

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2021 AND 2020**



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## INDEPENDENT AUDITORS' REPORT

Director  
Maryland Water Quality Financing Administration  
Baltimore, Maryland

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

We have audited the accompanying financial statements of the business-type activities 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, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Administration's basic financial statements as listed in the table of contents.

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

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

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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Administration as of June 30, 2021 and 2020, 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.

***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the Administration and do not purport to, and do not, present fairly the financial position of the State of Maryland, as of June 30, 2021, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Administration's basic financial statements. The combining statements included as supplemental information (the supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Director  
Maryland Water Quality Financing Administration

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2021, on our consideration of the Administration's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Administration's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Administration's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
September 24, 2021

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021 AND 2020**

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 fund is also referred to as the Clean Water Revolving Loan Fund (CWRLF). 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 (CONTINUED)  
JUNE 30, 2021 AND 2020**

The WQRLF, DWRLF, and BRF 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, 2021 and 2020, with the year ended June 30, 2019, 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.

#### **As of June 30, 2021:**

The unrestricted current asset of cash and cash equivalents increased by \$68.5 million. This increase was primarily due to the \$65.1 million increase in contributions from federal and state governments as well as a decrease in loan and grant capital disbursements.

The current asset of loans receivable increased by \$13.7 million. This was primarily due to several large loans that will begin principal payments starting within one year. The WQRLF and DWRLF had increases in current loan receivables totaling \$12.5 million and \$1.2 million, respectively.

The restricted current asset of cash and cash equivalents increased by \$5.9 million. This increase was due to an increase in the 3<sup>rd</sup> quarter BRF fee revenue collected in FY 21 compared to FY20 due to the COVID19 pandemic and the extended due date for this fee.

The restricted current asset of BRF fee receivable decreased by \$11.0 million. This decrease is attributable to the low 4<sup>th</sup> quarter fee revenue receivable compared to FY20 receivable which included 3<sup>rd</sup> quarter fees which were not remitted in the 3<sup>rd</sup> quarter due to the COVID-19 filing extension.

The current restricted loans receivable decreased by \$3.9 million because of principal payments on older pledged loans becoming fully paid off and offset by no new pledged loans.

The noncurrent unrestricted loans receivable increased by \$90.5 million from new WQRLF and DWRLF direct loans. The noncurrent restricted loans receivable decreased by \$28.2 million as a result of principal payments on older pledged loans becoming fully paid off and offset by no new pledged loans.

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2021 AND 2020**

**Statements of Net Position (Continued)**

The noncurrent revenue bonds payable decreased by \$26.4 million. This decrease is due to scheduled debt payments.

Restricted net position increased \$139.0 million. The net position restricted for grants, new loans, and debt service increased \$92.4 million, \$35.6 million, and \$11.0 million for the WQRLF and DWRLF and BRF, respectively.

The total unrestricted net position increased by \$24.3 million. This increase is primarily a result of the decrease in bonds payable due to current year debt service payments for BRF 2008 bond indenture.

**As of June 30, 2020:**

The unrestricted current asset of cash and cash equivalents decreased by \$111.7 million. This decrease was primarily a result of a \$72.0 million increase in WQRLF capital loan disbursements from FY19.

The current asset of loans receivable increased by \$6.5 million. This was primarily due to several large loans that will begin principal payments starting within one year. The WQRLF and DWRLF had increases in current loan receivables totaling \$4.2 million and \$2.3 million, respectively.

The restricted current asset of cash and cash equivalents decreased by \$13.1 million. This decrease was due to a decrease in 3<sup>rd</sup> quarter BRF fee revenue collected due to the COVID19 pandemic and the extended due date for this fee.

The restricted current asset of BRF fee receivable increased by \$13.3 million. This increase is attributable to the 4<sup>th</sup> quarter fee revenue receivable which included 3<sup>rd</sup> quarter fees which were not remitted in the 3<sup>rd</sup> quarter due to the COVID-19 filing extension.

The noncurrent unrestricted loans receivable increased by \$224.8 million from new WQRLF and DWRLF direct loans. The noncurrent restricted loans receivable decreased by \$32.1 million as a result of principal payments on older pledged loans becoming fully paid off and offset by no new pledged loans.

The noncurrent revenue bonds payable decreased by \$25.1 million. This decrease is due to the current year payments on debt.

The noncurrent bond premium liability decreased by \$3.5 million. This decrease is the result of annual amortization of the bond premium.

Restricted net position increased \$90.5 million. The net position restricted for grants, new loans, and debt service increased \$54.9 million, \$18.5 million, and \$17.1 million for the WQRLF and DWRLF and BRF, respectively.

The total unrestricted net position increased by \$25.8 million. \$0.8 million of the increase related to fees earned in administrative funds. The remaining increase was within the BRF wastewater 2008 indenture as a result of current year debt service.



**MARYLAND WATER QUALITY FINANCING ADMINISTRATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2021 AND 2020**

**Statements of Net Position (Continued)**

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

**Comparative Condensed Statements of Net Position  
June 30, 2021, 2020, and 2019  
(Millions of Dollars)**

	2021	2020	2019	Increase (Decrease) Difference	
				FY 21-20	FY 20-19
<b>Current Assets</b>					
Cash and Cash Equivalents	\$ 332.5	\$ 264.0	\$ 375.7	\$ 68.5	\$ (111.7)
Investments	-	-	-	-	-
Receivables:					
Loans	89.3	75.6	69.1	13.7	6.5
BRF Fees	1.9	2.9	1.7	(1.0)	1.2
Other	13.5	12.8	12.0	0.7	0.8
<b>Current Restricted Assets</b>					
Cash and Cash Equivalents	15.2	9.3	22.4	5.9	(13.1)
Receivables:					
BRF Fees	23.8	34.8	21.5	(11.0)	13.3
Loans	28.2	32.1	33.2	(3.9)	(1.1)
Other	0.6	0.7	1.0	(0.1)	(0.3)
Total Current Assets	<u>505.0</u>	<u>432.2</u>	<u>536.6</u>	<u>72.8</u>	<u>(104.4)</u>
<b>Noncurrent Assets</b>					
Investments	6.6	7.0	7.1	(0.4)	(0.1)
Loans Receivable	1,457.8	1,367.3	1,142.5	90.5	224.8
Other	0.0	0.1	0.1	(0.1)	-
<b>Noncurrent Restricted Assets</b>					
Loans Receivable	88.1	116.3	148.4	(28.2)	(32.1)
Total Noncurrent Assets	<u>1,552.5</u>	<u>1,490.7</u>	<u>1,298.1</u>	<u>61.8</u>	<u>192.6</u>
<b>Total Assets</b>	<u>\$ 2,057.5</u>	<u>\$ 1,922.9</u>	<u>\$ 1,834.7</u>	<u>\$ 134.6</u>	<u>\$ 88.2</u>

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2021 AND 2020**

**Statements of Net Position (Continued)**

**Comparative Condensed Statements of Net Position (Continued)  
June 30, 2021, 2020, and 2019  
(Millions of Dollars)**

	2021	2020	2019	Increase (Decrease) Difference	
				FY 21-20	FY 20-19
<b>Current Liabilities</b>					
Accounts Payable and Accrued Revenue Bonds	\$ 0.5	\$ 0.5	\$ 0.5	\$ -	\$ -
Bond Premium - Current	26.4	25.1	23.9	1.3	1.2
Accrued Interest on Bonds	2.7	3.4	4.1	(0.7)	(0.7)
Total Current Liabilities	<u>2.0</u>	<u>2.3</u>	<u>2.4</u>	<u>(0.3)</u>	<u>(0.1)</u>
	31.6	31.3	30.9	0.3	0.4
<b>Noncurrent Liabilities</b>					
Accrued Expenses	0.4	0.3	0.2	0.1	0.1
Revenue Bonds	195.7	222.1	247.2	(26.4)	(25.1)
Bond Premium - Noncurrent	4.4	7.0	10.5	(2.6)	(3.5)
Total Noncurrent Liabilities	<u>200.5</u>	<u>229.4</u>	<u>257.9</u>	<u>(28.9)</u>	<u>(28.5)</u>
Total Liabilities	<u>232.1</u>	<u>260.7</u>	<u>288.8</u>	<u>(28.6)</u>	<u>(28.1)</u>
<b>Net Position</b>					
Net Investment in Capital Assets	0.0	0.1	0.1	(0.1)	-
Restricted	2,031.0	1,892.0	1,801.5	139.0	90.5
Unrestricted Deficit	<u>(205.6)</u>	<u>(229.9)</u>	<u>(255.7)</u>	<u>24.3</u>	<u>25.8</u>
Total Net Position	<u>\$ 1,825.4</u>	<u>\$ 1,662.2</u>	<u>\$ 1,545.9</u>	<u>\$ 163.2</u>	<u>\$ 116.3</u>

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2021 AND 2020**

**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, 2021:**

There was a decrease of \$23.5 million in fee revenue. This decrease was due to the pandemic and lower water usage.

There was a decrease of \$11.0 million in capital grant disbursements. The WQRLF and DWRLF had increases totaling \$5.7 million and \$2.0 million, respectively while the BRF program had a decrease in capital grant disbursements of 18.7 million. These changes reflect normal fluctuations in construction project draws.

There was a decrease of \$4.6 million in investment income as a result of lower interest rates.

There was an increase of \$65.1 million in contributions from Federal and State governments. This was the result of utilizing funding from two annual EPA capitalization grants and associated state match appropriation in FY21 for both WQRLF and DWRLF. The WQRLF and DWRLF had increases in contributions from Federal and State governments totaling \$45.7 million and \$19.4 million, respectively.

**For fiscal year ended June 30, 2020:**

There was an increase of \$14.2 million in fee revenue. This increase was a result of an \$8.7 million transfer to the Administration from Baltimore City. A ransomware attack on Baltimore City resulted in delayed BRF billings and, as a result, transfers to the Administration. Additionally, there was a \$6.5 million cumulative adjustment of additional revenue from WSSC.

There was an increase of \$5.5 million in capital grant disbursements primarily due to BRF grant disbursements increasing by \$5.7 million. This increase is attributed to the increased construction activity on minor WWTP and sewer projects as well as normal fluctuations in construction project draws.

There was an increase of \$13.2 million in contributions from Federal and State governments due to increased EPA capital grants and the associated required 20% state match. The WQRLF and DWRLF had increases in contributions from Federal and State governments totaling \$8.1 million and \$5.1 million, respectively.

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2021 AND 2020**

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

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

**Comparative Condensed Statements of Revenue, Expenses, and Changes in Net Position  
Years Ended June 30, 2021, 2020, and 2019  
(Millions of Dollars)**

	2021	2020	2019	Increase (Decrease) Difference	
				FY 21-20	FY 20-19
<b>Operating Revenue</b>					
Interest on Loans	\$ 15.0	\$ 14.4	\$ 13.8	\$ 0.6	\$ 0.6
Loan Administrative Fee	6.9	6.2	6.1	0.7	0.1
Fee Revenue	115.1	138.6	124.4	(23.5)	14.2
Grant Revenue (Set-Asides Only)	3.7	3.5	3.6	0.2	(0.1)
Misc and Other Grant Revenue	0.6	0.2	0.1	0.4	0.1
<b>Total Operating Revenue</b>	<b>141.3</b>	<b>162.9</b>	<b>148.0</b>	<b>(21.6)</b>	<b>14.9</b>
<b>Operating Expenses</b>					
Salaries and Related Benefits	11.6	8.9	7.8	2.7	1.1
Transfers Out (Set-Asides)	3.7	3.5	3.6	0.2	(0.1)
Capital Grant Disbursements	84.1	95.1	89.6	(11.0)	5.5
General and Other Costs	2.9	2.7	2.3	0.2	0.4
<b>Total Operating Expenses</b>	<b>102.3</b>	<b>110.2</b>	<b>103.3</b>	<b>(7.9)</b>	<b>6.9</b>
<b>Operating Income (Loss)</b>	<b>39.0</b>	<b>52.7</b>	<b>44.7</b>	<b>(13.7)</b>	<b>8.0</b>
<b>Nonoperating Revenue and Expenses</b>					
Investment Income	1.1	5.7	8.2	(4.6)	(2.5)
Interest on Bonds	(6.6)	(7.0)	(7.4)	0.4	0.4
FMV Investment Adjustment	(0.1)	0.2	0.2	(0.3)	-
Contributions from Federal and State Governments	129.8	64.7	51.5	65.1	13.2
<b>Total Nonoperating Revenue and Expenses</b>	<b>124.2</b>	<b>63.6</b>	<b>52.5</b>	<b>60.6</b>	<b>11.1</b>
<b>Changes in Net Position</b>	<b>163.2</b>	<b>116.3</b>	<b>97.2</b>	<b>46.9</b>	<b>19.1</b>
Net Position - Beginning of Year	1,662.2	1,545.9	1,448.7	116.3	97.2
<b>Net Position - End of Year</b>	<b>\$ 1,825.4</b>	<b>\$ 1,662.2</b>	<b>\$ 1,545.9</b>	<b>\$ 163.2</b>	<b>\$ 116.3</b>

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2021 AND 2020**

**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, 2021, 2020, and 2019, were presented in the following table:

**Condensed Statements of Cash Flows  
Years Ended June 30,**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Cash from:			
Operating Activities	\$ (21,529,107)	\$(160,312,531)	\$(101,347,211)
Noncapital Financing Activities	94,571,439	29,429,069	16,326,659
Capital and Related Financing Activities	-	-	(42,574)
Investment Activities	<u>1,328,112</u>	<u>6,088,007</u>	<u>6,838,888</u>
<b>Net Change in Cash</b>	74,370,444	(124,795,455)	(78,224,238)
Cash - Beginning of Year	<u>273,293,022</u>	<u>398,088,477</u>	<u>476,312,715</u>
<b>Cash - End of Year</b>	<u>\$ 347,663,466</u>	<u>\$ 273,293,022</u>	<u>\$ 398,088,477</u>

During fiscal year 2021, cash used by operating activities totaled (\$21,529,107), cash provided by noncapital financing activities totaled \$94,571,439, and cash provided by investing activities totaled \$1,328,112 for an overall increase in cash of \$74,370,444 compared to a decrease of \$124,795,455 in fiscal year 2020. The cash decrease in operating activities was primarily due to loan and grant disbursements exceeding loan repayments. The increase in cash from noncapital financing was due to bond principal repayment and interest being less than cash received from two federal grants and required state match contributions. The investing activities increase was due to investment proceeds.

During fiscal year 2020, cash used by operating activities totaled (\$160,312,531), cash provided by noncapital financing activities totaled \$29,429,069, and cash provided by investing activities totaled \$6,088,007 for an overall decrease in cash of \$124,795,455 compared to a decrease of \$78,224,238 in fiscal year 2019. The cash decrease in operating activities was primarily due to loan disbursements exceeding loan repayments. 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 increase was due to investment proceeds.

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2021 AND 2020**

**Capital Assets**

The table below shows capital assets as of the fiscal year ended June 30:

**Capital Assets  
Years Ended June 30,**

	2021	2020	2019
Vehicles	\$ 202,016	\$ 202,016	\$ 202,016
Accumulated Depreciation	(175,779)	(156,244)	(129,927)
Net Capital Assets	\$ 26,237	\$ 45,772	\$ 72,089

During fiscal year ending June 30, 2021, capital asset activity was limited to current year depreciation expense of \$19,535. During fiscal year ending June 30, 2020, capital asset activity was limited to current year depreciation expense of \$26,317.

**Debt Administration**

As of June 30, 2021, the Administration had \$222.1 million of bonds payable outstanding. The decrease of \$25.1 million from June 30, 2020, was due to the retirement of debt in accordance with the underlying amortization schedule.

As of June 30, 2020, the Administration had \$247.2 million of bonds payable outstanding. The decrease of \$23.9 million from June 30, 2019, was due to the retirement of debt in accordance with the underlying amortization schedule.

**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.

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2021 AND 2020**

**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**  
**JUNE 30, 2021 AND 2020**

	2021	2020
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 332,443,720	\$ 264,020,553
Investments	36,000	-
Receivables:		
Investment Interest	34,160	34,349
Loans	89,278,447	75,577,180
Loan Interest	6,640,897	6,567,189
BRF Fee	1,933,204	2,855,575
Administrative Fee	6,857,183	6,226,665
Current Restricted Assets:		
Cash and Cash Equivalents	15,219,746	9,272,469
Receivables:		
BRF Fee	23,779,092	34,834,641
Loans	28,194,690	32,082,570
Loan Interest	562,019	759,191
Total Current Assets	504,979,158	432,230,382
Noncurrent Assets:		
Investments	6,614,375	6,978,903
Loans Receivable	1,457,756,091	1,367,322,368
Capital Assets, Net	26,237	45,772
Noncurrent Restricted Assets:		
Loans Receivable	88,107,535	116,302,225
Total Noncurrent Assets	1,552,504,238	1,490,649,268
Total Assets	\$ 2,057,483,396	\$ 1,922,879,650
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 26,300	\$ 26,000
Compensated Absences - Current	443,458	475,931
Revenue Bonds Payable	26,375,000	25,130,000
Bond Premium - Current	2,680,136	3,401,435
Accrued Interest on Bonds Payable	2,068,540	2,246,255
Total Current Liabilities	31,593,434	31,279,621
Noncurrent Liabilities:		
Compensated Absences - Noncurrent	404,702	296,067
Revenue Bonds Payable	195,740,000	222,115,000
Bond Premium - Noncurrent	4,354,661	7,034,795
Total Noncurrent Liabilities	200,499,363	229,445,862
Total Liabilities	232,092,797	260,725,483
<b>NET POSITION</b>		
Net Investment in Capital Assets	26,237	45,772
Restricted	2,030,957,984	1,891,979,517
Unrestricted Deficit	(205,593,622)	(229,871,122)
Total Net Position	\$ 1,825,390,599	\$ 1,662,154,167

See accompanying Notes to Financial Statements.



**MARYLAND WATER QUALITY FINANCING ADMINISTRATION**  
**STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<b>OPERATING REVENUE</b>		
Interest on Loans	\$ 14,955,156	\$ 14,399,851
Loan Administration Fees	6,865,194	6,234,706
Fee Revenue	115,076,951	138,583,160
Grant and Misc Revenue	4,358,622	3,668,702
Total Operating Revenue	141,255,923	162,886,419
<b>OPERATING EXPENSES</b>		
Salaries and Related Benefits	11,581,059	8,954,123
General	2,914,987	2,713,097
Capital Grant Disbursements	84,092,381	95,078,953
Other	3,711,046	3,471,359
Total Operating Expenses	102,299,473	110,217,532
<b>OPERATING INCOME</b>	38,956,450	52,668,887
<b>NONOPERATING REVENUE (EXPENSES)</b>		
Investment Income	1,084,414	5,664,107
Interest Expense on Bonds	(6,561,052)	(7,039,205)
Net Unrealized Loss on Investments	(85,020)	267,690
Federal Government Contributions	106,303,440	52,860,120
State of MD Required Match to Federal Grant	23,538,200	11,833,600
Total Nonoperating Revenues	124,279,982	63,586,312
<b>CHANGE IN NET POSITION</b>	163,236,432	116,255,199
Net Position - Beginning of Year	1,662,154,167	1,545,898,968
<b>NET POSITION - END OF YEAR</b>	\$ 1,825,390,599	\$ 1,662,154,167

See accompanying Notes to Financial Statements.

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
BRF Fee and Other Receipts	\$ 131,413,493	\$ 127,704,754
Grant Disbursements	(84,092,381)	(95,078,953)
Salaries and Benefits Paid	(11,504,897)	(8,799,540)
General and Other Expenses Paid	(6,606,198)	(6,143,367)
Loan Repayments	107,659,751	102,329,179
Loan Disbursements	(179,712,171)	(300,382,680)
Interest and Fees Received from Borrowers	21,313,296	20,058,076
Net Cash Used by Operating Activities	(21,529,107)	(160,312,531)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Federal Government	106,303,440	52,860,120
State of MD Required Match to Federal Grant	23,538,200	11,833,600
Repayment of Bonds	(25,130,000)	(23,935,000)
Interest on Bonds	(10,140,201)	(11,329,651)
Net Cash Provided by Noncapital Financing Activities	94,571,439	29,429,069
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(150,000)	-
Interest on Investment Securities	1,084,604	5,664,075
Proceeds from Sale of Investments and Maturities of Investments	393,508	423,932
Net Cash Provided by Investing Activities	1,328,112	6,088,007
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	74,370,444	(124,795,455)
Cash and Cash Equivalents - Beginning of Year	273,293,022	398,088,477
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 347,663,466	\$ 273,293,022
<b>RECONCILIATION OF CASH FLOWS TO STATEMENT OF NET POSITION</b>		
Cash and Cash Equivalents, Unrestricted	\$ 332,443,720	\$ 264,020,553
Cash and Cash Equivalents, Restricted	15,219,746	9,272,469
Total	\$ 347,663,466	\$ 273,293,022
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating Income	\$ 38,956,450	\$ 52,668,887
Depreciation of Capital Assets	19,535	26,317
Changes in Operating Assets and Liabilities:		
Loans Receivable	(72,052,420)	(198,053,501)
Loan Interest Receivable	123,464	(479,817)
Administrative Fee and BRF Fee Receivables	11,347,402	(14,643,772)
Accounts Payable and Other Liabilities	76,462	169,355
Net Cash Used by Operating Activities	\$ (21,529,107)	\$ (160,312,531)

See accompanying Notes to Financial Statements.

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity/Organization**

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, and the State of Maryland Bay Restoration Fund Act of 2004. 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.

The Administration does not have any component units as defined by the Governmental Accounting Standards Board.

**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 nonoperating 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 nonoperating revenues and expenses. The Administration's financial statements include the activity/reportable segments of the Clean Water (Water Quality) Revolving Loan Fund (CWRLF or WQRLF), Drinking Water Revolving Loan Fund (DWRLF) and Bay Restoration Fund (BRF).

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, 2021, there have been no bonds issued in the DWRLF.

Disclosure reporting requirements for these segments have been included as supplemental information.

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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 nonrestricted amounts. The nonrestricted 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.

The amounts shown in the financial statements of the Administration as “cash and cash equivalents” represent petty cash, demand deposits, and cash on hand with the State Treasurer. State agencies, including the Administration, participate in the State’s internal cash management pool. Because the cash management pool operates as a demand deposit account, amounts invested in the pool are classified as cash and cash equivalents. The State Treasurer administers the cash management pool.

**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 nonrestricted amounts. The nonrestricted investments are used primarily for the linked deposit program within WQSRF.

**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, 2021 and 2020.

**Capital Assets**

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

Expenses are capitalized when they have a cost of \$5,000 or more and have a useful life of more than one year.

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 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 the 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 FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 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 postemployment 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 Postemployment 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, 2021 and 2020, 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 postemployment benefit information, contact Maryland Department of Budget and Management at 300 W Preston Street, Baltimore, Maryland 21201.

**Compensated Absences**

Compensated absences are absences for which employees will be paid, such as annual leave, sick leave and personal leave.

*Annual Leave:* New employees must complete six months of State service before using annual leave; this leave is accrued based on years of service starting at 10 days per year and up to 25 days per year with 20 years of service; employees may carry up to 75 days or 600 hours over from one year to the next.

*Sick Leave:* Employees earn sick leave at the rate of 15 days per year. There is no limit to the number of sick leave days an employee may accrue or carry over into a new calendar year.

*Personal Leave:* Each employee is entitled to six personal leave days, not to exceed 48 hours, accruing at the beginning of the first full pay period of the calendar year. Personal leave may be pro-rated for new employees based on the month the employee begins employment. Personal leave may not be carried over from one year to the next.

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position**

Accounting principles generally accepted in the United States of America for state and local governments require that resources be classified for accounting and reporting purposes into the following three net position categories:

*Net investment in Capital Assets* – Capital assets, net of accumulated depreciation and outstanding principal balances of debt that are attributable to the acquisition, construction or improvement of those assets.

*Restricted* – Restricted assets whose use by MWQFA is subject to externally imposed stipulations that can be fulfilled by actions of MWQFA pursuant to those stipulations or that expire by the passage of time. Such assets include assets restricted for capital grants, loans, and debt service. The WQRLF, DWRLF, and the BRF are special, continuing, nonlapsing 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, 2021, 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.

*Unrestricted* – Assets that are not subject to externally imposed stipulations. The unrestricted net position may be designated for specific purposes by action of management.

Certain assets including cash and investments may be classified as restricted net position on the Statement of Net Position because their use is restricted for specific purposes. It is the Administration's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**Fund Deficit**

The Bay Restoration Fund had a deficit balance of \$30,684,775 and \$66,722,986 as of June 30, 2021 and 2020, respectively.

**Expense Allocation**

Expenses are recognized at the time they are incurred. Direct costs are expensed to each fund while indirect expenses are allocated based on level of effort between WQRLF, DWRLF, and BRF.

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS**

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

	<u>2021</u>	<u>2020</u>
Cash Held by State Treasury Office	<u>\$ 347,663,466</u>	<u>\$ 273,293,022</u>
Total Cash and Cash Equivalents	<u>\$ 347,663,466</u>	<u>\$ 273,293,022</u>

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

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, 2021, the Administration has the following investments and maturities:

<u>Investment Types</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>
Linked Deposits - Farm Credit AG Bonds	\$ 3,162,510	\$ -	\$ 3,162,510	\$ -
Certificates of Deposit - Linked Deposits	3,487,865	36,000	17,795	3,434,070
Total Investments	<u>\$ 6,650,375</u>	<u>\$ 36,000</u>	<u>\$ 3,180,305</u>	<u>\$ 3,434,070</u>

In addition, the Administration's investments have the following quality ratings as of June 30, 2021:

<u>Investment Types</u>	<u>Fair Value</u>	<u>Concentration<sup>1</sup></u>	<u>Rating</u>	<u>Rating Organization</u>
Linked Deposits - Farm Credit AG Bonds	\$ 3,162,510	48%	Aaa	Moody
Certificates of Deposit - Linked Deposits	3,487,865	52%	N/A	N/A
Total Investments	<u>\$ 6,650,375</u>	<u>100%</u>		



**MARYLAND WATER QUALITY FINANCING ADMINISTRATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

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.

Certificates of deposit are carried at amortized cost, thus are not included in the fair value hierarchy.

The Administration has the following recurring fair value measurements as of June 30, 2021:

	Fair Value Measurements	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Linked Deposits - Farm Credit AG Bonds	\$ 3,162,510	\$ -	\$ 3,162,510	\$ -

As of June 30, 2020, 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	\$ 3,247,530	\$ -	\$ -	\$ 3,247,530
Certificates of Deposit - Linked Deposits	3,731,373	-	107,322	3,624,051
Total Investments	<u>\$ 6,978,903</u>	<u>\$ -</u>	<u>\$ 107,322</u>	<u>\$ 6,871,581</u>

In addition, the Administration's investments had the following quality ratings as of June 30, 2020:

Investment Types	Fair Value	Concentration <sup>1</sup>	Rating	Rating Organization
Linked Deposits - Farm Credit AG Bonds	\$ 3,247,530	47%	Aaa	Moody
Certificates of Deposit - Linked Deposits	3,731,373	53%	N/A	N/A
Total Investments	<u>\$ 6,978,903</u>	<u>100%</u>		

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 2021 and 2020, the Administration's investments were Linked Deposit CD's and Bonds, as well as U.S. Treasury Bills and Notes.*

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

As of June 30, 2020, the Administration had the following investments by fair value level:

	Fair Value Measurements	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Linked Deposits - Farm Credit AG Bonds	\$ 3,247,530	\$ -	\$ 3,247,530	\$ -

Custodial credit risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Administration will not be able to recover the value of its deposits or investments that are in the possession of an outside party. The deposits held with the State Treasurer's Office were fully collateralized at June 30, 2021 and 2020.

**NOTE 3 LOANS RECEIVABLE**

The Administration makes low interest rate loans to various local governments and other entities within 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.

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 3 LOANS RECEIVABLE (CONTINUED)**

As of June 30, 2021 and 2020, the Administration's lending commitments and outstanding balances under the WQRLF to specific governmental entities within the State are detailed as follows:

WQRLF Borrower	2021			2020		
	Total Commitment	Commitment Outstanding	Outstanding Balance June 30, 2021	Total Commitment	Commitment Outstanding	Outstanding Balance June 30, 2020
Aberdeen, City of	\$ 9,329,266	\$ -	\$ 4,715,452	\$ 9,329,266	\$ -	\$ 5,136,371
Allegany County	23,679,030	-	6,988,507	23,679,030	-	8,165,785
Annapolis, City of	1,591,479	-	-	1,591,479	-	-
Anne Arundel County	113,446,894	4,921,584	38,788,168	113,446,894	4,921,584	43,157,625
Ashton Park Comm Assoc	408,470	-	193,934	408,470	-	214,426
Baltimore City	705,690,894	97,806,592	379,236,998	592,454,407	24,510,867	359,204,415
Baltimore County	481,938,123	47,352,099	286,828,683	415,903,533	10,603,234	268,371,114
Bel Air, Town of	101,686	-	-	101,686	-	-
Berlin, Town of	3,207,000	-	2,080,912	3,207,000	-	2,245,507
Betterton, Town of	93,559	-	11,339	93,559	-	16,975
Boonsboro, Town of	2,127,984	-	21,851	2,127,984	-	28,991
Bowie, City of	4,154,565	-	984,488	4,154,565	-	1,225,495
Brunswick, City of	1,690,570	-	81,680	1,690,570	-	108,689
Calvert County	18,343,759	-	2,277,331	18,343,759	-	2,829,664
Cambridge, City of	12,440,864	-	705,587	12,440,864	-	1,397,652
Canton Crossing	3,711,142	-	961,142	3,711,142	-	1,161,142
Caroline County	230,999	-	219,610	243,572	243,572	-
Carroll County	12,074,030	-	-	12,074,030	-	33,400
Cecil County	43,197,704	-	20,020,952	43,197,704	-	22,282,671
Centreville, Town of	3,878,064	-	613,825	3,878,064	-	728,296
Charles County	23,358,722	-	4,028,539	23,358,722	-	4,805,812
Chesapeake Beach, Town of	9,491,864	-	4,809,555	9,491,864	-	5,312,956
Chestertown, Town of	3,955,893	-	909,866	3,955,893	-	1,084,856
Clear Spring, Town of	72,705	-	-	72,705	-	-
Crisfield, City	1,169,458	-	465,121	1,169,458	-	517,565
Cumberland, City of	13,356,339	156,740	4,481,202	13,459,725	305,514	5,075,464
Delmar, Town of	276,040	-	-	276,040	-	-
Denton, Town of	3,712,346	-	1,634,339	3,787,084	140,585	1,732,063
Easton, Town of	21,852,648	-	8,685,866	21,852,648	-	9,934,534
Elkton, Town of	21,395,474	-	7,370,111	21,395,474	-	8,486,371
Emmitsburg, Town of	600,000	-	-	600,000	-	-
Federalsburg, Town of	3,479,097	-	1,430,822	3,479,097	-	1,614,019
Frederick, City of	54,044,950	-	36,401,242	54,044,950	-	39,072,890
Frederick County	113,637,450	-	44,196,214	113,637,450	-	48,343,605
Frostburg, City of	739,788	-	285,894	739,788	-	308,612
Fruitland, City of	4,919,475	-	1,232,768	4,919,475	-	1,380,065
Funkstown, Town of	1,875,221	-	414,630	1,875,221	-	529,615
Galena, Town of	112,219	-	-	112,219	-	-
Garrett County	1,970,000	-	-	1,970,000	-	-
Garrett County San Distr	2,635,641	-	38,709	2,635,641	-	73,027
Grantsville, Town of	16,891	-	-	16,891	-	-
Greenbelt, City of	1,854,010	-	1,764,766	1,854,360	326,148	1,528,212
Greensboro, Town of	443,345	-	-	443,345	-	-
Hagerstown, City of	22,102,169	-	5,431,659	22,102,169	-	6,254,300
Hancock, Town of	797,062	-	-	797,062	-	50,602
Harford County	69,535,228	-	-	69,535,228	-	-
Havre De Grace, City of	28,996,682	-	12,569,777	28,996,682	-	14,138,666
Hebron, Town of	195,729	-	64,774	195,729	-	76,679
Howard County	91,534,729	-	7,582,423	91,534,729	-	11,115,459
Hurlock, Town of	3,626,240	-	892,766	3,626,240	-	1,058,655
Indian Head, Town of	4,603,656	-	434,280	4,603,656	-	616,745
Kent County	7,394,107	-	1,939,469	7,394,107	-	2,261,446
La Plata, Town of	12,972,019	-	3,561,212	12,972,019	-	4,278,840
Leonardtown, Town of	9,082,233	-	6,206,102	9,082,233	-	6,538,284
MD Envir Services	6,014,121	-	1,115,354	6,014,121	-	1,816,914
Middletown, Town of	3,970,639	-	-	3,970,639	-	-
Millington, Town of	42,000	-	-	42,000	-	-
Montgomery County	50,677,320	42,842,195	6,003,663	50,677,320	47,489,918	3,187,402
Mountain Lake Park, Town of	770,287	-	112,101	770,287	-	134,254
Mount Airy, Town of	3,523,087	-	-	3,523,087	-	-

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION**  
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**NOTE 3 LOANS RECEIVABLE (CONTINUED)**

WQRLF Borrower	2021			2020		
	Total Commitment	Commitment Outstanding	Outstanding Balance June 30, 2021	Total Commitment	Commitment Outstanding	Outstanding Balance June 30, 2020
Myersville, Town of	\$ 1,259,983	\$ -	\$ -	\$ 1,259,983	\$ -	\$ -
New Windsor, Town of	3,858,474	-	324,152	3,858,474	-	356,568
North Beach, Town of	3,621,861	-	1,457,453	3,621,861	-	1,621,394
Oakland, Town of	892,046	-	59,333	892,046	-	71,058
Oxford, Town of	45,402	-	-	45,402	-	-
Perryville, Town of	5,923,965	-	2,622,465	5,923,965	-	2,939,190
Pocomoke City, City of	851,579	-	166,515	851,579	-	211,050
Poolesville, Town of	\$5,658,051	-	\$1,739,546	\$5,658,051	-	\$2,002,800
Preston, Town of	1,129,870	108,490	987,908	1,129,870	343,809	786,061
Prince George's County	69,738,580	1,440,695	43,639,989	69,738,580	1,500,002	44,999,998
Queen Anne's County	59,557,969	4,587,730	33,165,935	59,557,969	8,031,700	30,665,369
Ridgely, Town of	1,598,297	-	670,910	1,598,297	-	756,763
Rising Sun, Town of	1,010,437	-	-	1,010,437	-	-
Rockville, Town of	2,300,633	-	735,444	2,300,633	-	857,683
Salisbury, Town of	84,408,346	90,000	49,685,049	84,504,043	754,846	51,698,845
Sharpton	170,925	-	103,949	170,925	-	113,601
Snow Hill, Town of	1,358,420	-	476,493	1,358,420	-	515,577
Somerset County	2,151,215	-	-	2,151,215	-	134,456
Somerset County San Distr	187,031	-	-	187,031	-	-
St. Mary's County	7,447,625	-	-	7,447,625	-	-
St. Mary's METCOM	49,144,853	1,012,669	27,856,544	49,718,529	1,648,756	29,802,785
Talbot County	9,975,333	-	2,912,310	9,975,333	-	3,430,007
Taneytown, City of	6,477,722	-	-	6,477,722	-	1,347
Thurmont, Town of	10,153,303	-	4,368,374	10,153,303	-	4,785,767
Union Bridge, Town of	142,000	-	8,737	142,000	-	17,277
Washington County	41,709,193	-	8,400,156	41,709,193	-	9,703,280
Washington Co San Distr	20,387,427	-	-	20,387,427	-	-
Westernport, Town of	1,030,992	-	29,177	1,030,992	-	58,009
Westminster, City of	29,318,055	14,239,578	13,366,897	29,318,055	20,123,132	7,483,343
Wicomico County	2,929,876	-	-	2,929,876	-	-
Willards, Town of	433,599	-	155,713	433,599	-	177,604
Williamsport, Town of	684,538	-	234,916	684,538	-	279,878
Wash Suburban San Comm	693,602,259	204,543,992	282,985,021	459,048,210	17,111,248	255,763,398
Worcester County	12,181,526	365,303	1,067,258	11,134,755	-	1,081,616
Loan Total	3,173,484,351	\$ 419,467,667	\$ 1,386,013,927	2,759,472,874	\$ 138,054,915	\$ 1,347,950,854
Grant/Loan Forgiveness	104,742,161	-	-	94,287,915	-	-
Total Commitment	<u>\$ 3,278,226,512</u>			<u>\$ 2,853,760,789</u>		

The current portion of WQRLF loans receivable as of June 30, 2021 and 2020, was \$103,107,874 and \$94,535,651, respectively. Also, the outstanding balance of loans receivable is made up of \$116,302,225 pledged loans (2008 indenture) and \$1,269,711,702 nonpledged direct loans. During fiscal years 2021 and 2020, there were no defaults or delinquencies.

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION**  
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**NOTE 3 LOANS RECEIVABLE (CONTINUED)**

As of June 30, 2021 and 2020, the Administration's lending commitments under the DWRLF to specific governmental entities within the State are detailed as follows:

DWRLF Borrower	2021			2020		
	Total Commitment	Commitment Outstanding	Outstanding Balance June 30, 2021	Total Commitment	Commitment Outstanding	Outstanding Balance June 30, 2020
Allegany County	\$ 576,082	\$ -	\$ 446,770	\$ 576,082	\$ -	\$ 469,582
Annapolis, City of	28,500,000	-	23,727,984	28,500,000	-	24,699,362
Anne Arundel County	6,816,718	-	3,999,309	6,816,718	-	4,238,946
Baltimore City	174,850,823	55,442,741	106,280,662	114,494,151	29,940,018	74,979,735
Baltimore County	125,529,904	51,362,685	57,534,689	79,851,193	15,386,071	49,624,988
Beaches Water Co.	464,713	-	281,816	464,713	-	304,355
Betterton, Town of	43,483	-	5,270	43,483	-	7,889
Boonsboro, Town of	1,662,639	-	125,055	1,662,639	-	144,120
Bowie, City of	1,677,500	-	-	1,677,500	-	104,982
Brunswick, City of	359,975	-	95,042	359,975	-	116,704
Calvert County	4,268,998	1,102,498	2,566,976	2,568,000	-	2,090,539
Cecilton, Town of	968,323	-	498,653	968,323	-	530,847
Centreville, Town of	912,870	-	-	912,870	-	-
Chesapeake City, Town of	125,955	-	77,570	125,955	-	83,788
Chesterton, Town of	1,765,422	-	355,580	1,765,422	-	452,150
Clear Spring, Town of	1,260,531	-	434,997	1,260,531	-	488,152
Cumberland, City of	9,818,975	-	4,453,335	9,818,975	-	4,831,908
Dorchester County	52,778	-	-	52,778	-	-
East New Market	368,150	-	232,650	368,150	-	252,907
Emmitsburg, Town of	1,582,762	-	187,289	1,582,762	-	282,094
Fahrney Keedy	500,000	-	-	500,000	-	-
Federalburg, Town of	1,830,880	-	551,593	1,830,881	-	645,660
Frederick County	10,831,168	-	141,057	10,831,167	-	355,608
Frostburg, City of	337,500	-	237,060	337,500	-	254,177
Fruitland, Town of	1,214,218	243,615	970,603	1,214,218	1,036,402	177,816
Funkstown, Town of	139,711	-	130,608	153,015	101,368	47,114
Garrett Co Sanitary Distr	388,653	-	140,014	388,653	-	158,087
Grantsville, Town of	224,283	-	14,499	224,283	-	15,765
Hagerstown, City of	28,262,983	-	15,725,473	28,275,989	67,660	16,814,314
Hampstead, Town of	722,587	-	-	722,587	-	47,444
Independence Village	44,902	-	-	44,902	-	-
La Plata, Town of	499,150	-	300,781	499,150	-	324,789
Lonaconing, Town of	843,046	-	696,570	843,046	-	727,095
Manchester	400,000	-	45,640	400,000	-	68,121
Martingham Utilities Coop	594,700	-	340,813	594,700	-	360,446
MD American Water Co	3,826,013	-	3,816,013	3,826,013	-	3,820,013
Myersville, Town of	467,842	-	-	467,842	-	-
New Windsor, Tow of	1,927,731	-	516,809	1,927,731	-	584,240
North East, Town of	19,048,711	-	9,656,784	19,048,711	-	10,256,417
Oakland, Town of	\$3,640,938	-	\$2,828,361	\$3,640,938	-	\$2,954,664
Oxford, Town of	1,559,578	666,393	321,326	810,770	-	285,979
Perryville, Town of	11,534,299	-	6,714,570	11,534,299	-	7,125,006
Pittsville, Town of	86,166	-	37,829	86,166	-	42,114
Pocomoke City	17,214	-	10,475	17,214	-	11,341
Port Deposit, Town of	291,760	-	-	291,760	-	-
Queenstown, Town of	489,139	-	307,228	489,139	-	331,872
Rising Sun, Town of	1,698,717	-	678,107	1,698,717	-	740,568
Rock Hall, Town of	1,269,501	249,318	506,756	1,020,183	-	541,881
Rockville, City of	8,122,000	-	412,193	8,122,000	-	612,543
Salisbury, City of	1,513,160	-	1,120,148	1,513,160	-	1,170,828
Secretary, Town of	149,408	-	32,531	149,408	-	40,632
Sharptown, Town of	122,299	-	74,893	122,299	-	82,972
Smithsburg, Town of	884,416	-	823,717	1,005,714	208,617	766,854
Somerset Co Sanitary Distr.	96,204	64,204	14,933	32,000	-	16,000
St. Mary's Co-Metcom	16,276,920	440,640	11,180,396	16,539,213	1,289,873	11,382,867
St. Michaels, Town of	1,481,752	-	787,298	1,481,752	-	859,099
Taneytown, City of	4,011,000	-	2,014,422	4,011,000	-	2,227,359

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION**  
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**NOTE 3 LOANS RECEIVABLE (CONTINUED)**

DWRLF Borrower	2021			2020		
	Total Commitment	Commitment Outstanding	Outstanding Balance June 30, 2021	Total Commitment	Commitment Outstanding	Outstanding Balance June 30, 2020
Thurmont, Town of	\$ 2,243,740	\$ -	\$ -	\$ 2,243,740	\$ -	\$ -
Trappe, Town of	491,155	440,981	50,174	-	-	-
Union Bridge, Town of	775,499	-	324,684	775,499	-	352,058
Walkersville, Town of	7,271,545	1,011,023	6,045,098	7,271,545	1,227,569	6,043,976
Westport, Town of	3,008,026	-	2,603,472	3,008,026	-	2,660,868
Westminister, City of	15,535,902	-	4,979,493	15,535,902	-	5,813,243
Williamsport, Town of	660,695	-	602,695	660,695	-	622,028
Worcester County	367,063	-	163,448	367,063	-	182,892
WSSC	135,049	-	100,625	135,049	-	105,691
Loan Total	517,443,824	111,024,098	277,322,836	408,563,859	49,257,578	243,333,489
Grant/Loan Forgiveness	70,160,152	-	-	62,732,300	-	-
Total Commitment	<u>\$ 587,603,976</u>			<u>\$ 471,296,159</u>		

The current portion of DWRLF loans receivable as of June 30, 2021 and 2020 was \$14,365,263 and \$13,124,099, respectively. During fiscal years 2021 and 2020, 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.

**NOTE 4 CAPITAL ASSETS**

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

	2021				
	Balance June 30, 2020	Increases	Decreases	Depreciation	Balance June 30, 2021
Vehicles	\$ 202,016	\$ -	\$ -	\$ -	\$ 202,016
Accumulated Depreciation	156,244	-	-	19,535	175,779
Net	<u>\$ 45,772</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,535</u>	<u>\$ 26,237</u>
	2020				
	Balance June 30, 2019	Increases	Decreases	Depreciation	Balance June 30, 2020
Vehicles	\$ 202,016	\$ -	\$ -	\$ -	\$ 202,016
Accumulated Depreciation	129,927	-	-	26,317	156,244
Net	<u>\$ 72,089</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,317</u>	<u>\$ 45,772</u>

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 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, 2021, is summarized below:

	<u>Loan Amount</u>	<u>ITD Principal Payments</u>	<u>Principal Balance</u>	<u>Annual Repayment</u>
Town of Boonsboro	\$ 310,000	\$ 263,500	\$ 46,500	\$ 15,500

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

**NOTE 6 REVENUE BONDS PAYABLE**

The Administration had the following outstanding debt as of June 30:

	<u>2021</u>	<u>2020</u>
<b>Water Quality RLF</b>		
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.	\$ 12,400,000	\$ 15,170,000
Total Payable for Clean Water RLF	<u>12,400,000</u>	<u>15,170,000</u>
<b>Bay Restoration Fund</b>		
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.	8,615,000	12,625,000
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.	64,900,000	71,485,000
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>136,200,000</u>	<u>147,965,000</u>
Total Payable for BRF	<u>209,715,000</u>	<u>232,075,000</u>
Total Payable for all Indentured Series - CWRLF and BRF	222,115,000	247,245,000
Less: Current Portion Payable	<u>26,375,000</u>	<u>25,130,000</u>
Noncurrent Bonds Payable	<u><u>\$ 195,740,000</u></u>	<u><u>\$ 222,115,000</u></u>

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 6 REVENUE BONDS PAYABLE (CONTINUED)**

As of June 30, 2021, there were four series of Serial Bonds outstanding as follows:

Series	Current Bonds Payable Due March 1, 2022	Noncurrent Bonds Payable	Years Remaining	Final Payment Due Date
Water Quality RLF:				
2016	<u>\$ 2,905,000</u>	<u>\$ 9,495,000</u>	4	March 1, 2025
Bay Restoration Fund:				
2008	\$ 4,205,000	\$ 4,410,000	2	March 1, 2023
2014	6,915,000	57,985,000	8	March 1, 2029
2015	12,350,000	123,850,000	9	March 1, 2030
Total BRF	<u>\$ 23,470,000</u>	<u>\$ 186,245,000</u>		

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 the WQRLF and BRF as of June 30, 2021, were as follows:

	Interest	Principal	Total
Water Quality RLF:			
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	<u>1,505,100</u>	<u>12,400,000</u>	<u>13,905,100</u>
Bay Restoration Fund			
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	4,909,170	22,305,000	27,214,170
2026	3,793,920	23,340,000	27,133,920
2027-2030	7,125,325	94,715,000	101,840,325
Total BRF	<u>37,337,150</u>	<u>209,715,000</u>	<u>247,052,150</u>
Total Payable All Series	<u>\$ 38,842,250</u>	<u>\$ 222,115,000</u>	<u>\$ 260,957,250</u>

As of June 30, 2021 and 2020, the Administration's management believes that it is in compliance with all significant requirements of the indentures.



**MARYLAND WATER QUALITY FINANCING ADMINISTRATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 7 SCHEDULES OF CHANGES IN NONCURRENT LIABILITIES**

Changes in noncurrent liabilities for the year ended June 30, 2021, were as follows:

<u>Bond Series and Program</u>	<u>Beginning Balance June 30, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance June 30, 2021</u>	<u>Amounts Due Within One Year</u>
<b>2016 Water Quality RLF:</b>					
Unamortized Premium	\$ 1,289,465	\$ -	\$ 397,679	\$ 891,786	\$ 307,528
Revenue Bonds Payable	15,170,000	-	2,770,000	12,400,000	2,905,000
Total WQ 2016 Series	<u>16,459,465</u>	<u>-</u>	<u>3,167,679</u>	<u>13,291,786</u>	<u>3,212,528</u>
<b>2008, 2014, 2015</b>					
<b>Bay Restoration Fund</b>					
Unamortized Premium	9,146,765	-	3,003,754	6,143,011	2,372,608
Revenue Bonds Payable	232,075,000	-	22,360,000	209,715,000	23,470,000
Total BRF 2008, 2014, and 2015 Series	<u>241,221,765</u>	<u>-</u>	<u>25,363,754</u>	<u>215,858,011</u>	<u>25,842,608</u>
Total All Bond Series and Program	257,681,230	-	28,531,433	229,149,797	29,055,136
<b>Compensated Absences by Fund:</b>					
Water Quality	530,028	301,495	272,167	559,356	301,495
Drinking Water	56,795	34,574	28,869	62,500	34,574
BRF - Wastewater	128,343	49,904	62,839	115,408	49,904
BRF - Septic	56,832	57,485	3,421	110,896	57,485
Total Compensated Absences	<u>771,998</u>	<u>443,458</u>	<u>367,296</u>	<u>848,160</u>	<u>443,458</u>
Total	<u>\$ 258,453,228</u>	<u>\$ 443,458</u>	<u>\$ 28,898,729</u>	<u>\$ 229,997,957</u>	<u>\$ 29,498,594</u>

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 7 SCHEDULES OF CHANGES IN NONCURRENT LIABILITIES (CONTINUED)**

Changes in noncurrent liabilities for the year ended June 30, 2020, were as follows:

Bond Series and Program	Beginning Balance June 30, 2019	Additions	Reductions	Ending Balance June 30, 2020	Amounts Due Within One Year
<b>2016 Water Quality RLF:</b>					
Unamortized Premium	\$ 1,771,979	\$ -	\$ 482,514	\$ 1,289,465	\$ 397,680
Revenue Bonds Payable	17,805,000	-	2,635,000	15,170,000	2,770,000
Total WQ 2016 Series	<u>19,576,979</u>	<u>-</u>	<u>3,117,514</u>	<u>16,459,465</u>	<u>3,167,680</u>
<b>2008, 2014, 2015</b>					
<b>Bay Restoration Fund</b>					
Unamortized Premium	12,804,478	-	3,657,713	9,146,765	3,003,755
Revenue Bonds Payable	253,375,000	-	21,300,000	232,075,000	22,360,000
Total BRF 2008, 2014, and 2015 Series	<u>266,179,478</u>	<u>-</u>	<u>24,957,713</u>	<u>241,221,765</u>	<u>25,363,755</u>
Total All Bond Series and Program	285,756,457	-	28,075,227	257,681,230	28,531,435
<b>Compensated Absences by Fund:</b>					
Water Quality	393,705	341,961	205,638	530,028	341,961
Drinking Water	48,977	41,717	33,899	56,795	41,717
BRF - Wastewater	125,320	54,839	51,816	128,343	54,839
BRF - Septic	49,413	37,414	29,995	56,832	37,414
Total Compensated Absences	<u>617,415</u>	<u>475,931</u>	<u>321,348</u>	<u>771,998</u>	<u>475,931</u>
Total	<u>\$ 286,373,872</u>	<u>\$ 475,931</u>	<u>\$ 28,396,575</u>	<u>\$ 258,453,228</u>	<u>\$ 29,007,366</u>

The Administration had no pending workers' compensation claims as of June 30, 2021 and 2020.

**NOTE 8 GRANTS AND RELATED PARTY TRANSACTIONS**

The Maryland Environmental Services (MES) was awarded grants under the BRF program. MES received BRF grant disbursements totaling \$255,828 and \$778,503, for the fiscal years ended 2021 and 2020, respectively.

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 9 BAY RESTORATION FUND ACTIVITY**

The Bay Restoration Fund (BRF) includes the 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 ended June 30, 2021, the Wastewater Fund received cash deposits from the Maryland Comptroller's Office totaling \$109,311,057, which earned investment interest of \$469,040 for capital projects and \$823 for the 2008 indenture. Similarly, the Septic Fund (60.0% of septic fees) received cash deposits of \$17,743,814 which earned investment interest of \$40,327. 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 \$53,499,740, for the wastewater treatment plant and sewer upgrades, and \$16,383,955 for septic system projects for fiscal year 2021. Wastewater Fund and Septic Fund fee revenue receivables as of June 30, 2021 and 2020 were \$24,141,210 and \$1,571,086, and, \$35,365,118 and \$2,325,098 respectively.

Below is a summary of grant activity for fiscal years June 30:

Grants	2021			2020		
	BRF Grant Award	Cumulative Grant Disbursements	Remaining Grant Balance June 30, 2021	BRF Grant Award	Cumulative Grant Disbursements	Remaining Grant Balance June 30, 2020
<b>BRF Wastewater Fund</b>						
ENR Major WWTP	\$ 1,302,834,226	\$1,205,319,369	\$ 97,514,857	\$ 1,302,930,111	\$1,190,246,667	\$ 112,683,444
Sewer (Pre FY10)	19,711,306	19,711,306	-	19,711,306	19,711,306	-
O&M to WWTP	35,749,610	35,749,610	-	29,580,610	29,580,610	-
Nutrient Reduction (CWCA)	24,409,300	3,019,689	21,389,611	14,409,300	403,503	14,005,797
Expanded Uses (Post FY16):						
ENR Minor WWTP	61,625,180	44,793,057	16,832,123	42,153,184	34,645,520	7,507,664
Sewer Rehab/Extensions	152,429,983	105,119,380	47,310,603	137,481,792	87,897,323	49,584,469
Septic Systems	2,940,900	1,334,737	1,606,163	2,940,900	-	2,940,900
Stormwater BMP	2,390,993	937,521	1,453,472	347,340	-	347,340
Total BRF WW Grants	<u>\$ 1,602,091,498</u>	<u>\$ 1,415,984,669</u>	<u>\$ 186,106,829</u>	<u>\$ 1,549,554,543</u>	<u>\$ 1,362,484,929</u>	<u>\$ 187,069,614</u>
<b>BRF Septic Fund</b>						
Capital Projects	\$ 182,338,899	\$ 172,331,709	\$ 10,007,190	\$ 167,329,937	\$ 157,402,754	\$ 9,927,183
HB12 Admin	9,715,000	9,715,000	-	8,260,000	8,260,000	-
Total BRF Septic Grants	<u>\$ 192,053,899</u>	<u>\$ 182,046,709</u>	<u>\$ 10,007,190</u>	<u>\$ 175,589,937</u>	<u>\$ 165,662,754</u>	<u>\$ 9,927,183</u>

**NOTE 10 RISK MANAGEMENT**

The Administration is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The State of Maryland carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. The Administration has not had any significant reductions in insurance coverage, or any claims not reimbursed for the fiscal years ending 2021, 2020, or 2019.

## **SUPPLEMENTARY INFORMATION**

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION**  
**COMBINING STATEMENTS OF NET POSITION**  
**JUNE 30, 2021 AND 2020**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	2021				2020			
	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
<b>ASSETS</b>								
Current Assets:								
Cash and Cash Equivalents	\$ 163,041,096	\$ 22,958,325	\$ 146,444,299	\$ 332,443,720	\$ 112,808,033	\$ 21,371,164	\$ 129,841,356	\$ 264,020,553
Investments	36,000	-	-	36,000	-	-	-	-
Receivables:								
Investment Interest	34,160	-	-	34,160	34,349	-	-	34,349
Loans	74,913,184	14,365,263	-	89,278,447	62,453,081	13,124,099	-	75,577,180
Loan Interest	5,643,828	997,069	-	6,640,897	5,598,615	968,574	-	6,567,189
BRF Fee	-	-	1,933,204	1,933,204	-	-	2,855,575	2,855,575
Administrative Fee	5,963,188	893,995	-	6,857,183	5,488,629	738,036	-	6,226,665
Current Restricted Assets:								
Cash and Cash Equivalents	-	-	15,219,746	15,219,746	-	-	9,272,469	9,272,469
Receivables:								
BRF Fee	-	-	23,779,092	23,779,092	-	-	34,834,641	34,834,641
Loans	28,194,690	-	-	28,194,690	32,082,570	-	-	32,082,570
Loan Interest	562,019	-	-	562,019	759,191	-	-	759,191
Total Current Assets	<u>278,388,165</u>	<u>39,214,652</u>	<u>187,376,341</u>	<u>504,979,158</u>	<u>219,224,468</u>	<u>36,201,873</u>	<u>176,804,041</u>	<u>432,230,382</u>
Noncurrent Assets:								
Investments	6,614,375	-	-	6,614,375	6,978,903	-	-	6,978,903
Loans Receivable	1,194,798,518	262,957,573	-	1,457,756,091	1,137,112,978	230,209,390	-	1,367,322,368
Capital Assets, Net	-	-	26,237	26,237	1,327	-	44,445	45,772
Noncurrent Restricted Assets:								
Loans Receivable	88,107,535	-	-	88,107,535	116,302,225	-	-	116,302,225
Total Noncurrent Assets	<u>1,289,520,428</u>	<u>262,957,573</u>	<u>26,237</u>	<u>1,552,504,238</u>	<u>1,260,395,433</u>	<u>230,209,390</u>	<u>44,445</u>	<u>1,490,649,268</u>
Total Assets	<u>\$ 1,567,908,593</u>	<u>\$ 302,172,225</u>	<u>\$ 187,402,578</u>	<u>\$ 2,057,483,396</u>	<u>\$ 1,479,619,901</u>	<u>\$ 266,411,263</u>	<u>\$ 176,848,486</u>	<u>\$ 1,922,879,650</u>

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION**  
**COMBINING STATEMENTS OF NET POSITION (CONTINUED)**  
**JUNE 30, 2021 AND 2020**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	2021				2020			
	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
<b>LIABILITIES</b>								
Current Liabilities:								
Accounts Payable	\$ 12,900	\$ 3,795	\$ 9,605	\$ 26,300	\$ 12,750	\$ 3,750	\$ 9,500	\$ 26,000
Compensated Absences - Current	301,495	34,574	107,389	443,458	341,961	41,717	92,253	475,931
Revenue Bonds Payable	2,905,000	-	23,470,000	26,375,000	2,770,000	-	22,360,000	25,130,000
Bond Premium - Current	307,528	-	2,372,608	2,680,136	397,680	-	3,003,755	3,401,435
Accrued Interest on Bonds Payable	75,107	-	1,993,433	2,068,540	91,223	-	2,155,032	2,246,255
Total Current Liabilities	<u>3,602,030</u>	<u>38,369</u>	<u>27,953,035</u>	<u>31,593,434</u>	<u>3,613,614</u>	<u>45,467</u>	<u>27,620,540</u>	<u>31,279,621</u>
Noncurrent Liabilities:								
Compensated Absences - Noncurrent	257,861	27,926	118,915	404,702	188,067	15,078	92,922	296,067
Revenue Bonds Payable	9,495,000	-	186,245,000	195,740,000	12,400,000	-	209,715,000	222,115,000
Bond Premium - Noncurrent	584,258	-	3,770,403	4,354,661	891,785	-	6,143,010	7,034,795
Total Noncurrent Liabilities	<u>10,337,119</u>	<u>27,926</u>	<u>190,134,318</u>	<u>200,499,363</u>	<u>13,479,852</u>	<u>15,078</u>	<u>215,950,932</u>	<u>229,445,862</u>
Total Liabilities	<u>13,939,149</u>	<u>66,295</u>	<u>218,087,353</u>	<u>232,092,797</u>	<u>17,093,466</u>	<u>60,545</u>	<u>243,571,472</u>	<u>260,725,483</u>
<b>NET POSITION</b>								
Net Investment in Capital Assets	-	-	26,237	26,237	1,327	-	44,445	45,772
Restricted	1,548,358,882	301,176,020	181,423,082	2,030,957,984	1,455,989,035	265,611,504	170,378,978	1,891,979,517
Unrestricted	5,610,562	929,910	(212,134,094)	(205,593,622)	6,536,073	739,214	(237,146,409)	(229,871,122)
Total Net Position	<u>\$ 1,553,969,444</u>	<u>\$ 302,105,930</u>	<u>\$ (30,684,775)</u>	<u>\$ 1,825,390,599</u>	<u>\$ 1,462,526,435</u>	<u>\$ 266,350,718</u>	<u>\$ (66,722,986)</u>	<u>\$ 1,662,154,167</u>

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION**  
**COMBINING STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2021 AND 2020**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	2021				2020			
	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
<b>OPERATING REVENUE</b>								
Interest on Loans	\$ 12,913,221	\$ 2,041,935	\$ -	\$ 14,955,156	\$ 12,445,008	\$ 1,954,843	\$ -	\$ 14,399,851
Loan Administration Fees	5,964,019	901,175	-	6,865,194	5,489,460	745,246	-	6,234,706
Fee Revenue	-	-	115,076,951	115,076,951	-	-	138,583,160	138,583,160
Grant Revenue	-	632,076	-	632,076	-	181,843	-	181,843
Grant Revenue (Set-Asides 2%, 10%, and 15%)	-	3,711,046	-	3,711,046	-	3,471,359	-	3,471,359
Miscellaneous Income	-	15,500	-	15,500	-	15,500	-	15,500
Total Operating Revenue	18,877,240	7,301,732	115,076,951	141,255,923	17,934,468	6,368,791	138,583,160	162,886,419
<b>OPERATING EXPENSES</b>								
Salaries and Related Benefits	7,825,407	1,081,040	2,674,612	11,581,059	6,016,439	916,974	2,020,710	8,954,123
General	1,965,450	262,412	687,125	2,914,987	1,603,923	237,586	871,588	2,713,097
Capital Grant Disbursements	10,133,420	4,075,266	69,883,695	84,092,381	4,479,474	1,987,026	88,612,453	95,078,953
Transfers Out (Set-Asides 2%, 10%, and 15%)	-	3,711,046	-	3,711,046	-	3,471,359	-	3,471,359
Total Operating Expenses	19,924,277	9,129,764	73,245,432	102,299,473	12,099,836	6,612,945	91,504,751	110,217,532
<b>OPERATING INCOME (LOSS)</b>	(1,047,037)	(1,828,032)	41,831,519	38,956,450	5,834,632	(244,154)	47,078,409	52,668,887
<b>NONOPERATING REVENUE (EXPENSES)</b>								
Investment Income	496,020	78,204	510,190	1,084,414	3,091,241	411,238	2,161,628	5,664,107
Interest Expense on Bonds	(257,554)	-	(6,303,498)	(6,561,052)	(304,948)	-	(6,734,257)	(7,039,205)
Net Change in Fair Value of Investments	(85,020)	-	-	(85,020)	267,690	-	-	267,690
Federal Government Contributions State of MD Required	76,864,000	29,439,440	-	106,303,440	38,820,000	14,040,120	-	52,860,120
Match to Federal Grant	15,472,600	8,065,600	-	23,538,200	7,764,000	4,069,600	-	11,833,600
Total Nonoperating Revenue (Expenses)	92,490,046	37,583,244	(5,793,308)	124,279,982	49,637,983	18,520,958	(4,572,629)	63,586,312
<b>CHANGE IN NET POSITION</b>	91,443,009	35,755,212	36,038,211	163,236,432	55,472,615	18,276,804	42,505,780	116,255,199
Net Position - Beginning of Year	1,462,526,435	266,350,718	(66,722,986)	1,662,154,167	1,407,053,820	248,073,914	(109,228,766)	1,545,898,968
<b>NET POSITION - END OF YEAR</b>	<b>\$ 1,553,969,444</b>	<b>\$ 302,105,930</b>	<b>\$ (30,684,775)</b>	<b>\$ 1,825,390,599</b>	<b>\$ 1,462,526,435</b>	<b>\$ 266,350,718</b>	<b>\$ (66,722,986)</b>	<b>\$ 1,662,154,167</b>

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION**  
**COMBINING STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	2021				2020			
	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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
BRF Fee and Other Receipts	\$ -	\$ 4,358,622	\$ 127,054,871	\$ 131,413,493	\$ -	\$ 3,668,702	\$ 124,036,052	\$ 127,704,754
Capital Grant Disbursements	(10,133,420)	(4,075,266)	(69,883,695)	(84,092,381)	(4,479,474)	(1,987,026)	(88,612,453)	(95,078,953)
Salaries and Benefits Paid	(7,796,079)	(1,075,335)	(2,633,483)	(11,504,897)	(5,880,116)	(909,156)	(2,010,268)	(8,799,540)
General Expenses Paid	(1,963,973)	(3,973,413)	(668,812)	(6,606,198)	(1,597,881)	(3,705,195)	(840,291)	(6,143,367)
Loan Repayments	94,535,651	13,124,100	-	107,659,751	91,415,027	10,914,152	-	102,329,179
Loan Disbursements	(132,598,724)	(47,113,447)	-	(179,712,171)	(265,988,693)	(34,393,987)	-	(300,382,680)
Interest and Fees Received from Borrowers	18,554,640	2,758,656	-	21,313,296	17,420,992	2,637,084	-	20,058,076
Net Cash Provided (Used) by Operating Activities	(39,401,905)	(35,996,083)	53,868,881	(21,529,107)	(169,110,145)	(23,775,426)	32,573,040	(160,312,531)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
Contributions Received:								
Federal Government	76,864,000	29,439,440	-	106,303,440	38,820,000	14,040,120	-	52,860,120
State of MD Required Match to Federal Grant	15,472,600	8,065,600	-	23,538,200	7,764,000	4,069,600	-	11,833,600
Repayment of Bonds	(2,770,000)	-	(22,360,000)	(25,130,000)	(2,635,000)	-	(21,300,000)	(23,935,000)
Interest on Bonds	(671,350)	-	(9,468,851)	(10,140,201)	(803,100)	-	(10,526,551)	(11,329,651)
Net Cash Provided (Used) by Noncapital Financing Activities	88,895,250	37,505,040	(31,828,851)	94,571,439	43,145,900	18,109,720	(31,826,551)	29,429,069
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Purchase of Investments	(150,000)	-	-	(150,000)	-	-	-	-
Interest on Investment Securities	496,210	78,204	510,190	1,084,604	3,091,209	411,238	2,161,628	5,664,075
Proceeds from Sale of Investments	393,508	-	-	393,508	423,932	-	-	423,932
Net Cash Provided by Investing Activities	739,718	78,204	510,190	1,328,112	3,515,141	411,238	2,161,628	6,088,007
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	50,233,063	1,587,161	22,550,220	74,370,444	(122,449,104)	(5,254,468)	2,908,117	(124,795,455)
Cash and Cash Equivalents - Beginning of Year	112,808,033	21,371,164	139,113,825	273,293,022	235,257,137	26,625,632	136,205,708	398,088,477
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 163,041,096</b>	<b>\$ 22,958,325</b>	<b>\$ 161,664,045</b>	<b>\$ 347,663,466</b>	<b>\$ 112,808,033</b>	<b>\$ 21,371,164</b>	<b>\$ 139,113,825</b>	<b>\$ 273,293,022</b>



**MARYLAND WATER QUALITY FINANCING ADMINISTRATION  
COMBINING STATEMENTS OF CASH FLOWS (CONTINUED)  
YEARS ENDED JUNE 30, 2021 AND 2020  
(SEE INDEPENDENT AUDITORS' REPORT)**

	2021				2020			
	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
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>								
Operating Income (Loss)	\$ (1,047,037)	\$ (1,828,032)	\$ 41,831,519	\$ 38,956,450	\$ 5,834,632	\$ (244,154)	\$ 47,078,409	\$ 52,668,887
Depreciation of Fixed Assets	1,327	-	18,208	19,535	4,520	-	21,797	26,317
Changes in Noncash Operating Assets and Liabilities:								
Loans Receivable	(38,063,073)	(33,989,347)	-	(72,052,420)	(174,573,666)	(23,479,835)	-	(198,053,501)
Loan Interest Receivable	151,959	(28,495)	-	123,464	(407,694)	(72,123)	-	(479,817)
Administrative Fee and BRF Fee Receivables	(474,559)	(155,959)	11,977,920	11,347,402	(105,782)	9,118	(14,547,108)	(14,643,772)
Accounts Payable and Other Liabilities	29,478	5,750	41,234	76,462	137,845	11,568	19,942	169,355
Net Cash Provided (Used) by Operating Activities	<u>\$ (39,401,905)</u>	<u>\$ (35,996,083)</u>	<u>\$ 53,868,881</u>	<u>\$ (21,529,107)</u>	<u>\$ (169,110,145)</u>	<u>\$ (23,775,426)</u>	<u>\$ 32,573,040</u>	<u>\$ (160,312,531)</u>

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION  
CLEAN WATER STATE REVOLVING LOAN FUND  
COMBINING STATEMENTS OF NET POSITION  
JUNE 30, 2021 AND 2020  
(SEE INDEPENDENT AUDITORS' REPORT)**

	2021				2020			
	Funds Held by Administration				Funds Held by Administration			
	Admin Accounts	Capital Reserve Accounts	Bond Funds 2008 Indenture	Total	Admin Accounts	Capital Reserve Accounts	Bond Funds 2008 Indenture	Total
<b>ASSETS</b>								
Current Assets:								
Cash and Cash Equivalents	\$ 219,630	\$ 162,821,466	\$ -	\$ 163,041,096	\$ 1,590,222	\$ 111,217,811	\$ -	\$ 112,808,033
Investments	-	36,000	-	36,000	-	-	-	-
Receivables:								
Investment Interest	-	34,160	-	34,160	-	34,349	-	34,349
Loans	-	74,913,184	-	74,913,184	-	62,453,081	-	62,453,081
Loan Interest	-	5,643,828	-	5,643,828	-	5,598,615	-	5,598,615
Administrative Fee	5,963,188	-	-	5,963,188	5,488,629	-	-	5,488,629
Current Restricted Assets:								
Receivables:								
Loans	-	-	28,194,690	28,194,690	-	-	32,082,570	32,082,570
Loan Interest	-	-	562,019	562,019	-	-	759,191	759,191
Total Current Assets	<u>6,182,818</u>	<u>243,448,638</u>	<u>28,756,709</u>	<u>278,388,165</u>	<u>7,078,851</u>	<u>179,303,856</u>	<u>32,841,761</u>	<u>219,224,468</u>
Noncurrent Assets:								
Investments	-	6,614,375	-	6,614,375	-	6,978,903	-	6,978,903
Loans Receivable	-	1,194,798,518	-	1,194,798,518	-	1,137,112,978	-	1,137,112,978
Capital Assets, Net	-	-	-	-	1,327	-	-	1,327
Noncurrent Restricted Assets:								
Loans Receivable	-	-	88,107,535	88,107,535	-	-	116,302,225	116,302,225
Total Noncurrent Assets	<u>-</u>	<u>1,201,412,893</u>	<u>88,107,535</u>	<u>1,289,520,428</u>	<u>1,327</u>	<u>1,144,091,881</u>	<u>116,302,225</u>	<u>1,260,395,433</u>
Total Assets	<u>\$ 6,182,818</u>	<u>\$ 1,444,861,531</u>	<u>\$ 116,864,244</u>	<u>\$ 1,567,908,593</u>	<u>\$ 7,080,178</u>	<u>\$ 1,323,395,737</u>	<u>\$ 149,143,986</u>	<u>\$ 1,479,619,901</u>

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION  
CLEAN WATER STATE REVOLVING LOAN FUND  
COMBINING STATEMENTS OF NET POSITION (CONTINUED)  
JUNE 30, 2021 AND 2020  
(SEE INDEPENDENT AUDITORS' REPORT)**

	2021				2020			
	Funds Held by Administration				Funds Held by Administration			
	Admin Accounts	Capital Reserve Accounts	Bond Funds 2008 Indenture	Total	Admin Accounts	Capital Reserve Accounts	Bond Funds 2008 Indenture	Total
<b>LIABILITIES</b>								
Current Liabilities:								
Accounts Payable	\$ 12,900	\$ -	\$ -	\$ 12,900	\$ 12,750	\$ -	\$ -	\$ 12,750
Compensated Absences - Current	301,495	-	-	301,495	341,961	-	-	341,961
Revenue Bonds Payable	-	-	2,905,000	2,905,000	-	-	2,770,000	2,770,000
Bond Premium - Current	-	-	307,528	307,528	-	-	397,680	397,680
Accrued Interest on Bonds Payable	-	-	75,107	75,107	-	-	91,223	91,223
Total Current Liabilities	<u>314,395</u>	<u>-</u>	<u>3,287,635</u>	<u>3,602,030</u>	<u>354,711</u>	<u>-</u>	<u>3,258,903</u>	<u>3,613,614</u>
Noncurrent Liabilities:								
Compensated Absences - Noncurrent	257,861	-	-	257,861	188,067	-	-	188,067
Revenue Bonds Payable	-	-	9,495,000	9,495,000	-	-	12,400,000	12,400,000
Bond Premium - Noncurrent	-	-	584,258	584,258	-	-	891,785	891,785
Total Noncurrent Liabilities	<u>257,861</u>	<u>-</u>	<u>10,079,258</u>	<u>10,337,119</u>	<u>188,067</u>	<u>-</u>	<u>13,291,785</u>	<u>13,479,852</u>
Total Liabilities	<u>572,256</u>	<u>-</u>	<u>13,366,893</u>	<u>13,939,149</u>	<u>542,778</u>	<u>-</u>	<u>16,550,688</u>	<u>17,093,466</u>
<b>NET POSITION</b>								
Net Investment in Capital Assets	-	-	-	-	1,327	-	-	1,327
Restricted	-	1,444,861,531	103,497,351	1,548,358,882	-	1,323,395,737	132,593,298	1,455,989,035
Unrestricted	5,610,562	-	-	5,610,562	6,536,073	-	-	6,536,073
Total Net Position	<u>\$ 5,610,562</u>	<u>\$ 1,444,861,531</u>	<u>\$ 103,497,351</u>	<u>\$ 1,553,969,444</u>	<u>\$ 6,537,400</u>	<u>\$ 1,323,395,737</u>	<u>\$ 132,593,298</u>	<u>\$ 1,462,526,435</u>

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION  
CLEAN WATER STATE REVOLVING LOAN FUND  
COMBINING STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION  
YEARS ENDED JUNE 30, 2021 AND 2020  
(SEE INDEPENDENT AUDITORS' REPORT)**

	2021				2020			
	Funds Held by Administration				Funds Held by Administration			
	Admin Accounts	Capital Reserve Accounts	Bond Funds 2008 Indenture	Total	Admin Accounts	Capital Reserve Accounts	Bond Funds 2008 Indenture	Total
<b>OPERATING REVENUE</b>								
Interest on Loans	\$ -	\$ 11,592,012	\$ 1,321,209	\$ 12,913,221	\$ -	\$ 10,716,108	\$ 1,728,900	\$ 12,445,008
Loan Administration Fees	5,964,019	-	-	5,964,019	5,489,460	-	-	5,489,460
Total Operating Revenue	5,964,019	11,592,012	1,321,209	18,877,240	5,489,460	10,716,108	1,728,900	17,934,468
<b>OPERATING EXPENSES</b>								
Salaries and Related Benefits	7,825,407	-	-	7,825,407	6,016,439	-	-	6,016,439
General	1,965,450	-	-	1,965,450	1,603,923	-	-	1,603,923
Capital Grant Disbursements	-	10,133,420	-	10,133,420	-	4,479,474	-	4,479,474
Total Operating Expenses	9,790,857	10,133,420	-	19,924,277	7,620,362	4,479,474	-	12,099,836
<b>OPERATING INCOME (LOSS)</b>	(3,826,838)	1,458,592	1,321,209	(1,047,037)	(2,130,902)	6,236,634	1,728,900	5,834,632
<b>NONOPERATING REVENUE (EXPENSES)</b>								
Investment Income	-	495,994	26	496,020	(51)	3,086,821	4,471	3,091,241
Interest Expense on Bonds	-	-	(257,554)	(257,554)	-	-	(304,948)	(304,948)
Net Change in Fair Value of Investments	-	(85,020)	-	(85,020)	-	267,690	-	267,690
Federal Government Contributions State of MD Required	-	76,864,000	-	76,864,000	-	38,820,000	-	38,820,000
Match to Federal Grant	-	15,472,600	-	15,472,600	-	7,764,000	-	7,764,000
Total Nonoperating Revenue (Expenses)	-	92,747,574	(257,528)	92,490,046	(51)	49,938,511	(300,477)	49,637,983
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	(3,826,838)	94,206,166	1,063,681	91,443,009	(2,130,953)	56,175,145	1,428,423	55,472,615
<b>INTERFUND TRANSFERS</b>	2,900,000	27,259,628	(30,159,628)	-	2,800,000	28,872,920	(31,672,920)	-
<b>CHANGE IN NET POSITION</b>	(926,838)	121,465,794	(29,095,947)	91,443,009	669,047	85,048,065	(30,244,497)	55,472,615
Net Position - Beginning of Year	6,537,400	1,323,395,737	132,593,298	1,462,526,435	5,868,353	1,238,347,672	162,837,795	1,407,053,820
<b>NET POSITION - END OF YEAR</b>	<u>\$ 5,610,562</u>	<u>\$ 1,444,861,531</u>	<u>\$ 103,497,351</u>	<u>\$ 1,553,969,444</u>	<u>\$ 6,537,400</u>	<u>\$ 1,323,395,737</u>	<u>\$ 132,593,298</u>	<u>\$ 1,462,526,435</u>

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION  
CLEAN WATER STATE REVOLVING LOAN FUND  
COMBINING STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2021 AND 2020  
(SEE INDEPENDENT AUDITORS' REPORT)**

	2021				2020			
	Funds Held by Administration				Funds Held by Administration			
	Admin Accounts	Capital Reserve Accounts	Bond Funds 2008 Indenture	Total	Admin Accounts	Capital Reserve Accounts	Bond Funds 2008 Indenture	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Capital Grant Disbursements	\$ -	\$ (10,133,420)	\$ -	\$ (10,133,420)	\$ -	\$ (4,479,474)	\$ -	\$ (4,479,474)
Salaries and Benefits Paid	(7,796,079)	-	-	(7,796,079)	(5,880,116)	-	-	(5,880,116)
General Expenses Paid	(1,963,973)	-	-	(1,963,973)	(1,597,881)	-	-	(1,597,881)
Loan Repayments	-	62,453,081	32,082,570	94,535,651	-	58,247,897	33,167,130	91,415,027
Loan Disbursements	-	(132,598,724)	-	(132,598,724)	-	(265,988,693)	-	(265,988,693)
Interest and Fees Received from Borrowers	5,489,460	11,546,799	1,518,381	18,554,640	5,383,678	10,097,895	1,939,419	17,420,992
Net Cash Provided (Used) by Operating Activities	(4,270,592)	(68,732,264)	33,600,951	(39,401,905)	(2,094,319)	(202,122,375)	35,106,549	(169,110,145)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
Contributions Received:								
Federal Government	-	76,864,000	-	76,864,000	-	38,820,000	-	38,820,000
State of MD Required Match to Federal Grant	-	15,472,600	-	15,472,600	-	7,764,000	-	7,764,000
Interfund Transfers	2,900,000	27,259,628	(30,159,628)	-	2,800,000	28,872,920	(31,672,920)	-
Repayment of Bonds	-	-	(2,770,000)	(2,770,000)	-	-	(2,635,000)	(2,635,000)
Interest on Bonds	-	-	(671,350)	(671,350)	-	-	(803,100)	(803,100)
Net Cash Provided (Used) by Noncapital Financing Activities	2,900,000	119,596,228	(33,600,978)	88,895,250	2,800,000	75,456,920	(35,111,020)	43,145,900
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Purchase of Investments	-	(150,000)	-	(150,000)	-	-	-	-
Interest on Investment Securities	-	496,183	27	496,210	(48)	3,086,786	4,471	3,091,209
Proceeds from Sale of Investments	-	393,508	-	393,508	-	423,932	-	423,932
Net Cash Provided (Used) by Investing Activities	-	739,691	27	739,718	(48)	3,510,718	4,471	3,515,141
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,370,592)	51,603,655	-	50,233,063	705,633	(123,154,737)	-	(122,449,104)
Cash and Cash Equivalents - Beginning of Year	1,590,222	111,217,811	-	112,808,033	884,589	234,372,548	-	235,257,137
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 219,630</u>	<u>\$ 162,821,466</u>	<u>\$ -</u>	<u>\$ 163,041,096</u>	<u>\$ 1,590,222</u>	<u>\$ 111,217,811</u>	<u>\$ -</u>	<u>\$ 112,808,033</u>

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION  
CLEAN WATER STATE REVOLVING LOAN FUND  
COMBINING STATEMENTS OF CASH FLOWS (CONTINUED)  
YEARS ENDED JUNE 30, 2021 AND 2020  
(SEE INDEPENDENT AUDITORS' REPORT)**

	2021				2020			
	Funds Held by Administration				Funds Held by Administration			
	Admin Accounts	Capital Reserve Accounts	Bond Funds 2008 Indenture	Total	Admin Accounts	Capital Reserve Accounts	Bond Funds 2008 Indenture	Total
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>								
Operating Income (Loss)	\$ (3,826,838)	\$ 1,458,592	\$ 1,321,209	\$ (1,047,037)	\$ (2,130,902)	\$ 6,236,634	\$ 1,728,900	\$ 5,834,632
Depreciation of Capital Assets	1,327	-	-	1,327	4,520	-	-	4,520
Changes in Noncash Operating Assets and Liabilities:								
Loans Receivable	-	(70,145,643)	32,082,570	(38,063,073)	-	(207,740,796)	33,167,130	(174,573,666)
Loan Interest Receivable	-	(45,213)	197,172	151,959	-	(618,213)	210,519	(407,694)
Administrative Fees	(474,559)	-	-	(474,559)	(105,782)	-	-	(105,782)
Accounts Payable and Other Liabilities	29,478	-	-	29,478	137,845	-	-	137,845
Net Cash Provided (Used) by Operating Activities	<u>\$ (4,270,592)</u>	<u>\$ (68,732,264)</u>	<u>\$ 33,600,951</u>	<u>\$ (39,401,905)</u>	<u>\$ (2,094,319)</u>	<u>\$ (202,122,375)</u>	<u>\$ 35,106,549</u>	<u>\$ (169,110,145)</u>

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION  
DRINKING WATER STATE REVOLVING LOAN FUND  
COMBINING STATEMENTS OF NET POSITION  
JUNE 30, 2021 AND 2020  
(SEE INDEPENDENT AUDITORS' REPORT)**

	2021			2020		
	Funds Held by Administration			Funds Held by Administration		
	Admin Accounts	Capital Reserve Accounts	Total	Admin Accounts	Capital Reserve Accounts	Total
<b>ASSETS</b>						
Current Assets:						
Cash and Cash Equivalents	\$ 102,210	\$ 22,856,115	\$ 22,958,325	\$ 61,723	\$ 21,309,441	\$ 21,371,164
Receivables:						
Loans	-	14,365,263	14,365,263	-	13,124,099	13,124,099
Loan Interest	-	997,069	997,069	-	968,574	968,574
Administrative Fee	893,995	-	893,995	738,036	-	738,036
Total Current Assets	<u>996,205</u>	<u>38,218,447</u>	<u>39,214,652</u>	<u>799,759</u>	<u>35,402,114</u>	<u>36,201,873</u>
Noncurrent Assets:						
Loans Receivable	-	262,957,573	262,957,573	-	230,209,390	230,209,390
Total Noncurrent Assets	<u>-</u>	<u>262,957,573</u>	<u>262,957,573</u>	<u>-</u>	<u>230,209,390</u>	<u>230,209,390</u>
Total Assets	996,205	301,176,020	302,172,225	799,759	265,611,504	266,411,263
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts Payable	3,795	-	3,795	3,750	-	3,750
Compensated Absences - Current	34,574	-	34,574	41,717	-	41,717
Total Current Liabilities	<u>38,369</u>	<u>-</u>	<u>38,369</u>	<u>45,467</u>	<u>-</u>	<u>45,467</u>
Noncurrent Liabilities:						
Compensated Absences - Noncurrent	27,926	-	27,926	15,078	-	15,078
Total Noncurrent Liabilities	<u>27,926</u>	<u>-</u>	<u>27,926</u>	<u>15,078</u>	<u>-</u>	<u>15,078</u>
Total Liabilities	<u>66,295</u>	<u>-</u>	<u>66,295</u>	<u>60,545</u>	<u>-</u>	<u>60,545</u>
<b>NET POSITION</b>						
Restricted	-	301,176,020	301,176,020	-	265,611,504	265,611,504
Unrestricted	<u>929,910</u>	<u>-</u>	<u>929,910</u>	<u>739,214</u>	<u>-</u>	<u>739,214</u>
Total Net Position	<u>\$ 929,910</u>	<u>\$ 301,176,020</u>	<u>\$ 302,105,930</u>	<u>\$ 739,214</u>	<u>\$ 265,611,504</u>	<u>\$ 266,350,718</u>

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION  
DRINKING WATER STATE REVOLVING LOAN FUND  
COMBINING STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION  
YEARS ENDED JUNE 30, 2021 AND 2020  
(SEE INDEPENDENT AUDITORS' REPORT)**

	2021			2020		
	Funds Held by Administration			Funds Held by Administration		
	Admin Accounts	Capital Reserve Accounts	Total	Admin Accounts	Capital Reserve Accounts	Total
<b>OPERATING REVENUE</b>						
Interest on Loans	\$ -	\$ 2,041,935	\$ 2,041,935	\$ -	\$ 1,954,843	\$ 1,954,843
Loan Administration Fees	901,175	-	901,175	745,246	-	745,246
Grant Revenue	632,076	-	632,076	181,843	-	181,843
Grant Revenue (Set-Asides 2%, 10%, 15%)	3,711,046	-	3,711,046	3,471,359	-	3,471,359
Miscellaneous Income	-	15,500	15,500	-	15,500	15,500
Total Operating Revenue	<u>5,244,297</u>	<u>2,057,435</u>	<u>7,301,732</u>	<u>4,398,448</u>	<u>1,970,343</u>	<u>6,368,791</u>
<b>OPERATING EXPENSES</b>						
Salaries and Related Benefits	1,081,040	-	1,081,040	916,974	-	916,974
General	262,412	-	262,412	237,586	-	237,586
Capital Grant Disbursements	-	4,075,266	4,075,266	-	1,987,026	1,987,026
Transfer Out (Set-Asides 2%, 10%, 15%)	3,711,046	-	3,711,046	3,471,359	-	3,471,359
Total Operating Expenses	<u>5,054,498</u>	<u>4,075,266</u>	<u>9,129,764</u>	<u>4,625,919</u>	<u>1,987,026</u>	<u>6,612,945</u>
<b>OPERATING INCOME (LOSS)</b>	189,799	(2,017,831)	(1,828,032)	(227,471)	(16,683)	(244,154)
<b>NONOPERATING REVENUE (EXPENSES)</b>						
Investment Income	897	77,307	78,204	6,792	404,446	411,238
Federal Government Contributions	-	29,439,440	29,439,440	-	14,040,120	14,040,120
State of MD Required Match to Federal Grant	-	8,065,600	8,065,600	-	4,069,600	4,069,600
Total Nonoperating Revenue (Expenses)	<u>897</u>	<u>37,582,347</u>	<u>37,583,244</u>	<u>6,792</u>	<u>18,514,166</u>	<u>18,520,958</u>
<b>CHANGE IN NET POSITION</b>	190,696	35,564,516	35,755,212	(220,679)	18,497,483	18,276,804
Net Position - Beginning of Year	<u>739,214</u>	<u>265,611,504</u>	<u>266,350,718</u>	<u>959,893</u>	<u>247,114,021</u>	<u>248,073,914</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 929,910</u>	<u>\$ 301,176,020</u>	<u>\$ 302,105,930</u>	<u>\$ 739,214</u>	<u>\$ 265,611,504</u>	<u>\$ 266,350,718</u>



**MARYLAND WATER QUALITY FINANCING ADMINISTRATION  
DRINKING WATER STATE REVOLVING LOAN FUND  
COMBINING STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2021 AND 2020  
(SEE INDEPENDENT AUDITORS' REPORT)**

	2021			2020		
	Funds Held by Administration			Funds Held by Administration		
	Admin Accounts	Capital Reserve Accounts	Total	Admin Accounts	Capital Reserve Accounts	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Other Receipts	\$ 4,343,122	\$ 15,500	\$ 4,358,622	\$ 3,653,202	\$ 15,500	\$ 3,668,702
Capital Grant Disbursements	-	(4,075,266)	(4,075,266)	-	(1,987,026)	(1,987,026)
Salaries and Benefits Paid	(1,075,335)	-	(1,075,335)	(909,156)	-	(909,156)
General Expenses Paid	(3,973,413)	-	(3,973,413)	(3,705,195)	-	(3,705,195)
Loan Repayments	-	13,124,100	13,124,100	-	10,914,152	10,914,152
Loan Disbursements	-	(47,113,447)	(47,113,447)	-	(34,393,987)	(34,393,987)
Interest and Fees Received from Borrowers	745,216	2,013,440	2,758,656	754,364	1,882,720	2,637,084
Net Cash Provided (Used) by Operating Activities	39,590	(36,035,673)	(35,996,083)	(206,785)	(23,568,641)	(23,775,426)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Contributions Received:						
Federal Government	-	29,439,440	29,439,440	-	14,040,120	14,040,120
State of MD Required Match to Federal Grant	-	8,065,600	8,065,600	-	4,069,600	4,069,600
Net Cash Provided by Noncapital Financing Activities	-	37,505,040	37,505,040	-	18,109,720	18,109,720
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest on Investment Securities	897	77,307	78,204	6,792	404,446	411,238
Net Cash Provided by Investing Activities	897	77,307	78,204	6,792	404,446	411,238
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	40,487	1,546,674	1,587,161	(199,993)	(5,054,475)	(5,254,468)
Cash and Cash Equivalents - Beginning of Year	61,723	21,309,441	21,371,164	261,716	26,363,916	26,625,632
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 102,210</u>	<u>\$ 22,856,115</u>	<u>\$ 22,958,325</u>	<u>\$ 61,723</u>	<u>\$ 21,309,441</u>	<u>\$ 21,371,164</u>

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION  
DRINKING WATER STATE REVOLVING LOAN FUND  
COMBINING STATEMENTS OF CASH FLOWS (CONTINUED)  
YEARS ENDED JUNE 30, 2021 AND 2020  
(SEE INDEPENDENT AUDITORS' REPORT)**

	2021			2020		
	Funds Held by Administration			Funds Held by Administration		
	Admin Accounts	Capital Reserve Accounts	Total	Admin Accounts	Capital Reserve Accounts	Total
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>						
Operating Income (Loss)	\$ 189,799	\$ (2,017,831)	\$ (1,828,032)	\$ (227,471)	\$ (16,683)	\$ (244,154)
Changes in Noncash Operating Assets and Liabilities:						
Loans Receivable	-	(33,989,347)	(33,989,347)	-	(23,479,835)	(23,479,835)
Loan Interest Receivable	-	(28,495)	(28,495)	-	(72,123)	(72,123)
Administrative Fees	(155,959)	-	(155,959)	9,118	-	9,118
Accounts Payable and Other Liabilities	5,750	-	5,750	11,568	-	11,568
Net Cash Provided (Used) by Operating Activities	<u>\$ 39,590</u>	<u>\$ (36,035,673)</u>	<u>\$ (35,996,083)</u>	<u>\$ (206,785)</u>	<u>\$ (23,568,641)</u>	<u>\$ (23,775,426)</u>

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION**  
**BAY RESTORATION FUND – WASTEWATER FUND AND SEPTIC FUND**  
**COMBINING STATEMENT OF NET POSITION**  
**JUNE 30, 2021**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	2021					
	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		
<b>ASSETS</b>						
Current Assets:						
Cash and Cash Equivalents	\$ 1,342,720	\$ 132,933,604	\$ -	\$ 4,122,734	\$ 8,045,241	\$ 146,444,299
Receivables:						
BRF Fee	362,118	-	-	125,687	1,445,399	1,933,204
Current Restricted Assets:						
Cash and Cash Equivalents	-	15,219,746	-	-	-	15,219,746
Receivables:						
BRF Fee	-	23,779,092	-	-	-	23,779,092
Total Current Assets	<u>1,704,838</u>	<u>171,932,442</u>	<u>-</u>	<u>4,248,421</u>	<u>9,490,640</u>	<u>187,376,341</u>
Noncurrent Assets:						
Capital Assets, Net	-	-	-	26,237	-	26,237
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,237</u>	<u>-</u>	<u>26,237</u>
Total Assets	<u>1,704,838</u>	<u>171,932,442</u>	<u>-</u>	<u>4,274,658</u>	<u>9,490,640</u>	<u>187,402,578</u>
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts Payable	7,075	-	-	2,530	-	9,605
Compensated Absences - Current	49,904	-	-	57,485	-	107,389
Revenue Bonds	-	-	23,470,000	-	-	23,470,000
Bond Premium - Current	-	-	2,372,608	-	-	2,372,608
Accrued Bond Interest	-	-	1,993,433	-	-	1,993,433
Total Current Liabilities	<u>56,979</u>	<u>-</u>	<u>27,836,041</u>	<u>60,015</u>	<u>-</u>	<u>27,953,035</u>
Noncurrent Liabilities:						
Compensated Absences - Noncurrent	65,504	-	-	53,411	-	118,915
Revenue Bonds	-	-	186,245,000	-	-	186,245,000
Bond Premium - Noncurrent	-	-	3,770,403	-	-	3,770,403
Total Noncurrent Liabilities	<u>65,504</u>	<u>-</u>	<u>190,015,403</u>	<u>53,411</u>	<u>-</u>	<u>190,134,318</u>
Total Liabilities	<u>122,483</u>	<u>-</u>	<u>217,851,444</u>	<u>113,426</u>	<u>-</u>	<u>218,087,353</u>
<b>NET POSITION</b>						
Net Investment in Capital Assets	-	-	-	26,237	-	26,237
Restricted	-	171,932,442	-	-	9,490,640	181,423,082
Unrestricted	<u>1,582,355</u>	<u>-</u>	<u>(217,851,444)</u>	<u>4,134,995</u>	<u>-</u>	<u>(212,134,094)</u>
Total Net Position	<u>\$ 1,582,355</u>	<u>\$ 171,932,442</u>	<u>\$ (217,851,444)</u>	<u>\$ 4,161,232</u>	<u>\$ 9,490,640</u>	<u>\$ (30,684,775)</u>

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION**  
**BAY RESTORATION FUND – WASTEWATER FUND AND SEPTIC FUND**  
**COMBINING STATEMENT OF NET POSITION**  
**JUNE 30, 2020**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	2020					
	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		
<b>ASSETS</b>						
Current Assets:						
Cash and Cash Equivalents	\$ 1,138,753	\$ 116,068,218	\$ -	\$ 4,569,825	\$ 8,064,560	\$ 129,841,356
Receivables:						
BRF Fee	530,477	-	-	186,008	2,139,090	2,855,575
Current Restricted Assets:						
Cash and Cash Equivalents	-	9,272,469	-	-	-	9,272,469
Receivables:						
BRF Fee	-	34,834,641	-	-	-	34,834,641
Total Current Assets	<u>1,669,230</u>	<u>160,175,328</u>	<u>-</u>	<u>4,755,833</u>	<u>10,203,650</u>	<u>176,804,041</u>
Noncurrent Assets:						
Capital Assets, Net	-	-	-	44,445	-	44,445
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,445</u>	<u>-</u>	<u>44,445</u>
Total Assets	<u>1,669,230</u>	<u>160,175,328</u>	<u>-</u>	<u>4,800,278</u>	<u>10,203,650</u>	<u>176,848,486</u>
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts Payable	7,000	-	-	2,500	-	9,500
Compensated Absences - Current	54,839	-	-	37,414	-	92,253
Revenue Bonds	-	-	22,360,000	-	-	22,360,000
Bond Premium - Current	-	-	3,003,755	-	-	3,003,755
Accrued Bond Interest	-	-	2,155,032	-	-	2,155,032
Total Current Liabilities	<u>61,839</u>	<u>-</u>	<u>27,518,787</u>	<u>39,914</u>	<u>-</u>	<u>27,620,540</u>
Noncurrent Liabilities:						
Compensated Absences - Noncurrent	73,504	-	-	19,418	-	92,922
Revenue Bonds	-	-	209,715,000	-	-	209,715,000
Bond Premium - Noncurrent	-	-	6,143,010	-	-	6,143,010
Total Noncurrent Liabilities	<u>73,504</u>	<u>-</u>	<u>215,858,010</u>	<u>19,418</u>	<u>-</u>	<u>215,950,932</u>
Total Liabilities	<u>135,343</u>	<u>-</u>	<u>243,376,797</u>	<u>59,332</u>	<u>-</u>	<u>243,571,472</u>
<b>NET POSITION</b>						
Net Investment in Capital Assets	-	-	-	44,445	-	44,445
Restricted	-	160,175,328	-	-	10,203,650	170,378,978
Unrestricted	1,533,887	-	(243,376,797)	4,696,501	-	(237,146,409)
Total Net Position	<u>\$ 1,533,887</u>	<u>\$ 160,175,328</u>	<u>\$ (243,376,797)</u>	<u>\$ 4,740,946</u>	<u>\$ 10,203,650</u>	<u>\$ (66,722,986)</u>

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION**  
**BAY RESTORATION FUND – WASTEWATER FUND AND SEPTIC FUND**  
**COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2021**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	2021					
	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
<b>OPERATING REVENUE</b>						
BRF Fee	\$ 1,471,307	\$ 96,615,842	\$ -	\$ 1,359,184	\$ 15,630,618	\$ 115,076,951
Total Operating Revenue	1,471,307	96,615,842	-	1,359,184	15,630,618	115,076,951
<b>OPERATING EXPENSES</b>						
Salaries and Related Benefits	1,009,138	-	-	1,665,474	-	2,674,612
General Admin Expenses	413,701	-	-	273,424	-	687,125
Capital Grant Disbursements	-	53,499,740	-	-	16,383,955	69,883,695
Total Operating Expenses	1,422,839	53,499,740	-	1,938,898	16,383,955	73,245,432
<b>OPERATING INCOME (LOSS)</b>	48,468	43,116,102	-	(579,714)	(753,337)	41,831,519
<b>NONOPERATING REVENUE (EXPENSES)</b>						
Investment Income	-	469,040	823	-	40,327	510,190
Interest on Bonds	-	-	(6,303,498)	-	-	(6,303,498)
Total Nonoperating Revenue (Expenses)	-	469,040	(6,302,675)	-	40,327	(5,793,308)
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	48,468	43,585,142	(6,302,675)	(579,714)	(713,010)	36,038,211
Interfund Equity Transfer	-	(31,828,028)	31,828,028	-	-	-
<b>CHANGE IN NET POSITION</b>	48,468	11,757,114	25,525,353	(579,714)	(713,010)	36,038,211
Net Position - Beginning of Year	1,533,887	160,175,328	(243,376,797)	4,740,946	10,203,650	(66,722,986)
<b>NET POSITION - END OF YEAR</b>	<u>\$ 1,582,355</u>	<u>\$ 171,932,442</u>	<u>\$ (217,851,444)</u>	<u>\$ 4,161,232</u>	<u>\$ 9,490,640</u>	<u>\$ (30,684,775)</u>

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION  
BAY RESTORATION FUND – WASTEWATER FUND AND SEPTIC FUND  
COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2020  
(SEE INDEPENDENT AUDITORS' REPORT)**

	2020					
	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
<b>OPERATING REVENUE</b>						
BRF Fee	\$ 1,817,786	\$ 119,367,921	\$ -	\$ 1,391,796	\$ 16,005,657	\$ 138,583,160
Total Operating Revenue	1,817,786	119,367,921	-	1,391,796	16,005,657	138,583,160
<b>OPERATING EXPENSES</b>						
Salaries and Related Benefits	1,015,140	-	-	1,005,570	-	2,020,710
General Admin Expenses	670,812	-	-	200,776	-	871,588
Capital Grant Disbursements	-	70,498,547	-	-	18,113,906	88,612,453
Total Operating Expenses	1,685,952	70,498,547	-	1,206,346	18,113,906	91,504,751
<b>OPERATING INCOME (LOSS)</b>	131,834	48,869,374	-	185,450	(2,108,249)	47,078,409
<b>NONOPERATING REVENUE (EXPENSES)</b>						
Investment Income	-	1,862,887	87,927	-	210,814	2,161,628
Interest on Bonds	-	-	(6,734,257)	-	-	(6,734,257)
Total Nonoperating Revenue (Expenses)	-	1,862,887	(6,646,330)	-	210,814	(4,572,629)
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	131,834	50,732,261	(6,646,330)	185,450	(1,897,435)	42,505,780
Interfund Equity Transfer	-	(31,738,624)	31,738,624	-	-	-
<b>CHANGE IN NET POSITION</b>	131,834	18,993,637	25,092,294	185,450	(1,897,435)	42,505,780
Net Position - Beginning of Year	1,402,053	141,181,691	(268,469,091)	4,555,496	12,101,085	(109,228,766)
<b>NET POSITION - END OF YEAR</b>	<u>\$ 1,533,887</u>	<u>\$ 160,175,328</u>	<u>\$ (243,376,797)</u>	<u>\$ 4,740,946</u>	<u>\$ 10,203,650</u>	<u>\$ (66,722,986)</u>

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION**  
**BAY RESTORATION FUND – WASTEWATER FUND AND SEPTIC FUND**  
**COMBINING STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2021**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	2021					
	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
<b>CASH FLOWS FROM</b>						
<b>OPERATING ACTIVITIES</b>						
BRF Fee and Other Receipts	\$ 1,639,666	\$ 107,671,391	\$ -	\$ 1,419,505	\$ 16,324,309	\$ 127,054,871
Capital Grant Disbursements	-	(53,499,740)	-	-	(16,383,955)	(69,883,695)
Salaries and Benefits Paid	(1,022,073)	-	-	(1,611,410)	-	(2,633,483)
General Expenses Paid	(413,626)	-	-	(255,186)	-	(668,812)
Net Cash Provided (Used) by Operating Activities	203,967	54,171,651	-	(447,091)	(59,646)	53,868,881
<b>CASH FLOWS FROM NONCAPITAL</b>						
<b>FINANCING ACTIVITIES</b>						
Interfund Equity Transfers	-	(31,828,028)	31,828,028	-	-	-
Repayment of Bonds	-	-	(22,360,000)	-	-	(22,360,000)
Interest on Bonds	-	-	(9,468,851)	-	-	(9,468,851)
Net Cash Provided (Used) by Noncapital Financing Activities	-	(31,828,028)	(823)	-	-	(31,828,851)
<b>CASH FLOWS FROM</b>						
<b>INVESTING ACTIVITIES</b>						
Interest on Investment Securities	-	469,040	823	-	40,327	510,190
<b>NET INCREASE (DECREASE) IN</b>						
<b>CASH AND CASH EQUIVALENTS</b>	203,967	22,812,663	-	(447,091)	(19,319)	22,550,220
Cash and Cash Equivalents - Beginning of Year	1,138,753	125,340,687	-	4,569,825	8,064,560	139,113,825
<b>CASH AND CASH EQUIVALENTS -</b>						
<b>END OF YEAR</b>	<u>\$ 1,342,720</u>	<u>\$ 148,153,350</u>	<u>\$ -</u>	<u>\$ 4,122,734</u>	<u>\$ 8,045,241</u>	<u>\$ 161,664,045</u>

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION  
BAY RESTORATION FUND – WASTEWATER FUND AND SEPTIC FUND  
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)  
YEAR ENDED JUNE 30, 2021  
(SEE INDEPENDENT AUDITORS' REPORT)**

	2021					
	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	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>						
Operating Income (Loss)	\$ 48,468	\$ 43,116,102	\$ -	\$ (579,714)	\$ (753,337)	\$ 41,831,519
Depreciation of Capital Assets	-	-	-	18,208	-	18,208
Changes in Noncash Operating Assets and Liabilities:						
Administrative Fees and BRF Fee Receivables	168,359	11,055,549	-	60,321	693,691	11,977,920
Accounts Payable and Other Liabilities	(12,860)	-	-	54,094	-	41,234
Net Cash Provided (Used) by Operating Activities	<u>\$ 203,967</u>	<u>\$ 54,171,651</u>	<u>\$ -</u>	<u>\$ (447,091)</u>	<u>\$ (59,646)</u>	<u>\$ 53,868,881</u>



**MARYLAND WATER QUALITY FINANCING ADMINISTRATION**  
**BAY RESTORATION FUND – WASTEWATER FUND AND SEPTIC FUND**  
**COMBINING STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2020**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	2020					
	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	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
BRF Fee and Other Receipts	\$ 1,614,142	\$ 105,995,299	\$ -	\$ 1,314,129	\$ 15,112,482	\$ 124,036,052
Capital Grant Disbursements	-	(70,498,547)	-	-	(18,113,906)	(88,612,453)
Salaries and Benefits Paid	(1,012,117)	-	-	(998,151)	-	(2,010,268)
General Expenses Paid	(663,812)	-	-	(176,479)	-	(840,291)
Net Cash Provided (Used) by Operating Activities	(61,787)	35,496,752	-	139,499	(3,001,424)	32,573,040
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Interfund Equity Transfers	-	(31,738,624)	31,738,624	-	-	-
Repayment of Bonds	-	-	(21,300,000)	-	-	(21,300,000)
Interest on Bonds	-	-	(10,526,551)	-	-	(10,526,551)
Net Cash Provided (Used) by Noncapital Financing Activities	-	(31,738,624)	(87,927)	-	-	(31,826,551)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Purchase of Equipment	-	-	-	-	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest on Investment Securities	-	1,862,887	87,927	-	210,814	2,161,628
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(61,787)	5,621,015	-	139,499	(2,790,610)	2,908,117
Cash and Cash Equivalents - Beginning of Year	1,200,540	119,719,672	-	4,430,326	10,855,170	136,205,708
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,138,753</u>	<u>\$ 125,340,687</u>	<u>\$ -</u>	<u>\$ 4,569,825</u>	<u>\$ 8,064,560</u>	<u>\$ 139,113,825</u>

**MARYLAND WATER QUALITY FINANCING ADMINISTRATION**  
**BAY RESTORATION FUND – WASTEWATER FUND AND SEPTIC FUND**  
**COMBINING STATEMENT OF CASH FLOWS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	2020					
	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
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>						
Operating Income (Loss)	\$ 131,834	\$ 48,869,374	\$ -	\$ 185,450	\$ (2,108,249)	\$ 47,078,409
Depreciation of Capital Assets	-	-	-	21,797	-	21,797
Changes in Noncash Operating Assets and Liabilities:						
Administrative Fees and BRF Fee Receivables	(203,644)	(13,372,622)	-	(77,667)	(893,175)	(14,547,108)
Accounts Payable and Other Liabilities	10,023	-	-	9,919	-	19,942
Net Cash Provided (Used) by Operating Activities	<u>\$ (61,787)</u>	<u>\$ 35,496,752</u>	<u>\$ -</u>	<u>\$ 139,499</u>	<u>\$ (3,001,424)</u>	<u>\$ 32,573,040</u>