
Cash Flows from Capital and Related Financing Activities:								
Purchase of equipment	-	-	-	-	-	-	-	-
Net Cash from Capital and Related Financing Activities	-	-	-	-	-	-	-	-
Cash Flows from Investing Activities:								
Loan repayments	-	55,938,601	34,765,990	90,704,591	-	54,638,960	34,650,549	89,289,509
Loan disbursements	-	(193,971,520)	-	(193,971,520)	-	(91,969,269)	-	(91,969,269)
Interest and fees received from borrowers	4,796,086	9,240,810	2,387,181	16,424,077	4,866,914	8,719,810	2,846,633	16,433,357
Purchase of investments	-	(1,646,000)	-	(1,646,000)	-	-	-	-
Interest on investment securities	45	4,847,348	7,920	4,855,313	3	4,606,556	3,249	4,609,808
Proceeds from sale of investments	-	213,551	-	213,551	-	3,706,640	-	3,706,640
Net Cash from Investing Activities	4,796,131	(125,377,210)	37,161,091	(83,419,988)	4,866,917	(20,297,303)	37,500,431	22,070,045
Net Increase/(Decrease) in Cash and Cash Equivalents	19,434	(58,958,268)	-	(58,938,834)	531,068	45,749,438	-	46,280,506
Cash & Cash Equivalents, Beginning of Year	865,155	293,330,816	-	294,195,971	334,087	247,581,378	-	247,915,465
Cash & Cash Equivalents, End of Year	\$ 884,589	\$ 234,372,548	\$ -	\$ 235,257,137	\$ 865,155	\$ 293,330,816	\$ -	\$ 294,195,971

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

CLEAN WATER STATE REVOLVING LOAN FUND

Combining Statements of Cash Flow – Schedule 6 (continued)

For the Years Ended June 30, 2019 and 2018

	2019				2018			
	Funds held by Administration				Funds held by Administration			
	General Account	Capital Reserve Account	Bond Funds 2008 Indenture	Totals	General Account	Capital Reserve Account	Bond Funds 2008 Indenture	Totals
Reconciliation of operating income (loss) to net cash from operating activities:								
Operating income (loss)	\$ (1,702,122)	\$ 6,477,254	\$ 2,161,501	\$ 6,936,633	\$ (2,010,679)	\$ 6,650,089	\$ 2,618,706	\$ 7,258,116
Depreciation of fixed assets	15,021	-	-	15,021	15,435	-	-	15,435
Effect of changes in non-cash operating assets and liabilities:								
Interest and fees received from borrowers	(4,796,086)	(9,240,810)	(2,387,181)	(16,424,077)	(4,866,914)	(8,719,810)	(2,846,633)	(16,433,357)
Loan interest receivable	-	(613,943)	225,680	(388,263)	-	(204,019)	227,927	23,908
Administrative fee	(587,591)	-	-	(587,591)	70,828	-	-	70,828
Accounts payable and other liabilities	(105,919)	-	-	(105,919)	(44,519)	-	-	(44,519)
Net Cash from Operating Activities	\$ (7,176,697)	\$ (3,377,499)	\$ -	\$ (10,554,196)	\$ (6,835,849)	\$ (2,273,740)	\$ -	\$ (9,109,589)

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

DRINKING WATER STATE REVOLVING LOAN FUND

Combining Statements of Net Position – Schedule 7

As of June 30, 2019 and 2018

	2019			2018		
	Funds held by Administration			Funds held by Administration		
	General Accounts	Capital Reserve Accounts	Total	General Accounts	Capital Reserve Accounts	Total
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 261,716	\$ 26,363,916	\$ 26,625,632	\$ 316,968	\$ 62,482,623	\$ 62,799,591
Receivables:						
Investment interest	-	-	-	-	-	-
Loans	-	10,899,153	10,899,153	-	10,723,695	10,723,695
Loan interest		896,451	896,451		731,696	731,696
Administrative fee	747,154	-	747,154	750,578	-	750,578
Total Current Assets	1,008,870	38,159,520	39,168,390	1,067,546	73,938,014	75,005,560
Non-current Assets:						
Receivables:						
Loans	-	208,954,501	208,954,501	-	160,905,603	160,905,603
Total Non-current Assets	-	208,954,501	208,954,501	-	160,905,603	160,905,603
Total Assets	1,008,870	247,114,021	248,122,891	1,067,546	234,843,617	235,911,163
LIABILITIES						
Current Liabilities:						
Accounts payable	38,741	-	38,741	40,550	-	40,550
Total Current Liabilities	38,741	-	38,741	40,550	-	40,550
Non-current Liabilities:						
Other liabilities	10,236		10,236	9,204	-	9,204
Total Non-current Liabilities	10,236	-	10,236	9,204	-	9,204
Total Liabilities	48,977	-	48,977	49,754	-	49,754
NET POSITION						
Net investment in capital assets	-	-	-	-	-	-
Unrestricted	959,893	247,114,021	248,073,914	1,017,792	234,843,617	235,861,409
Total Net Position	\$ 959,893	\$ 247,114,021	\$ 248,073,914	\$ 1,017,792	\$ 234,843,617	\$ 235,861,409

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

DRINKING WATER STATE REVOLVING LOAN FUND

Combining Statements of Revenue, Expenses and Changes in Net Position – Schedule 8 For the Years Ended June 30, 2019 and 2018

	2019			2018		
	Funds held by Administration			Funds held by Administration		
	General Accounts	Capital Reserve Accounts	Total	General Accounts	Capital Reserve Accounts	Total
Operating Revenues:						
Interest on loans	\$ -	\$ 1,764,867	\$ 1,764,867	\$ -	\$ 1,489,435	\$ 1,489,435
Loan administration fees	754,377	-	754,377	752,411	-	752,411
Grant revenue	-	-	-	14,294	-	14,294
Grant revenue (Set-Asides 2%,10%, 15%)	3,634,396	-	3,634,396	3,835,142	-	3,835,142
Miscellaneous income	-	15,500	15,500	-	15,500	15,500
Total Operating Revenue	4,388,773	1,780,367	6,169,140	4,601,847	1,504,935	6,106,782
Operating Expenses:						
Salaries and related benefits	669,095	-	669,095	608,585	-	608,585
General	153,818	-	153,818	158,385	-	158,385
Capital grant disbursements	-	3,323,703	3,323,703	-	4,433,998	4,433,998
Transfers-out (Set-Asides 2%,10%,15%)	3,634,396	-	3,634,396	3,835,142	-	3,835,142
Total Operating Expenses	4,457,309	3,323,703	7,781,012	4,602,112	4,433,998	9,036,110
Operating Income (Loss)	(68,536)	(1,543,336)	(1,611,872)	(265)	(2,929,063)	(2,929,328)
Non-operating Revenue (Expenses)						
Investment income	10,637	805,830	816,467	8,996	1,007,224	1,016,220
Net change in fair value of investments	-	-	-	-	-	-
Total Non-operating Revenue (Expenses)	10,637	805,830	816,467	8,996	1,007,224	1,016,220
Income (Loss) Before Contributions	(57,899)	(737,506)	(795,405)	8,731	(1,921,839)	(1,913,108)
Contributions received from:						
Federal government	-	10,210,510	10,210,510	-	10,298,840	10,298,840
State of MD-required match for federal grant	-	2,797,400	2,797,400	-	2,822,000	2,822,000
Change in Net Position	(57,899)	12,270,404	12,212,505	8,731	11,199,001	11,207,732
Net Position, Beginning of Year	1,017,792	234,843,617	235,861,409	1,009,061	223,644,616	224,653,677
Net Position, End of Year	\$ 959,893	\$ 247,114,021	\$ 248,073,914	\$ 1,017,792	\$ 234,843,617	\$ 235,861,409

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

DRINKING WATER STATE REVOLVING LOAN FUND

Combining Statements of Cash Flows – Schedule 9

For the Years Ended June 30, 2019 and 2018

	2019			2018		
	Funds held by Administration			Funds held by Administration		
	General Accounts	Capital Reserve Accounts	Total	General Accounts	Capital Reserve Accounts	Total
Cash Flows from Operating Activities:						
Other receipts	\$ 3,634,396	\$ 15,500	\$ 3,649,896	\$ 3,849,436	\$ 15,500	\$ 3,864,936
Capital grant disbursements	-	(3,323,703)	(3,323,703)	-	(4,433,998)	(4,433,998)
Salaries and benefits paid	(667,638)	-	(667,638)	(621,906)	-	(621,906)
General expenses paid	(3,790,448)	-	(3,790,448)	(3,993,432)	-	(3,993,432)
Net Cash from Operating Activities	(823,690)	(3,308,203)	(4,131,893)	(765,902)	(4,418,498)	(5,184,400)
Cash Flows from Non-capital Financing Activities:						
Contributions received from:						
Federal government	-	10,210,510	10,210,510	-	10,298,840	10,298,840
State of MD-required match to federal grant	-	2,797,400	2,797,400	-	2,822,000	2,822,000
Net Cash from Non-capital Financing Activities	-	13,007,910	13,007,910	-	13,120,840	13,120,840
Cash Flows from Investing Activities:						
Loan repayments	-	10,736,190	10,736,190	-	10,615,471	10,615,471
Loan disbursements	-	(58,960,546)	(58,960,546)	-	(21,348,909)	(21,348,909)
Interest and fees received from borrowers	757,801	1,600,112	2,357,913	671,586	1,498,895	2,170,481
Interest on investments securities	10,637	805,830	816,467	8,996	1,007,224	1,016,220
Net Cash from Investing Activities	768,438	(45,818,414)	(45,049,976)	680,582	(8,227,319)	(7,546,737)
Net Increase/(Decrease) in Cash and Cash Equivalents	(55,252)	(36,118,707)	(36,173,959)	(85,320)	475,023	389,703
Cash and Cash Equivalents, Beginning of Year	316,968	62,482,623	62,799,591	402,288	62,007,600	62,409,888
Cash and Cash Equivalents, End of Year	\$ 261,716	\$ 26,363,916	\$ 26,625,632	\$ 316,968	\$ 62,482,623	\$ 62,799,591

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

DRINKING WATER STATE REVOLVING LOAN FUND

Combining Statements of Cash Flows – Schedule 9 (continued)

For the Years Ended June 30, 2019 and 2018

	2019			2018		
	Funds held by Administration			Funds held by Administration		
	General Accounts	Capital Reserve Accounts	Total	General Accounts	Capital Reserve Accounts	Total
Reconciliation of operating income (loss) to						
net cash from operating activities:						
Operating income (loss)	\$ (68,536)	\$ (1,543,336)	\$ (1,611,872)	\$ (265)	\$ (2,929,063)	\$ (2,929,328)
Depreciation of fixed assets	-	-	-	-	-	-
Effect of changes in non-cash operating assets and liabilities:						
Interest and fees received from borrowers	(757,801)	(1,600,112)	(2,357,913)	(671,586)	(1,498,895)	(2,170,481)
Loan interest receivable	-	(164,755)	(164,755)	-	9,460	9,460
Administrative fee	3,424	-	3,424	(80,825)	-	(80,825)
Accounts payable and other liabilities	(777)	-	(777)	(13,226)	-	(13,226)
Net Cash from Operating Activities	\$ (823,690)	\$ (3,308,203)	\$ (4,131,893)	\$ (765,902)	\$ (4,418,498)	\$ (5,184,400)

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

BAY RESTORATION FUND – WASTEWATER FUND AND SEPTIC FUND

Combining Statement of Net Position – Schedule 10

As of June 30, 2019

	2019					
	Funds held by Administration					
	Bay Restoration Fund-Wastewater			Bay Restoration Fund- Septic		
	Admin	Capital	Bond Funds	Admin	Capital	
	Accounts	Accounts	2008 Indenture	Accounts	Accounts	Total
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 1,200,540	\$ 97,304,624	\$ -	\$ 4,430,326	\$ 10,855,170	\$ 113,790,660
Receivables:						
Investment interest	-	-	-	-	-	-
BRF fee	326,833	-	-	108,341	1,245,915	1,681,089
Current Restricted Assets:						
Cash and cash equivalents	-	22,415,048	-	-	-	22,415,048
Receivables:						
Investment interest	-	-	-	-	-	-
BRF fee	-	21,462,019	-	-	-	21,462,019
Total Current Assets	1,527,373	141,181,691	-	4,538,667	12,101,085	159,348,816
Non-current Assets:						
Fixed assets, net	-	-	-	66,242	-	66,242
Total Non-current Assets	-	-	-	66,242	-	66,242
Total Assets	\$ 1,527,373	\$ 141,181,691	\$ -	\$ 4,604,909	\$ 12,101,085	\$ 159,415,058
LIABILITIES						
Current Liabilities:						
Accounts payable	\$ 59,916	\$ -	\$ -	\$ 33,259	\$ -	\$ 93,175
Revenue bonds	-	-	21,300,000	-	-	21,300,000
Accrued bond interest	-	-	2,289,613	-	-	2,289,613
Total Current Liabilities	59,916	-	23,589,613	33,259	-	23,682,788
Non-current Liabilities:						
Other liabilities	65,404	-	-	16,154	-	81,558
Revenue bonds	-	-	232,075,000	-	-	232,075,000
Bond premium	-	-	12,804,478	-	-	12,804,478
Total Non-current Liabilities	65,404	-	244,879,478	16,154	-	244,961,036
Total Liabilities	125,320	-	268,469,091	49,413	-	268,643,824
NET POSITION						
Net investment in capital assets	-	-	-	66,242	-	66,242
Restricted for debt service	-	43,877,067	-	-	-	43,877,067
Unrestricted	1,402,053	97,304,624	(268,469,091)	4,489,254	12,101,085	(153,172,075)
Total Net Position	\$ 1,402,053	\$ 141,181,691	\$ (268,469,091)	\$ 4,555,496	\$ 12,101,085	\$ (109,228,766)

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

BAY RESTORATION FUND – WASTEWATER FUND AND SEPTIC FUND

Combining Statement of Net Position – Schedule 10 (continued)

As of June 30, 2018

	2018					
	Funds held by Administration					
	Bay Restoration Fund-Wastewater			Bay Restoration Fund- Septic		Total
	Admin Accounts	Capital Accounts	Bond Funds 2008 Indenture	Admin Accounts	Capital Accounts	
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 833,313	\$ 82,148,355	\$ -	\$ 3,911,438	\$ 8,900,864	\$ 95,793,970
Receivables:						
Investment interest	-	-	-	-	-	-
BRF fee	426,675	-	-	109,048	1,254,052	1,789,775
Current Restricted Assets:						
Cash and cash equivalents	-	23,523,183	-	-	-	23,523,183
Receivables:						
Investment interest	-	-	-	-	-	-
BRF fee	-	28,018,348	-	-	-	28,018,348
Total Current Assets	1,259,988	133,689,886	-	4,020,486	10,154,916	149,125,276
Non-current Assets:						
Fixed assets, net	-	-	-	44,755	-	44,755
Total Non-current Assets	-	-	-	44,755	-	44,755
Total Assets	\$ 1,259,988	\$ 133,689,886	\$ -	\$ 4,065,241	\$ 10,154,916	\$ 149,170,031
LIABILITIES						
Current Liabilities:						
Accounts payable	\$ 55,597	\$ -	\$ -	\$ 37,236	\$ -	\$ 92,833
Revenue bonds	-	-	20,215,000	-	-	20,215,000
Accrued bond interest	-	-	2,394,801	-	-	2,394,801
Total Current Liabilities	55,597	-	22,609,801	37,236	-	22,702,634
Non-current Liabilities:						
Other liabilities	58,254	-	-	17,160	-	75,414
Revenue bonds	-	-	253,375,000	-	-	253,375,000
Bond premium	-	-	17,121,675	-	-	17,121,675
Total Non-current Liabilities	58,254	-	270,496,675	17,160	-	270,572,089
Total Liabilities	113,851	-	293,106,476	54,396	-	293,274,723
NET POSITION						
Net investment in capital assets	-	-	-	44,755	-	44,755
Restricted for debt service	-	51,541,531	-	-	-	51,541,531
Unrestricted	1,146,137	82,148,355	(293,106,476)	3,966,090	10,154,916	(195,690,978)
Total Net Position	\$ 1,146,137	\$ 133,689,886	\$ (293,106,476)	\$ 4,010,845	\$ 10,154,916	\$ (144,104,692)

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

BAY RESTORATION FUND – WASTEWATER FUND AND SEPTIC FUND

Combining Statements of Revenue, Expenses and Changes in Net Position – Schedule 11

For the Year Ended June 30, 2019

	2019					
	Funds held by Administration					
	Bay Restoration Fund-Wastewater			Bay Restoration Fund-Septic		
	Admin Accounts	Capital Accounts	Bond Funds 2008 Indenture	Admin Accounts	Capital Accounts	TOTAL
Operating Revenues:						
BRF fee	\$ 1,613,183	\$ 105,932,316	\$ -	\$ 1,350,698	\$ 15,533,023	\$ 124,429,220
Miscellaneous income	-	-	-	-	-	-
Total Operating Revenue	1,613,183	105,932,316	-	1,350,698	15,533,023	124,429,220
Operating Expenses:						
Salaries and related benefits	819,682	-	-	615,190	-	1,434,872
General admin expenses	537,585	-	-	190,857	-	728,442
Capital grant disbursements	-	69,054,229	-	-	13,856,092	82,910,321
Total Operating Expenses	1,357,267	69,054,229	-	806,047	13,856,092	85,073,635
Operating Income	255,916	36,878,087	-	544,651	1,676,931	39,355,585
Non-operating Revenue (Expenses):						
Investment income	-	2,205,892	124,427	-	269,238	2,599,557
Interest on bonds	-	-	(7,079,216)	-	-	(7,079,216)
Total Non-operating Revenue (Expenses)	-	2,205,892	(6,954,789)	-	269,238	(4,479,659)
Income (Loss) Before Contributions	255,916	39,083,979	(6,954,789)	544,651	1,946,169	34,875,926
Contributions:						
Interfund equity transfer	-	(31,592,174)	31,592,174	-	-	-
Change in Net Position	255,916	7,491,805	24,637,385	544,651	1,946,169	34,875,926
Net Position, Beginning of Year	1,146,137	133,689,886	(293,106,476)	4,010,845	10,154,916	(144,104,692)
Net Position, End of Year	\$ 1,402,053	\$ 141,181,691	\$ (268,469,091)	\$ 4,555,496	\$ 12,101,085	\$ (109,228,766)

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

BAY RESTORATION FUND – WASTEWATER FUND AND SEPTIC FUND

Combining Statements of Revenue, Expenses and Changes in Net Position – Schedule 11 (continued)

For the Year Ended June 30, 2018

	2018					
	Funds held by Administration					
	Bay Restoration Fund-Wastewater			Bay Restoration Fund-Septic		
	Admin Accounts	Capital Accounts	Bond Funds 2008 Indenture	Admin Accounts	Capital Accounts	TOTAL
Operating Revenues:						
BRF fee	\$ 1,729,620	\$ 113,578,396	\$ -	\$ 1,424,902	\$ 16,386,369	\$ 133,119,287
Miscellaneous income	-	-	-	-	-	-
Total Operating Revenue	<u>1,729,620</u>	<u>113,578,396</u>	<u>-</u>	<u>1,424,902</u>	<u>16,386,369</u>	<u>133,119,287</u>
Operating Expenses:						
Salaries and related benefits	401,202	-	-	538,012	-	939,214
General admin expenses	485,358	-	-	271,366	-	756,724
Capital grant disbursements		97,235,039	-	-	13,475,055	110,710,094
Total Operating Expenses	<u>886,560</u>	<u>97,235,039</u>	<u>-</u>	<u>809,378</u>	<u>13,475,055</u>	<u>112,406,032</u>
Operating Income	843,060	16,343,357	-	615,524	2,911,314	20,713,255
Non-operating Revenue (Expenses):						
Investment income	-	1,783,371	45,260	-	177,838	2,006,469
Interest on bonds	-	-	(7,353,809)	-	-	(7,353,809)
Net change in fair value of investments	-	-	-	-	-	-
Total Non-operating Revenue (Expenses)	<u>-</u>	<u>1,783,371</u>	<u>(7,308,549)</u>	<u>-</u>	<u>177,838</u>	<u>(5,347,340)</u>
Income (Loss) Before Contributions	843,060	18,126,728	(7,308,549)	615,524	3,089,152	15,365,915
Contributions:						
Interfund equity transfer	-	(31,710,728)	31,710,728	-	-	-
Change in Net Position	843,060	(13,584,000)	24,402,179	615,524	3,089,152	15,365,915
Net Position, Beginning of Year	303,077	147,273,886	(317,508,655)	3,395,321	7,065,764	(159,470,607)
Net Position, End of Year	<u>\$ 1,146,137</u>	<u>\$ 133,689,886</u>	<u>\$ (293,106,476)</u>	<u>\$ 4,010,845</u>	<u>\$ 10,154,916</u>	<u>\$ (144,104,692)</u>

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

BAY RESTORATION FUND – WASTEWATER FUND AND SEPTIC FUND

Combining Statement of Cash Flows – Schedule 12

For the Year Ended June 30, 2019

	2019					
	Funds held by Administration					
	Bay Restoration Fund-Wastewater			Bay Restoration Fund-Septics		
	Admin Accounts	Capital Accounts	Bond Funds 2008 Indenture	Admin Accounts	Capital Accounts	Total
Cash Flows from Operating Activities:						
BRF fee and other receipts	\$ 1,713,025	\$ 112,488,645	\$ -	\$ 1,351,405	\$ 15,541,160	\$ 131,094,235
Capital grant disbursements	-	(69,054,229)	-	-	(13,856,092)	(82,910,321)
Salaries and benefits paid	(803,739)	-	-	(618,684)	-	(1,422,423)
General expenses paid	(542,059)	-	-	(171,259)	-	(713,318)
Net Cash from Operating Activities	367,227	43,434,416	-	561,462	1,685,068	46,048,173
Cash Flows from Non-capital Financing Activities:						
Interfund equity transfers	-	(31,592,174)	31,592,174	-	-	-
Repayment of bonds	-	-	(20,215,000)	-	-	(20,215,000)
Interest on bonds	-	-	(11,501,601)	-	-	(11,501,601)
Net Cash from Non-capital Financing Activities	-	(31,592,174)	(124,427)	-	-	(31,716,601)
Cash Flows from Capital and Related Financing Activities:						
Purchase of equipment	-	-	-	(42,574)	-	(42,574)
Net Cash from Capital and Related Financing Activities	-	-	-	(42,574)	-	(42,574)
Cash Flows from Investing Activities:						
Interest on investment securities	-	2,205,892	124,427	-	269,238	2,599,557
Net Cash from Investing Activities	-	2,205,892	124,427	-	269,238	2,599,557
Net Increase/(Decrease) in Cash and Cash Equivalents	367,227	14,048,134	-	518,888	1,954,306	16,888,555
Cash and Cash Equivalents, Beginning of Year	833,313	105,671,538	-	3,911,438	8,900,864	119,317,153
Cash and Cash Equivalents, End of Year	\$ 1,200,540	\$ 119,719,672	\$ -	\$ 4,430,326	\$ 10,855,170	\$ 136,205,708

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

BAY RESTORATION FUND – WASTEWATER FUND AND SEPTIC FUND

Combining Statement of Cash Flows – Schedule 12 (continued)

For the Year Ended June 30, 2019

	2019					
	Funds held by Administration					
	Bay Restoration Fund-Wastewater			Bay Restoration Fund-Septics		
	Admin	Capital	Bond Funds	Admin	Capital	
	Accounts	Accounts	2008 Indenture	Accounts	Accounts	Total
Reconciliation of operating income to net cash from operating activities:						
Operating income (loss)	\$ 255,916	\$ 36,878,087	\$ -	\$ 544,651	\$ 1,676,931	\$ 39,355,585
Depreciation of fixed assets	-	-	-	21,087	-	21,087
Effect of changes in non-cash operating assets and liabilities:						
Administrative fee and BRF fee receivables	99,842	6,556,329	-	707	8,137	6,665,015
Accounts payable and other liabilities	11,469	-	-	(4,983)	-	6,486
Net Cash from Operating Activities	\$ 367,227	\$ 43,434,416	\$ -	\$ 561,462	\$ 1,685,068	\$ 46,048,173

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

BAY RESTORATION FUND – WASTEWATER FUND AND SEPTIC FUND

Combining Statement of Cash Flows – Schedule 12 (continued)

For the Year Ended June 30, 2018

	2018					
	Funds held by Administration					
	Bay Restoration Fund-Wastewater			Bay Restoration Fund-Septics		
	Admin	Capital	Bond Funds	Admin	Capital	Total
	Accounts	Accounts	2008 Indenture	Accounts	Accounts	
Cash Flows from Operating Activities:						
BRF fee and other receipts	\$ 1,702,950	\$ 111,827,016	\$ -	\$ 1,423,319	\$ 16,368,163	\$ 131,321,448
Capital grant disbursements	-	(97,235,039)	-	-	(13,475,055)	(110,710,094)
Salaries and benefits paid	(436,929)	-	-	(545,569)	-	(982,498)
General expenses paid	(485,401)	-	-	(256,172)	-	(741,573)
Net Cash from Operating Activities	780,620	14,591,977	-	621,578	2,893,108	18,887,283
Cash Flows from Non-capital Financing Activities:						
Interfund equity transfers	-	(31,710,728)	31,710,728	-	-	-
Repayment of bonds	-	-	(19,290,000)	-	-	(19,290,000)
Interest on bonds	-	-	(12,466,101)	-	-	(12,466,101)
Net Cash from Non-capital Financing Activities	-	(31,710,728)	(45,373)	-	-	(31,756,101)
Cash Flows from Capital and Related Financing Activities:						
Purchase of equipment	-	-	-	(42,488)	-	(42,488)
Net Cash from Capital and Related Financing Activities	-	-	-	(42,488)	-	(42,488)
Cash Flows from Investing Activities:						
Interest on investment securities	-	1,783,371	45,259	-	177,838	2,006,468
Net Cash from Investing Activities	-	1,783,371	45,259	-	177,838	2,006,468
Net Increase/(Decrease) in Cash and Cash Equivalents	780,620	(15,335,380)	(114)	579,090	3,070,946	(10,904,838)
Cash and Cash Equivalents, Beginning of Year	52,693	121,006,918	114	3,332,348	5,829,918	130,221,991
Cash and Cash Equivalents, End of Year	\$ 833,313	\$ 105,671,538	\$ -	\$ 3,911,438	\$ 8,900,864	\$ 119,317,153

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

BAY RESTORATION FUND – WASTEWATER FUND AND SEPTIC FUND

Combining Statement of Cash Flows – Schedule 12 (continued)

For the Year Ended June 30, 2018

	2018					
	Funds held by Administration					
	Bay Restoration Fund-Wastewater			Bay Restoration Fund-Septics		
	Admin Accounts	Capital Accounts	Bond Funds 2008 Indenture	Admin Accounts	Capital Accounts	Total
Reconciliation of operating income to net cash from operating activities:						
Operating income	\$ 843,060	\$ 16,343,357	\$ -	\$ 615,524	\$ 2,911,314	\$ 20,713,255
Depreciation of fixed assets	-	-	-	15,131	-	15,131
Effect of changes in non-cash operating assets and liabilities:						
Administrative fee and BRF fee receivables	(26,670)	(1,751,380)	-	(1,583)	(18,206)	(1,797,839)
Accounts payable and other liabilities	(35,770)	-	-	(7,494)	-	(43,264)
Net Cash from Operating Activities	\$ 780,620	\$ 14,591,977	\$ -	\$ 621,578	\$ 2,893,108	\$ 18,887,283



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

To the Director of
Maryland Water Quality Financing Administration

We have audited the basic financial statements of the Maryland Water Quality Financing Administration (the Administration), an enterprise fund of the State of Maryland, as of and for the years ended June 30, 2019 and 2018, and have issued our report thereon dated September 20, 2019. We conducted our audits 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.

Internal Controls over Financial Reporting

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

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

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



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Compliance and Other Matters

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

Purpose of this Report

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

Owings Mills, Maryland
September 20, 2019

SB & Company, LLC



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