

**MARYLAND WATER INFRASTRUCTURE
FINANCING ADMINISTRATION**

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

For the Years Ended June 30, 2025 and 2024

MARYLAND WATER INFRASTRUCTURE FINANCING ADMINISTRATION

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

JUNE 30, 2025

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF THE FINANCIAL STATEMENTS

To the Director of
Maryland Water Infrastructure Financing Administration
Baltimore, Maryland

Opinion

We have audited the financial statements of the business-type activities of the Maryland Water Infrastructure Financing Administration (the Administration), an enterprise fund of the State of Maryland, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Administration's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the Administration, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The financial statements of the Administration as of June 30, 2024, and for the year then ended, were audited by other auditors whose report dated September 27, 2024 expressed an unqualified opinion on those statements.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Administration and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2025 and 2024, the changes in its financial position, or its cash flows for the years 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.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Administration's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audits 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 GAAS. In our opinion, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2025, on our consideration of the Administration's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Administration's internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Administration's internal controls over financial reporting and compliance.

Owings Mills, Maryland
September 30, 2025



MARYLAND WATER INFRASTRUCTURE FINANCING ADMINISTRATION

Management's Discussion and Analysis June 30, 2025 and 2024

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. Chapters 237 and 238 (Conservation Finance Act), enacted during the 2022 legislative session of the Maryland General Assembly, changed the Administration's name to the Maryland Water Infrastructure Financing Administration (MWIFA or the Administration).

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

Legislative amendments to the MWIFA 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. MWIFA 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 MWIFA 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 MWIFA 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 INFRASTRUCTURE FINANCING ADMINISTRATION

Management's Discussion and Analysis June 30, 2025 and 2024

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

This section of the MWIFA annual financial report presents management's discussion and analysis of the MWIFA financial performance during the fiscal years that ended on June 30, 2025 and 2024, with the year ended June 30, 2023, presented for comparative purposes. Please read it in conjunction with the MWIFA'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, 2025:

The unrestricted current assets of cash and cash equivalents increased by \$179 million. This increase was primarily due to a \$86.7 million increase in Federal and State Grants due to increased loan disbursements, \$7.8 million decrease in BRF grant disbursement to borrowers, and a \$4.0 million increase in investment income.

The restricted current asset of BRF Fees receivable increased by \$676,000. This increase was due to an increase in the 4th quarter BRF fee revenue collected in FY 25 compared to FY 24.

The current restricted loans receivable decreased by \$3.6 million because of principal payments on older pledged loans becoming fully paid off and offset by no new pledged loans.

The noncurrent restricted loans receivable decreased by \$12.7 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 \$23.3 million. This decrease is due to scheduled debt payments.

Restricted net position increased \$197.1 million. The net position restricted for grants, new loans, and debt service increased \$158.1 million, \$12.1 million, and \$26.8 million for the WQRLF and DWRLF and BRF, respectively.

MARYLAND WATER INFRASTRUCTURE FINANCING ADMINISTRATION

Management's Discussion and Analysis June 30, 2025 and 2024

The total unrestricted net position increased by \$30.4 million. This increase is primarily a result of the decrease in bonds payable.

As of June 30, 2024:

The unrestricted current asset of cash and cash equivalents increased by \$158.7 million. This increase was primarily due to a \$72 million decrease in loan disbursements, a \$20 million decrease in BRF grant disbursements to borrowers, a \$4.6 million decrease in bond repayments, and a \$9.5 million increase in investment income.

The restricted current asset of BRF Fees receivable decreased by \$4.6 million. This decrease was due to a decrease in the 4th quarter BRF fee revenue collected in FY 24 compared to FY 23.

The current restricted loans receivable decreased by \$3.7 million because of principal payments on older pledged loans becoming fully paid off and offset by no new pledged loans.

The noncurrent restricted loans receivable decreased by \$16.3 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 \$25.7 million. This decrease is due to scheduled debt payments.

Restricted net position increased \$103 million. The net position restricted for grants, new loans, and debt service increased \$67 million, \$14.3 million, and \$21.7 million for the WQRLF and DWRLF and BRF, respectively.

The total unrestricted net position increased by \$22.3 million. This increase is primarily a result of the decrease in bonds payable.

MARYLAND WATER INFRASTRUCTURE FINANCING ADMINISTRATION

Management's Discussion and Analysis June 30, 2025 and 2024

Statements of Net Position (continued)

The following condensed statements of net position show a summary of changes between fiscal years:
(in Millions)

	2025	2024	2023	Increase (Decrease) Difference	
				FY 25 - 24	FY 24 - 23
Current Assets					
Cash and cash equivalents	\$ 743.0	\$ 564.0	\$ 405.3	\$ 179.0	\$ 158.7
Receivables:					
Loans	106.6	103.4	101.8	3.2	1.6
BRF fees	1.6	1.6	1.6	-	-
Other	13.5	13.1	13.2	0.4	(0.1)
Current Restricted Assets					
Cash and cash equivalents	22.2	28.8	26.2	(6.6)	2.6
Receivables:					
BRF fees	23.0	22.3	26.9	0.7	(4.6)
Loans	12.7	16.3	20.0	(3.6)	(3.7)
Investment	3.4	-		3.4	-
Other	0.1	0.2	0.3	(0.1)	(0.1)
Total Current Assets	<u>926.1</u>	<u>749.7</u>	<u>595.3</u>	<u>176.4</u>	<u>154.4</u>
Non-current Assets					
Investments	1.4	5.0	5.4	(3.6)	(0.4)
Loans receivable	1,623.3	1,582.3	1,620.8	41.0	(38.5)
Non-current Restricted Assets					
Loans receivable	<u>15.2</u>	<u>27.9</u>	<u>44.2</u>	<u>(12.7)</u>	<u>(16.3)</u>
Total Non-current Assets	<u>1,639.9</u>	<u>1,615.2</u>	<u>1,670.4</u>	<u>24.7</u>	<u>(55.2)</u>
Total Assets	<u>\$ 2,566.0</u>	<u>\$ 2,364.9</u>	<u>\$ 2,265.7</u>	<u>\$ 201.1</u>	<u>\$ 99.2</u>

There may be differences to basic financial statements due to rounding.

MARYLAND WATER INFRASTRUCTURE FINANCING ADMINISTRATION

Management's Discussion and Analysis June 30, 2025 and 2024

Statements of Net Position (continued)

(in Millions)

				Increase (Decrease) Difference	
	2025	2024	2023	FY 25 - 24	FY 24 - 23
Current Liabilities					
Accounts payable	\$ 0.6	\$ 0.4	\$ 0.5	\$ 0.2	\$ (0.1)
Revenue bonds	23.5	25.7	24.4	(2.2)	1.3
Bond premium - current	-	0.8	1.4	(0.8)	(0.6)
Accrued interest on bonds	1.2	1.4	1.6	(0.2)	(0.2)
Total Current Liabilities	25.3	28.3	27.9	(3.0)	0.4
Non-current Liabilities					
Compensated absences	0.5	0.4	0.4	0.1	-
Revenue bonds	94.7	118.1	143.8	(23.4)	(25.7)
Bond premium - noncurrent	-	0.1	0.9	(0.1)	(0.8)
Total Non-current Liabilities	95.2	118.6	145.1	(23.4)	(26.5)
Total Liabilities	120.5	146.9	173.0	(26.4)	(26.1)
Net Position					
Restricted for debt service	2,546.2	2,349.1	2,246.1	197.1	103.0
Unrestricted	(100.7)	(131.1)	(153.4)	30.4	22.3
Total Net Position	\$ 2,445.5	\$ 2,218.0	\$ 2,092.7	\$ 227.5	\$ 125.3

There may be differences to basic financial statements due to rounding.

MARYLAND WATER INFRASTRUCTURE FINANCING ADMINISTRATION

Management's Discussion and Analysis June 30, 2025 and 2024

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, 2025:

There was a decrease of \$7.8 million in capital grant disbursements. The BRF had decrease totaling \$9.9 million. These changes reflect normal fluctuations in construction project draws.

There was an increase of \$3.9 million in Investment Income. This was due to higher interest rates and associated elevated cash balances drawing interest proceeds.

There was an increase of \$86.6 million in contributions from Federal and State governments. The WQRLF had increases from Federal and State governments totaling \$89.9 million and DWRLF had increases in contributions from Federal totaling \$3.2 million and decreases from State governments totaling \$6.5 million. These changes reflect normal fluctuations in construction project draws.

For fiscal year ended June 30, 2024:

There was a decrease of \$20.3 million in capital grant disbursements. The BRF had decrease totaling \$20 million. These changes reflect normal fluctuations in construction project draws.

There was an increase of \$9.6 million in Investment Income. This was due to higher interest rates and associated elevated cash balances drawing interest proceeds.

There was a decrease of \$41.2 million in contributions from Federal and State governments. The WQRLF and DWRLF had decreases in contributions from Federal and State governments totaling \$16 million and \$25.2 million, respectively. These changes reflect normal fluctuations in construction project draws.

MARYLAND WATER INFRASTRUCTURE FINANCING ADMINISTRATION

Management's Discussion and Analysis June 30, 2025 and 2024

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

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

	(in Millions)				
	2025	2024	2023	Increase (Decrease) Difference	
				FY 25 - 24	FY 24 - 23
Operating Revenue					
Interest on loans	\$ 15.0	\$ 14.4	\$ 14.8	\$ 0.6	\$ (0.4)
Loan administrative fee	6.1	6.1	6.3	-	(0.2)
Fee revenue	126.2	122.1	131.8	4.1	(9.7)
Grant revenue (set-a-sides only)	11.4	7.6	4.9	3.8	2.7
Total Operating Revenue	158.7	150.2	157.8	8.5	(7.6)
Operating Expenses					
Salaries and related benefits	11.3	10.3	9.9	1.0	0.4
Transfers-out (set-a-sides)	11.4	7.6	4.9	3.8	2.7
Capital grant disbursements	75.0	82.8	103.1	(7.8)	(20.3)
General and other costs	3.0	2.5	2.5	0.5	-
Total Operating Expenses	100.7	103.2	120.4	(2.5)	(17.2)
Operating Income	58.0	47.0	37.4	11.0	9.6
Non-operating Revenue and Expenses					
Investment income	25.5	21.6	12.0	3.9	9.6
Interest on bonds	(4.1)	(4.7)	(5.4)	0.6	0.7
FMV investment adjustment	0.1	0.1	(0.1)	-	0.2
Contributions from federal and state governments	148.0	61.3	102.5	86.7	(41.2)
Total Non-operating Revenue and Expenses	169.5	78.3	109.0	91.2	(30.7)
Change in Net Position	227.5	125.3	146.4	102.2	(21.1)
Net Position, Beginning of Year	2,218.0	2,092.7	1,946.3	125.3	146.4
Net Position, End of Year	\$ 2,445.5	\$ 2,218.0	\$ 2,092.7	\$ 227.5	\$ 125.3

There may be differences to basic financial statements due to rounding.

MARYLAND WATER INFRASTRUCTURE FINANCING ADMINISTRATION

Management's Discussion and Analysis June 30, 2025 and 2024

Statements of Cash Flows

Another way to assess MWIFA'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; and
- An entity's need for external financing.

A summary of MWIFA's cash flows for the years ended June 30, 2025, 2024, and 2023, are presented in the following table:

	Condensed Statements of Cash Flows Years Ended June 30, (in millions)		
	2025	2024	2023
Cash from:			
Operating Activities	\$ 29.3	\$ 108.7	\$ 24.3
Noncapital financing activities	117.1	30.7	67.2
Investing activities	25.9	21.9	12.4
Net Change in Cash	172.3	161.3	103.9
Cash, beginning of year	592.8	431.5	327.6
Cash, End of Year	\$ 765.1	\$ 592.8	\$ 431.5

During fiscal year 2025, cash provided by operating activities totaled \$29.3 million, cash provided by noncapital financing activities totaled \$117.1 million, and cash provided by investing activities totaled \$25.9 million for an overall increase in cash of \$172.3 million compared to an increase of \$161.3 million in fiscal year 2024. The cash increase in operating activities was primarily due to BRF fee revenue exceeding grant disbursements and loan repayments exceeding loan disbursements. The increase in cash from noncapital financing was due to bond principal repayment and interest on bond being less than cash received from federal grants and required state match contributions. The investing activities increase was due to investment proceeds and higher interest rates.

During fiscal year 2024, cash provided by operating activities totaled \$108.3 million, cash provided by noncapital financing activities totaled \$30.7 million, and cash provided by investing activities totaled \$21.9 million for an overall increase in cash of \$161.3 million compared to an increase of \$104.0 million in fiscal year 2023. The cash increase in operating activities was primarily due to BRF fee revenue exceeding grant disbursements and loan repayments exceeding loan disbursements. The increase in cash from noncapital financing was due to bond principal repayment and interest on bond being less than cash received from federal grants and required state match contributions. The investing activities increase was due to investment proceeds and higher interest rates.

MARYLAND WATER INFRASTRUCTURE FINANCING ADMINISTRATION

Management's Discussion and Analysis June 30, 2025 and 2024

Debt Administration

As of June 30, 2025, the Administration had \$94.7 million of bonds payable outstanding. The decrease of \$25.7 million from June 30, 2024, was due to the retirement of debt in accordance with the underlying amortization schedule.

As of June 30, 2024, the Administration had \$118.1 million of bonds payable outstanding. The decrease of \$24.3 million from June 30, 2023, was due to the retirement of debt in accordance with the underlying amortization schedule.

Economic Environment

The MWIFA is subject to the present economic environment that exists in the State of Maryland as well as factors relating to national issues. Currently, MWIFA 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. MWIFA 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. MWIFA does not foresee economic factors that would significantly impact its operation. However, a natural disaster in Maryland could result in delayed loan repayments or 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 MWIFA does not have the authority to raise the fees. However, MWIFA continues to have sufficient cash flow from fees to satisfy current debt service requirements related to BRF Series 2014 and 2015 bonds. Also, MWIFA continues to meet current capital disbursements for those activities. As noted above, a natural disaster in Maryland could result in a reduction of fees related to the BRF that may lead to a temporary suspension or delay of capital disbursements.

Contact Maryland Water Infrastructure Financing Administration Management

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

MARYLAND WATER INFRASTRUCTURE FINANCING ADMINISTRATION

Statements of Net Position As of June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 742,976,495	\$ 564,042,038
Investments	3,367,843	-
Receivables:		
Investment interest	66,441	55,604
Loans	106,554,690	103,365,028
Loan interest	7,339,928	6,900,651
BRF fee	1,583,784	1,614,297
Administrative fee	6,124,321	6,096,839
Current Restricted Assets		
Cash and cash equivalents	22,168,864	28,799,112
Receivables:		
BRF fee	22,992,693	22,316,691
Loans	12,690,293	16,297,496
Loan interest	133,554	200,951
Total Current Assets	<u>925,998,906</u>	<u>749,688,707</u>
Non-current Assets		
Investments	1,388,330	5,054,315
Loans receivable	1,623,306,215	1,582,288,561
Non-current Restricted Assets		
Loans receivable	<u>15,180,155</u>	<u>27,870,448</u>
Total Non-current Assets	<u>1,639,874,700</u>	<u>1,615,213,324</u>
Total Assets	<u><u>\$ 2,565,873,606</u></u>	<u><u>\$ 2,364,902,031</u></u>

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

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Statements of Net Position (continued) As of June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses	\$ -	\$ 26,400
Compensated absences - current	565,746	419,441
Revenue bonds payable	23,496,427	26,475,214
Accrued interest on bonds payable	<u>1,212,498</u>	<u>1,443,318</u>
Total Current Liabilities	<u>25,274,671</u>	<u>28,364,373</u>
Non-Current Liabilities		
Compensated absences - non-current	481,598	382,423
Revenue bonds payable	<u>94,706,101</u>	<u>118,202,529</u>
Total Non-Current Liabilities	<u>95,187,699</u>	<u>118,584,952</u>
Total Liabilities	<u>120,462,370</u>	<u>146,949,325</u>
NET POSITION		
Restricted for reserve fund	73,165,558	91,940,945
Restricted for program	2,473,011,208	2,257,109,768
Unrestricted deficit	<u>(100,765,530)</u>	<u>(131,098,007)</u>
Total Net Position	<u><u>\$ 2,445,411,236</u></u>	<u><u>\$ 2,217,952,706</u></u>

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

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Statements of Revenue, Expenses, and Changes in Net Position For the Years Ended June 30, 2025 and 2024

	2025	2024
Operating Revenue		
Interest on loans	\$ 14,983,421	\$ 14,390,120
Loan administration fee	6,132,159	6,104,652
Fees	126,107,671	122,078,953
Grants and other	11,384,914	7,640,618
Total Operating Revenue	158,608,165	150,214,343
Operating Expenses		
Salaries and related benefits	11,252,446	10,268,958
General	2,985,540	2,491,684
Capital grants disbursements	74,990,576	82,790,937
Other	11,384,915	7,625,118
Total Operating Expenses	100,613,477	103,176,697
Operating Income	57,994,688	47,037,646
Non-operating Revenue (Expenses)		
Investment income	25,517,507	21,557,343
Interest expense on bonds	(4,099,136)	(4,711,307)
Net unrealized gain on investments	94,110	60,900
Federal government contributions	132,922,872	46,179,990
State of MD required match to federal grant	15,028,487	15,133,800
Net Non-operating Revenue	169,463,840	78,220,726
Changes in Net Position	227,458,528	125,258,372
Net Position, Beginning of Year	2,217,952,706	2,092,694,334
Net Position, End of Year	\$ 2,445,411,234	\$ 2,217,952,706

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

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Statements of Cash Flows For the Years Ended June 30, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
BRF fee and other receipts	\$ 136,847,095	\$ 134,297,729
Grant disbursements	(74,990,576)	(82,790,937)
Salaries and benefits paid	(11,006,967)	(10,407,917)
General and other expenses paid	(14,396,854)	(10,116,492)
Loan repayments	120,188,796	122,175,044
Loan disbursements	(148,098,615)	(65,217,460)
Interest and fees received from borrowers	20,716,219	20,791,175
Net Cash from Operating Activities	29,259,098	108,731,142
Cash Flows from Non-capital Financing Activities		
Federal government	132,922,872	46,179,990
State of MD-required match to Federal grant	15,028,487	15,133,800
Repayment of bonds	(25,725,000)	(24,355,000)
Interest on bonds	(5,080,171)	(6,297,920)
Net Cash from Non-capital Financing Activities	117,146,188	30,660,870
Cash Flows from Investing Activities		
Interest on investment securities	25,506,671	21,527,859
Proceeds from sale of investments and maturities of investments	392,252	378,684
Net Cash Provided by Investing Activities	25,898,923	21,906,543
Net Increase in Cash and Cash Equivalents	172,304,209	161,298,555
Cash and Cash Equivalents, Beginning of Year	592,841,150	431,542,595
Cash and Cash Equivalents, End of Year	\$ 765,145,359	\$ 592,841,150
Reconciliation of operating income to net cash from operating activities:		
Operating income	\$ 57,994,689	\$ 47,037,646
Depreciation	-	710
Effect of changes in non-cash operating assets and liabilities:		
Loan interest receivable	(371,879)	62,763
Loans receivable	(27,909,820)	56,957,584
Administrative fee and BRF fee receivables	(672,972)	4,811,798
Accounts payable and other liabilities	219,080	(139,359)
Net cash from operating activities	\$ 29,259,098	\$ 108,731,142

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

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Notes to the Financial Statements June 30, 2025 and 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity/Organization

The Maryland Water Quality Financing Administration was created during the 1987 session of the Maryland General Assembly as an enterprise fund of the State of Maryland (State). Chapters 237 and 238 (Conservation Finance Act), enacted during the 2022 legislative session of the Maryland General Assembly, changed the Administration's name to the Water Infrastructure Financing Administration (MWIFA or the Administration). 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 Maryland Department of the Environment (MDE) units or State agencies on its behalf.

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Notes to the Financial Statements June 30, 2025 and 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting (continued)

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, 2025, there have been no bonds issued in the DWRLF.

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

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 can 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.

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Notes to the Financial Statements June 30, 2025 and 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2025 and 2024.

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.

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

Contributions and Revenue

Amounts received from the EPA and the State of Maryland (the State) on p 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, which includes various employee benefit items.

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Notes to the Financial Statements June 30, 2025 and 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, 2025 and 2024, 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.

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Notes to the Financial Statements June 30, 2025 and 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 MWIFA is subject to externally imposed stipulations that can be fulfilled by actions of MWIFA 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, non-lapsing funds that were enacted by separate legislation, and the money in those funds may not be reverted to the General Fund of the State of Maryland. As of June 30, 2025, 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.

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Notes to the Financial Statements
June 30, 2025 and 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position (continued)

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.

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.

Implemented Accounting Pronouncements

In June 2022, GASB issued Statement No. 101, *Compensated Absences*, and the primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Administration implemented the Statement during the year ended June 30, 2025. The implementation did not have a material effect on the financial statements.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The primary objective of this Statement is to provide users of financial statements with essential information about risks related to an organizations’ vulnerabilities due to certain concentrations or constraints. The Administration implemented the Statement during the year ended June 30, 2025. The implementation did not have a material effect on the financial statements.

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

	2025	2024
Cash Held by State Treasury Office	\$ 765,145,359	\$ 592,841,150
Total Cash and Cash Equivalents	\$ 765,145,359	\$ 592,841,150

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

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Notes to the Financial Statements June 30, 2025 and 2024

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

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

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

As of June 30, 2025, the Administration has the following investments and maturities:

Investment Types	Fair Value	Investment Maturities (in Years)		
		Less than 1	1 to 5	6 to 10
Linked Deposits - Farm Credit AG Bonds	\$ 2,961,090	\$ 2,961,090	\$ -	\$ -
Linked Deposits- Certificates of Deposit	1,795,083	406,753	1,257,266	131,064
Total Investments	<u>\$ 4,756,173</u>	<u>\$ 3,367,843</u>	<u>\$ 1,257,266</u>	<u>\$ 131,064</u>

In addition, the Administration's investments have the following quality ratings as of June 30, 2025:

Investment Types	Fair Value	Concentration	Rating	Rating Organization
Linked Deposits - Farm Credit AG Bonds	\$ 2,961,090	62%	Aaa	Moody
Linked Deposits- Certificates of Deposit	1,795,083	38%	N/A	N/A
Total Investments	<u>\$ 4,756,173</u>	<u>100%</u>		

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; and Level 3 inputs are significant unobservable inputs.

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

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Notes to the Financial Statements June 30, 2025 and 2024

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

The Administration has the following recurring fair value measurements as of June 30, 2025:

	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	\$ 2,961,090	\$ -	\$ 2,961,090	\$ -

As of June 30, 2024, the Administration had the following investments and maturities:

Investment Types	Fair Value	Investment Maturities (in Years)		
		Less than 1	1 to 5	6 to 10
Linked Deposits - Farm Credit AG Bonds	\$ 2,866,980	\$ -	\$ 2,866,980	\$ -
Linked Deposits- Certificates of Deposit	2,187,335	-	1,360,450	826,885
Total Investments	\$ 5,054,315	\$ -	\$ 4,227,430	\$ 826,885

In addition, the Administration's investments had the following quality ratings as of June 30, 2024:

Investment Types	Fair Value	Concentration	Rating	Rating Organization
Linked Deposits - Farm Credit AG Bonds	\$ 2,866,980	57%	Aaa	Moody
Linked Deposits- Certificates of Deposit	2,187,335	43%	N/A	N/A
Total Investments	\$ 5,054,315	100%		

1. *Concentration of Credit Risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Administration places no limit on the amount it may invest in any one issuer. For fiscal years 2025 and 2024, the Administration's investments were Linked Deposit CDs and Bonds.*

As of June 30, 2024, 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	\$ 2,866,980	\$ -	\$ 2,866,980	\$ -

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, 2025 and 2024.

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Notes to the Financial Statements June 30, 2025 and 2024

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.

As of June 30, 2025 and 2024, the Administration's lending commitments and outstanding balances under the WQRLF to specific governmental entities within the State are detailed as follows:

WQRLF Borrower	2025			2024		
	Total Commitment	Commitment Outstanding	Outstanding Balance 6/30/2025	Total Commitment	Commitment Outstanding	Outstanding Balance 6/30/2024
Aberdeen, City of	\$ 9,329,266	\$ -	\$ 2,993,209	\$ 9,329,266	\$ -	\$ 3,429,625
Allegany County	26,978,773	272,688	5,248,138	26,978,773	480,309	6,191,988
Annapolis, City of	1,591,479	-	-	1,591,479	-	-
Anne Arundel County	110,248,627	-	23,913,049	110,248,627	-	27,117,643
Ashton Park Community Association	408,470	-	109,889	408,470	-	131,216
Baltimore City	725,054,539	19,995,294	375,746,592	702,997,695	10,421,024	386,791,712
Baltimore County	480,661,779	6,195,430	262,138,268	480,661,779	7,972,368	276,169,278
Bel Air, Town of	101,686	-	-	101,686	-	-
Berlin, Town of	3,207,000	-	1,409,262	3,207,000	-	1,579,187
Betterton, Town of	93,559	-	-	93,559	-	-
Boonsboro, Town of	2,127,984	-	-	2,127,984	-	-
Bowie, City of	4,154,565	-	570,967	4,154,565	-	675,943
Brunswick, City of	1,690,570	-	-	1,690,570	-	-
Calvert County	18,343,759	-	1,257,425	18,343,759	-	1,407,336
Cambridge, City of	12,440,864	-	449,258	12,440,864	-	514,396
Canton Crossing	3,711,142	-	161,142	3,711,142	-	361,142
Caroline County	230,999	-	173,253	230,999	-	184,964
Carroll County	12,074,030	-	-	12,074,030	-	-
Cecil County	43,197,704	-	11,998,455	43,197,704	-	13,664,704
Centreville	3,878,064	-	-	3,878,064	-	-
Charles County	23,358,722	-	825,043	23,358,722	-	1,640,304
Chesapeake Beach, Town of	9,491,864	-	2,742,240	9,491,864	-	3,267,239
Chestertown, Town of	3,955,893	-	202,877	3,955,893	-	380,684
Clearspring, Town of	72,705	-	-	72,705	-	-
Crisfield, City of	1,516,158	84,001	494,156	1,516,158	84,001	558,264
Cumberland, City of	13,199,598	-	3,168,454	13,199,598	-	3,489,663
Delmar, Town of	1,125,592	232,368	535,612	1,125,592	615,390	234,162
Denton, Town of	3,712,346	-	1,092,767	3,712,346	-	1,138,310
Easton, Town of	21,852,648	-	3,266,279	21,852,648	-	4,684,965
Elkton, Town of	21,395,474	-	2,840,239	21,395,474	-	3,982,522
Emmitsburg	600,000	-	-	600,000	-	-
Federalburg, Town of	3,479,097	-	678,189	3,479,097	-	869,368
Frederick, City of	54,044,950	-	26,460,374	54,044,950	-	28,894,902
Frederick County	113,637,450	-	33,128,580	113,637,450	-	35,446,814
Frostburg, City of	739,788	-	192,910	739,788	-	216,476
Fruitland, City of	4,919,475	-	734,549	4,919,475	-	805,575
Funkstown, Town of	1,875,221	-	-	1,875,221	-	66,908
Galena, Town of	112,219	-	-	112,219	-	-
Garrett County	1,970,000	-	-	1,970,000	-	-
Garrett County Sanitary District	2,635,641	-	-	2,635,641	-	-

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Notes to the Financial Statements June 30, 2025 and 2024

3. LOANS RECEIVABLE (continued)

WQRLF Borrower	2025			2024		
	Total Commitment	Commitment Outstanding	Outstanding Balance 6/30/2025	Total Commitment	Commitment Outstanding	Outstanding Balance 6/30/2024
Grantsville, Town of	\$ 16,891	\$ -	\$ -	\$ 16,891	\$ -	\$ -
Greenbelt, City of	1,854,010	-	1,404,206	1,854,010	-	1,494,887
Greensboro, Town of	443,345	-	-	443,345	-	-
Hagerstown, City of	22,102,169	-	2,144,240	22,102,169	-	2,954,566
Hancock, Town of	797,062	-	-	797,062	-	-
Harford County	69,535,228	-	-	69,535,228	-	-
Havre De Grace, City of	28,996,682	-	6,645,833	28,996,682	-	8,173,302
Hebron, Town of	195,729	-	17,154	195,729	-	29,059
Howard County	112,534,729	18,925,293	3,388,402	91,534,729	-	1,555,751
Hurlock, Town of	3,626,240	-	223,341	3,626,240	-	391,582
Indian Head, Town of	4,603,656	-	-	4,603,656	-	-
Kent County	7,394,107	-	760,444	7,394,107	-	954,087
La Plata, Town of	12,972,019	-	1,667,921	12,972,019	-	1,967,656
Leonardtown, Town of	9,082,233	-	4,816,498	9,082,233	-	5,173,250
Md Envir Services	6,014,121	-	579,406	6,014,121	-	683,103
Middletown, Town of	3,970,639	-	-	3,970,639	-	-
Millington, Town of	42,000	-	-	42,000	-	-
Montgomery County	55,467,548	23,755,146	20,407,873	55,467,548	30,150,429	16,606,841
Mountain Lake Park	770,287	-	22,600	770,287	-	-
Mount Airy	3,523,087	-	-	3,523,087	-	45,109
Myersville	1,259,983	-	-	1,259,983	-	-
New Windsor	3,858,474	-	194,491	3,858,474	-	226,907
North Beach	3,621,861	-	1,050,973	3,621,861	-	1,139,802
Oakland, Town of	892,046	-	11,961	892,046	-	23,875
Oxford, Town of	45,402	-	-	45,402	-	-
Perryville, Town of	5,923,965	-	1,320,338	5,923,965	-	1,651,231
Pocomoke City	851,579	-	-	851,579	-	-
Poolesville, Town of	5,658,051	-	1,029,573	5,658,051	-	1,157,233
Preston, Town of	1,129,870	45,797	914,007	1,129,870	45,798	948,564
Prince George's County	214,711,335	45,060,578	137,576,884	134,738,580	36,001,189	69,769,248
Queen Anne's County	74,764,609	4,602,949	40,287,366	62,734,420	-	34,997,931
Ridgely, Town of	1,598,297	-	327,496	1,598,297	-	413,350
Rising Sun, Town of	1,010,437	-	-	1,010,437	-	-
Rockville, Town of	2,300,633	-	241,481	2,300,633	-	365,733
Salisbury, Town of	84,408,346	-	39,498,572	84,408,346	-	41,957,946
Sharptown	170,925	-	64,564	170,925	-	74,528
Snow Hill, Town of	1,358,420	-	316,750	1,358,420	-	357,202
Somerset County	2,151,215	-	-	2,151,215	-	-
Somerset County Sanitary District	1,787,031	-	1,552,599	1,787,031	697,694	902,306
St. Mary's County	7,447,625	-	-	7,447,625	-	-
St. Mary's Metropolitan Comm.	48,730,782	-	20,241,057	48,730,782	-	22,301,999
Talbot County	9,975,333	-	838,681	9,975,333	-	1,346,762
Taneytown, City of	6,477,722	-	-	6,477,722	-	-
Thurmont	10,153,303	-	2,995,717	10,153,303	-	3,345,667
Union Bridge	142,000	-	-	142,000	-	-
Washington County	46,197,745	1,706,232	5,793,177	41,709,193	-	3,612,508
Washington Co Sanitary District	20,387,427	-	-	20,387,427	-	-
Westernport	1,030,992	-	-	1,030,992	-	-
Westminster, City of	29,318,055	3,965,461	21,202,155	29,318,055	4,372,511	21,615,353
Wicomico County	2,929,876	-	-	2,929,876	-	-
Willards	433,599	-	67,267	433,599	-	89,511
Williamsport, Town of	684,538	-	55,067	684,538	-	100,029
Washington Suburban Sanitary Commis	747,842,353	111,643,985	336,701,856	726,842,353	124,854,009	328,626,855
Worcester County	12,158,889	-	916,558	12,158,889	-	982,004
Loan Total	3,438,574,200	\$ 236,485,222	\$ 1,417,807,687	3,278,025,860	\$ 215,694,722	\$ 1,379,931,027
Grant/Loan Forgiveness	119,696,239	-	-	112,196,239	-	-
Total Commitment	<u>\$ 3,558,270,439</u>			<u>\$ 3,390,222,099</u>		

The current portion of WQRLF loans receivable as of June 30, 2025 and 2024, was \$101,097,994 and \$101,355,376, respectively. Also, the outstanding balance of loans receivable is made up of \$27,870,448, pledged loans (2008 indenture) and \$1,389,937,239, non-pledged direct loans. During fiscal years 2025 and 2024, there were no defaults or delinquencies.

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Notes to the Financial Statements June 30, 2025 and 2024

3. LOANS RECEIVABLE (continued)

As of June 30, 2025 and 2024, the Administration's lending commitments under the DWRLF to specific governmental entities within the State are detailed as follows:

DWRLF Borrower	2025			2024		
	Total Commitment	Commitment Outstanding	Outstanding Balance 6/30/2025	Total Commitment	Commitment Outstanding	Outstanding Balance 6/30/2024
Allegany County	\$ 2,233,206	\$ 136,011	\$ 2,014,582	\$ 2,271,284	\$ 180,506	\$ 1,819,561
Annapolis, City of	28,500,000	-	19,754,257	28,500,000	-	20,761,080
Anne Arundel County	8,600,873	-	4,538,452	8,600,873	165,015	4,836,478
Baltimore City	187,510,809	6,158,773	149,732,649	184,245,556	6,815,454	151,539,335
Baltimore County	125,529,904	1,682,524	91,742,247	125,529,904	4,535,436	93,465,231
Beaches Water Co.	464,713	-	207,796	464,713	-	226,491
Betterton, Town of	43,483	-	-	43,483	-	-
Boonsboro, Town of	1,662,639	-	46,348	1,662,639	-	66,399
Bowie, City of	1,677,500	-	-	1,677,500	-	-
Brunswick, City of	359,975	-	5,986	359,975	-	28,617
Calvert County	4,268,998	301,588	2,552,287	4,268,998	301,588	2,758,935
Cecilton, Town of	968,323	-	368,585	968,323	-	401,297
Centreville, Town of	912,870	-	-	912,870	-	-
Chesapeake City, Town of	125,955	-	52,195	125,955	-	58,615
Chesterton, Town of	1,765,422	-	-	1,765,422	-	63,546
Clear Spring, Town of	1,260,531	-	220,242	1,260,531	-	274,253
Cumberland, City of	11,107,015	-	4,080,646	11,107,015	-	4,510,478
Denton, Town of	608,961	-	571,282	633,388	45,159	569,464
Dorchester County	52,778	-	-	52,778	-	-
East New Market	368,150	-	147,906	368,150	-	169,662
Emmitsburg, Town of	1,582,762	-	25,031	1,582,762	-	49,789
Fahney Keedy	500,000	-	-	500,000	-	-
Federalsburg, Town of	2,147,552	-	457,953	2,150,055	74,072	492,097
Frederick County	10,831,168	-	105,001	10,831,168	-	114,123
Frostburg, City of	337,500	-	167,037	337,500	-	184,778
Fruitland, Town of	1,175,184	-	1,023,591	1,175,184	-	1,061,773
Funkstown, Town of	139,711	-	111,962	139,711	-	116,680
Garrett Co Sanitary Distr	388,653	-	83,933	388,653	-	93,075
Grantsville, Town of	224,282	-	9,307	224,282	-	10,624
Hagerstown, City of	28,262,983	-	11,622,242	28,262,983	-	12,655,002
Hampstead, Town of	722,587	-	-	722,587	-	-
Independence Village	44,902	-	-	44,902	-	-
La Plata, Town of	499,150	-	199,352	499,150	-	225,543
Lonaconing, Town of	2,628,933	57,458	2,194,233	2,628,933	279,628	2,056,894
Manchester	400,000	-	-	400,000	-	-
Martingham Utilities Coop	663,233	-	329,626	594,700	-	281,437
MD American Water Co	3,826,013	-	3,362,591	3,826,013	-	3,492,913
Myersville, Town of	467,842	-	-	467,842	-	-
New Windsor, Tow of	1,927,731	-	-	1,927,731	-	-
North East, Town of	19,594,778	-	7,752,132	19,608,421	119,184	8,284,637
Oakland, Town of	3,863,585	22,773	2,511,618	3,640,938	-	2,442,630
Oxford, Town of	1,485,759	-	630,888	1,485,759	-	701,783
Perryville, Town of	11,534,299	-	5,056,343	11,534,299	-	5,473,385
Pittsville, Town of	86,166	-	-	86,166	-	-
Pocomoke City	17,214	-	-	17,214	-	-
Port Deposit, Town of	291,760	-	-	291,760	-	-
Queenstown, Town of	489,139	-	205,267	489,139	-	231,276
Rising Sun, Town of	1,698,717	-	425,124	1,698,717	-	488,844
Rock Hall, Town of	1,269,501	17,510	548,371	1,269,501	64,095	549,620
Rockville, City of	8,122,000	-	-	8,122,000	-	-
Salisbury, City of	1,513,160	-	912,822	1,513,160	-	965,352
Secretary, Town of	283,491	134,083	-	149,408	-	-
Sharptown, Town of	122,299	-	41,844	122,299	-	50,217
Smithsburg, Town of	884,416	-	699,748	884,416	-	731,066
Snow Hill, Town of	180,194	126,288	53,906	-	-	-
Somerset Co Sanitary Distr.	96,204	3,246	63,502	96,204	3,246	66,611
St. Mary's Co- Metcom	17,995,276	-	10,005,361	17,995,276	-	10,886,040
St. Michaels, Town of	1,481,752	-	488,984	1,481,752	-	528,686

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Notes to the Financial Statements June 30, 2025 and 2024

3. LOANS RECEIVABLE (continued)

DWRLF Borrower	2025			2024		
	Total Commitment	Commitment Outstanding	Outstanding Balance 6/30/2025	Total Commitment	Commitment Outstanding	Outstanding Balance 6/30/2024
Taneytown, City of	\$ 4,011,000	\$ -	\$ 1,115,401	\$ 4,011,000	\$ -	\$ 1,347,472
Thurmont, Town of	2,667,289	-	401,789	2,756,947	89,658	423,549
Trappe, Town of	439,622	-	377,482	439,622	-	393,110
Union Bridge, Town of	775,499	-	214,089	775,499	-	241,904
Walkersville, Town of	6,810,655	-	5,716,160	6,810,655	-	5,938,561
Westport, Town of	3,008,026	-	2,223,575	3,008,026	-	2,331,721
Westminister, City of	15,535,902	-	1,525,298	15,535,902	-	2,407,131
Wicomico Co	2,830,382	353,877	2,194,977	2,830,382	353,876	2,289,101
Williamsport, Town of	660,695	-	525,361	660,695	-	544,695
Worcester County	367,063	-	83,512	367,063	-	103,824
WSSC	4,240,424	3,762,432	422,793	135,048	-	85,121
Loan Total	547,148,558	\$ 12,756,561	\$ 339,923,666	539,340,781	\$ 13,026,917	\$ 349,890,506
Grant/Loan Forgiveness	83,303,924	-	-	77,356,953	-	-
Total Commitment	\$ 630,452,482	-	-	\$ 616,697,734	-	-

The current portion of DWRLF loans receivable as of June 30, 2025 and 2024, was \$18,146,988 and \$18,307,148, respectively. During fiscal years 2025 and 2024, 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.

4. CAPITAL ASSETS

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

	2025				Balance June 30, 2025
	Balance June 30, 2024	Increases	Decreases	Depreciation	
Vehicles	\$ 202,016	\$ -	\$ -	\$ -	\$ 202,016
Less: Accumulated Depreciation	202,016	-	-	-	202,016
Net	\$ -	\$ -	\$ -	\$ -	\$ -

	2024				Balance June 30, 2024
	Balance June 30, 2023	Increases	Decreases	Depreciation	
Vehicles	\$ 202,016	\$ -	\$ -	\$ -	\$ 202,016
Less: Accumulated Depreciation	201,306	710	-	-	202,016
Net	\$ 710	\$ (710)	\$ -	\$ -	\$ -

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Notes to the Financial Statements June 30, 2025 and 2024

5. REVENUE BONDS PAYABLE

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

	<u>2025</u>	<u>2024</u>
Water Quality RLF		
2016 Series CW-RLF Revenue Bonds, dated November 10, 2016 with an all- in true interest rate of 1.53% due serially from March 1, 2017 to March 1, 2025.	\$ -	\$ 3,420,000
Total Bonds Payable for Clean Water RLF	-	3,420,000
Bay Restoration Fund		
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.	35,095,000	43,100,000
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.	82,960,000	97,260,000
Total Bonds Payable for BRF	<u>118,055,000</u>	<u>140,360,000</u>
Total Bonds Payable for all Indentured Series - CWRLF and BRF	118,055,000	143,780,000
Less: Current Portion Bonds Payable	23,340,000	25,725,000
Noncurrent Bonds Payable	<u>\$ 94,715,000</u>	<u>\$ 118,055,000</u>

As of June 30, 2025, there were two series of Serial Bonds outstanding as follows:

Series	Current Bonds Payable Due March 1, 2026	Noncurrent Bonds Payable	Years Remaining	Final Payment Due Date
Bay Restoration Fund:				
2014	\$ 8,325,000	\$ 35,095,000	4	March 1, 2029
2015	15,015,000	82,960,000	5	March 1, 2030
Total BRF	<u>\$ 23,340,000</u>	<u>\$ 118,055,000</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.

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Notes to the Financial Statements June 30, 2025 and 2024

5. REVENUE BONDS PAYABLE (continued)

The principal and interest payment obligations related to the WQRLF and BRF as of June 30, 2025, were as follows:

	Principal	Interest	Total
Bay Restoration Fund:			
2026	\$ 23,340,000	\$ 3,793,920	\$ 27,133,920
2027	24,340,000	2,957,250	27,297,250
2028	25,470,000	2,227,050	27,697,050
2029	26,655,000	1,393,525	28,048,525
2030	18,250,000	547,500	18,797,500
Total BRF	118,055,000	10,919,245	128,974,245
Total Payable BRF	\$ 118,055,000	\$ 10,919,245	\$ 128,974,245

As of June 30, 2025, the revenue bond payable included a bond premium of \$147,529.

6. SCHEDULES OF CHANGES IN NONCURRENT LIABILITIES

Changes in noncurrent liabilities for the year ended June 30, 2025, were as follows:

Bond Series and Program	Beginning Balance June 20, 2024	Additions	Reductions	Ending Balance June 30, 2025	Amounts Due Within One Year
2016 Water Quality RLF:					
Unamortized Premium	\$ 100,130	\$ -	\$ 100,130	\$ -	\$ -
Revenue Bonds Payable	3,420,000	-	3,420,000	-	-
Total WQ 2016 Series	3,520,130	-	3,520,130	-	-
2008, 2014, 2015 Bay Restoration Fund					
Unamortized Premium	797,613	-	650,085	147,528	147,528
Revenue Bonds Payable	140,360,000	-	22,305,000	118,055,000	23,340,000
Total BRF 2008, 2014, and 2015 Series	141,157,613	-	22,955,085	118,202,528	23,487,528
Total All Bond Series and Program	144,677,743	-	26,475,215	118,202,528	23,487,528
Compensated Absences by Fund:					
Water Quality	558,595	140,851	-	699,446	377,822
Drinking Water	66,408	323	-	66,731	36,046
BRF - Wastewater	92,034	104,308	-	196,342	106,059
BRF - Septic	84,827	-	2	84,825	45,819
Total Compensated Absences	801,864	245,482	2	1,047,344	565,746
Total	\$ 145,479,607	\$ 245,482	\$ 26,475,217	\$ 119,249,872	\$ 24,053,274

The Administration had no pending workers' compensation claims as of June 30, 2025 and 2024.

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Notes to the Financial Statements June 30, 2025 and 2024

7. GRANTS AND RELATED PARTY TRANSACTIONS

The Maryland Environmental Services (MES) was awarded grants under the BRF program. MES received BRF grant disbursements totaling \$5,593,754 and \$3,345,155, for the fiscal years ended 2025 and 2024, respectively.

8. 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 MWIFA 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 amounts are collected by the State Comptroller's office. During the fiscal years ended June 30, 2025 and 2024, the Wastewater Fund received cash deposits from the Maryland Comptroller's Office totaling \$108,274,622 and \$108,381,498, respectively, which earned investment interest of \$7,080,554 and \$7,009,859, respectively, for capital projects and \$311,320 and \$353,202, respectively, for the 2008 indenture. Similarly, the Septic Fund (60.0% of septic fees) received cash deposits of \$17,187,559 and \$18,275,613, respectively, which earned investment interest of \$ 434,192 and \$455,855, respectively. The 40.0% of septic fee revenue transferred by the State Comptroller's office to the Maryland Department of Agriculture 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 \$52,518,578 and \$61,260,808, respectively, for the wastewater program, and \$15,504,367 and \$16,651,537, respectively for septic program for fiscal year 2025 and 2024.

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

Grants	2025			2024		
	BRF Grant Award	Cumulative Grant Disbursements	Remaining Grant Balance 6/30/2025	BRF Grant Award	Cumulative Grant Disbursements	Remaining Grant Balance 6/30/2024
BRF Wastewater Fund						
ENR Major WWTP	\$ 1,305,447,782	\$ 1,254,059,310	\$ 51,388,472	\$ 1,304,792,940	\$ 1,247,987,771	\$ 56,805,169
Sewer (Pre FY10)	25,538,439	19,711,306	5,827,133	19,711,306	19,711,306	-
O&M to WWTP	68,749,607	68,749,607	-	68,749,607	68,749,607	-
Nutrient Reduction (CWCA)	38,173,661	18,562,870	19,610,791	25,784,551	14,096,820	11,687,731
Tree Solutions Now Act	15,000,000	15,000,000	-	15,000,000	15,000,000	-
Expanded Uses :						
ENR Minor WWTP	108,579,968	94,563,610	14,016,358	108,680,471	80,644,532	28,035,939
Septic, SW & Sewer	215,353,926	193,766,686	21,587,240	205,976,432	176,704,775	29,271,657
Total BRF WW Grants	\$ 1,776,843,383	\$ 1,664,413,389	\$ 112,429,994	\$ 1,748,695,307	\$ 1,622,894,811	\$ 125,800,496
BRF Septic Fund						
Capital Projects	\$ 242,352,570	\$ 233,735,413	\$ 8,617,157	\$ 227,759,777	\$ 219,746,047	\$ 8,013,730
HB12 Admin	15,506,000	15,506,000	-	13,991,000	13,991,000	-
Total BRF Septic Grants	\$ 257,858,570	\$ 249,241,413	\$ 8,617,157	\$ 241,750,777	\$ 233,737,047	\$ 8,013,730

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Notes to the Financial Statements June 30, 2025 and 2024

9. 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 2025 and 2024.

SUPPLEMENTAL INFORMATION

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Combining Statements of Net Position As of June 30, 2025 and 2024

	2025				2024			
	Funds Held by Administration				Funds Held by Administration			
	Clean Water RLF	Drinking Water RLF	Bay Restoration Fund	Total	Clean Water RLF	Drinking Water RLF	Bay Restoration Fund	Total
ASSETS								
Current Assets:								
Cash and Cash Equivalents	\$ 472,225,353	\$ 48,273,216	\$ 222,477,926	\$ 742,976,495	\$ 356,254,685	\$ 26,090,657	\$ 181,696,696	\$ 564,042,038
Investments	3,367,843	-	-	3,367,843	-	-	-	-
Receivables:								
Investment Interest	66,441	-	-	66,441	55,604	-	-	55,604
Loans	88,407,702	18,146,988	-	106,554,690	85,057,880	18,307,148	-	103,365,028
Loan Interest	6,172,955	1,166,973	-	7,339,928	5,716,555	1,184,096	-	6,900,651
BRF Fee	-	-	1,583,784	1,583,784	-	-	1,614,297	1,614,297
Administrative Fee	5,237,841	886,480	-	6,124,321	5,206,158	890,681	-	6,096,839
Current Restricted Assets:								
Cash and Cash Equivalents	-	-	22,168,864	22,168,864	-	-	28,799,112	28,799,112
Receivables:								
BRF Fee	-	-	22,992,693	22,992,693	-	-	22,316,691	22,316,691
Loans	12,690,293	-	-	12,690,293	16,297,496	-	-	16,297,496
Loan Interest	133,554	-	-	133,554	200,951	-	-	200,951
Total Current Assets	588,301,982	68,473,657	269,223,267	925,998,906	468,789,329	46,472,582	234,426,796	749,688,707
Noncurrent Assets:								
Investments	1,388,330	-	-	1,388,330	5,054,315	-	-	5,054,315
Loans Receivable	1,301,529,537	321,776,678	-	1,623,306,215	1,250,705,203	331,583,358	-	1,582,288,561
Noncurrent Restricted Assets:								
Loans Receivable	15,180,155	-	-	15,180,155	27,870,448	-	-	27,870,448
Total Noncurrent Assets	1,318,098,022	321,776,678	-	1,639,874,700	1,283,629,966	331,583,358	-	1,615,213,324
Total Assets	\$ 1,906,400,004	\$ 390,250,335	\$ 269,223,267	\$ 2,565,873,606	\$ 1,752,419,295	\$ 378,055,940	\$ 234,426,796	\$ 2,364,902,031

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Combining Statements of Net Position (continued) As of June 30, 2025 and 2024

	2025				2024			
	Funds Held by Administration				Funds Held by Administration			
	Clean Water RLF	Drinking Water RLF	Bay Restoration Fund	Total	Clean Water RLF	Drinking Water RLF	Bay Restoration Fund	Total
LIABILITIES								
Current Liabilities:								
Accounts Payable and Accruals	\$ -	\$ -	\$ -	\$ -	\$ 13,200	\$ 3,960	\$ 9,240	\$ 26,400
Compensated Absences - Current	377,822	36,046	151,878	565,746	294,888	35,730	88,823	419,441
Revenue Bonds Payable	-	-	23,340,000	23,340,000	3,420,000	-	22,305,000	25,725,000
Bond Premium - Current	-	-	156,427	156,427	100,130	-	650,084	750,214
Accrued Interest on				-				
Bonds Payable	-	-	1,212,498	1,212,498	23,623	-	1,419,695	1,443,318
Total Current Liabilities	377,822	36,046	24,860,803	25,274,671	3,851,841	39,690	24,472,842	28,364,373
Noncurrent Liabilities:								
Compensated Absences - Noncurrent	321,624	30,685	129,289	481,598	263,707	30,678	88,038	382,423
Revenue Bonds Payable	-	-	94,715,000	94,715,000	-	-	118,055,000	118,055,000
Bond Premium - Noncurrent	-	-	(8,899)	(8,899)	-	-	147,529	147,529
Total Noncurrent Liabilities	321,624	30,685	94,835,390	95,187,699	263,707	30,678	118,290,567	118,584,952
Total Liabilities	699,446	66,731	119,696,193	120,462,370	4,115,548	70,368	142,763,409	146,949,325
NET POSITION								
Restricted for Reserve Fund	28,004,001	-	45,161,557	73,165,558	40,825,142	-	51,115,803	91,940,945
Restricted for Program	1,873,240,862	389,282,716	210,487,630	2,473,011,208	1,702,313,924	377,095,634	177,700,210	2,257,109,768
Unrestricted	4,455,695	900,888	(106,122,113)	(100,765,530)	5,164,681	889,938	(137,152,626)	(131,098,007)
Total Net Position	\$ 1,905,700,558	\$ 390,183,604	\$ 149,527,074	\$ 2,445,411,236	\$ 1,748,303,747	\$ 377,985,572	\$ 91,663,387	\$ 2,217,952,706

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Combining Statements of Revenue, Expenses and Changes in Net Position For the Years Ended June 30, 2025 and 2024

	2025				2024			
	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
OPERATING REVENUE								
Interest on Loans	\$ 12,566,590	\$ 2,416,831	\$ -	\$ 14,983,421	\$ 11,949,838	\$ 2,440,282	\$ -	\$ 14,390,120
Loan Administration Fees	5,238,671	893,488	-	6,132,159	5,206,988	897,664	-	6,104,652
Fee Revenue	-	-	126,107,671	126,107,671	-	-	122,078,953	122,078,953
Grant Revenue (Set-Asides 2%, 10%, and 15%)	-	11,384,914	-	11,384,914	-	7,625,118	-	7,625,118
Miscellaneous Income	-	-	-	-	-	15,500	-	15,500
Total Operating Revenue	17,805,261	14,695,233	126,107,671	158,608,165	17,156,826	10,978,564	122,078,953	150,214,343
OPERATING EXPENSES								
Salaries and Related Benefits	7,417,394	695,619	3,139,433	11,252,446	7,137,428	865,848	2,265,682	10,268,958
General	1,930,263	199,495	855,782	2,985,540	1,615,277	220,399	656,008	2,491,684
Capital Grant Disbursements	4,423,740	2,543,891	68,022,945	74,990,576	1,858,068	3,020,524	77,912,345	82,790,937
Transfers Out (Set-Asides 2%, 10%, and 15%)	-	11,384,914	-	11,384,914	-	7,625,118	-	7,625,118
Total Operating Expenses	13,771,397	14,823,919	72,018,160	100,613,476	10,610,773	11,731,889	80,834,035	103,176,697
OPERATING INCOME (LOSS)	4,033,864	(128,686)	54,089,511	57,994,689	6,546,053	(753,325)	41,244,918	47,037,646
NONOPERATING REVENUE (EXPENSES)								
Investment Income	16,228,658	1,462,784	7,826,065	25,517,507	13,014,528	723,899	7,818,916	21,557,343
Interest Expense on Bonds	(47,247)	-	(4,051,889)	(4,099,136)	(111,165)	-	(4,600,142)	(4,711,307)
Net Change in Fair Value of Investments	94,110	-	-	94,110	60,900	-	-	60,900
Federal Government Contributions State of MD Required	122,058,938	10,863,934	-	132,922,872	38,525,829	7,654,161	-	46,179,990
Match to Federal Grant	15,028,487	-	-	15,028,487	8,669,900	6,463,900	-	15,133,800
Total Nonoperating Revenue	153,362,946	12,326,718	3,774,176	169,463,840	60,159,992	14,841,960	3,218,774	78,220,726
CHANGE IN NET POSITION	157,396,811	12,198,032	57,863,687	227,458,530	66,706,045	14,088,635	44,463,692	125,258,372
Net Position - Beginning of Year	1,748,303,747	377,985,572	91,663,387	2,217,952,706	1,681,597,702	363,896,937	47,199,695	2,092,694,334
NET POSITION - END OF YEAR	\$ 1,905,700,558	\$ 390,183,604	\$ 149,527,074	\$ 2,445,411,236	\$ 1,748,303,747	\$ 377,985,572	\$ 91,663,387	\$ 2,217,952,706

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Combining Statements of Cash Flows For the Years Ended June 30, 2025 and 2024

	2025				2024			
	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
CASH FLOWS FROM OPERATING ACTIVITIES								
BRF Fee and Other Receipts	\$ -	\$ 11,384,914	\$ 125,462,181	\$ 136,847,095	\$ -	\$ 7,640,618	\$ 126,657,111	\$ 134,297,729
Capital Grant Disbursements	(4,423,740)	(2,543,891)	(68,022,945)	(74,990,576)	(1,858,068)	(3,020,524)	(77,912,345)	(82,790,937)
Salaries and Benefits Paid	(7,276,544)	(695,297)	(3,035,126)	(11,006,967)	(7,235,221)	(874,531)	(2,298,165)	(10,407,917)
General Expenses Paid	(1,943,463)	(11,588,368)	(865,023)	(14,396,854)	(1,615,352)	(7,845,464)	(655,676)	(10,116,492)
Loan Repayments	101,881,181	18,307,615	-	120,188,796	104,241,435	17,933,609	-	122,175,044
Loan Disbursements	(139,757,840)	(8,340,775)	-	(148,098,615)	(51,108,584)	(14,108,876)	-	(65,217,460)
Interest and Fees Received from Borrowers	17,384,576	3,331,643	-	20,716,219	17,471,762	3,319,413	-	20,791,175
Net Cash from Operating Activities	(34,135,830)	9,855,841	53,539,087	29,259,098	59,895,972	3,044,245	45,790,925	108,731,142
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Contributions Received:								
Federal Government	122,058,938	10,863,934	-	132,922,872	38,525,829	7,654,161	-	46,179,990
State of MD Required Match to Federal Grant	15,028,487	-	-	15,028,487	8,669,900	6,463,900	-	15,133,800
Repayment of Bonds	(3,420,000)	-	(22,305,000)	(25,725,000)	(3,110,000)	-	(21,245,000)	(24,355,000)
Interest on Bonds	(171,000)	-	(4,909,171)	(5,080,171)	(326,500)	-	(5,971,420)	(6,297,920)
Net Cash from Non-capital Financing Activities	133,496,425	10,863,934	(27,214,171)	117,146,188	43,759,229	14,118,061	(27,216,420)	30,660,870
CASH FLOWS FROM INVESTING ACTIVITIES								
Interest on Investment Securities	16,217,821	1,462,784	7,826,066	25,506,671	12,985,044	723,899	7,818,916	21,527,859
Proceeds from Sale of Investments	392,252	-	-	392,252	378,684	-	-	378,684
Net Cash from Investing Activities	16,610,073	1,462,784	7,826,066	25,898,923	13,363,728	723,899	7,818,916	21,906,543
Net Increase/(Decrease) in Cash and Cash Equivalents	115,970,668	22,182,559	34,150,982	172,304,209	117,018,929	17,886,205	26,393,421	161,298,555
Cash and Cash Equivalents - Beginning of Year	356,254,685	26,090,657	210,495,808	592,841,150	239,235,756	8,204,452	184,102,387	431,542,595
Cash and Cash Equivalents, End of Year	\$ 472,225,353	\$ 48,273,216	\$ 244,646,790	\$ 765,145,359	\$ 356,254,685	\$ 26,090,657	\$ 210,495,808	\$ 592,841,150

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

Combining Statements of Cash Flows (continued) For the Years Ended June 30, 2025 and 2024

	2025				2024			
	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
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES								
Operating Income (Loss)	\$ 4,033,864	\$ (128,686)	\$ 54,089,511	\$ 57,994,689	\$ 6,546,053	\$ (753,325)	\$ 41,244,918	\$ 47,037,646
Depreciation of Fixed Assets	-	-	-	-	-	-	710	710
Changes in Noncash Operating Assets and Liabilities:								
Loans Receivable	(37,876,660)	9,966,840	-	(27,909,820)	53,132,851	3,824,733	-	56,957,584
Loan Interest Receivable	(389,002)	17,123	-	(371,879)	62,147	616	-	62,763
Administrative Fee and BRF Fee Receivables	(31,683)	4,201	(645,490)	(672,972)	252,789	(19,149)	4,578,158	4,811,798
Accounts Payable and Other Liabilities	127,651	(3,637)	95,066	219,080	(97,868)	(8,630)	(32,861)	(139,359)
Net Cash from Operating Activities	\$ (34,135,830)	\$ 9,855,841	\$ 53,539,087	\$ 29,259,098	\$ 59,895,972	\$ 3,044,245	\$ 45,790,925	\$ 108,731,142

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

CLEAN WATER STATE REVOLVING LOAN FUND

Combining Statements of Net Position

As of June 30, 2025 and 2024

	2025				2024			
	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
ASSETS								
Current Assets:								
Cash and Cash Equivalents	\$ (82,701)	\$ 472,308,054	\$ -	\$ 472,225,353	\$ 530,318	\$ 355,724,367	\$ -	\$ 356,254,685
Investments	-	\$ 3,367,843	-	3,367,843	-	-	-	-
Receivables:								
Investment Interest	-	66,441	-	66,441	-	55,604	-	55,604
Loans	-	88,407,702	-	88,407,702	-	85,057,880	-	85,057,880
Loan Interest	-	6,172,955	-	6,172,955	-	5,716,555	-	5,716,555
Administrative Fee	5,237,841	-	-	5,237,841	5,206,158	-	-	5,206,158
Current Restricted Assets:								
Receivables:								
Loans	-	-	12,690,293	12,690,293	-	-	16,297,496	16,297,496
Loan Interest	-	-	133,554	133,554	-	-	200,951	200,951
Total Current Assets	5,155,140	570,322,995	12,823,846	588,301,981	5,736,476	446,554,406	16,498,447	468,789,329
Noncurrent Assets:								
Investments	-	1,388,330	-	1,388,330	-	5,054,315	-	5,054,315
Loans Receivable	-	1,301,529,537	-	1,301,529,537	-	1,250,705,203	-	1,250,705,203
Noncurrent Restricted Assets:								
Loans Receivable	-	-	15,180,155	15,180,155	-	-	27,870,448	27,870,448
Total Noncurrent Assets	-	1,302,917,867	15,180,155	1,318,098,022	-	1,255,759,518	27,870,448	1,283,629,966
Total Assets	\$ 5,155,140	\$ 1,873,240,862	\$ 28,004,001	\$ 1,906,400,004	\$ 5,736,476	\$ 1,702,313,924	\$ 44,368,895	\$ 1,752,419,295

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

CLEAN WATER STATE REVOLVING LOAN FUND

Combining Statements of Net Position (continued)

As of June 30, 2025 and 2024

	2025				2024			
	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
LIABILITIES								
Current Liabilities:								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 13,200	\$ -	\$ -	\$ 13,200
Compensated Absences - Current	377,822	-	-	377,822	294,888	-	-	294,888
Revenue Bonds Payable	-	-	-	-	-	-	3,420,000	3,420,000
Bond Premium - Current	-	-	-	-	-	-	100,130	100,130
Accrued Interest on Bonds Payable	-	-	-	-	-	-	23,623	23,623
Total Current Liabilities	377,822	-	-	377,822	308,088	-	3,543,753	3,851,841
Noncurrent Liabilities:								
Compensated Absences - Noncurrent	321,624	-	-	321,624	263,707	-	-	263,707
Total Noncurrent Liabilities	321,624	-	-	321,624	263,707	-	-	263,707
Total Liabilities	699,446	-	-	699,446	571,795	-	3,543,753	4,115,548
NET POSITION								
Restricted for Reserve Fund			28,004,001	28,004,001	-	-	40,825,142	40,825,142
Restricted for Program		1,873,240,862	-	1,873,240,862	-	1,702,313,924	-	1,702,313,924
Unrestricted	4,455,695	-	-	4,455,695	5,164,681	-	-	5,164,681
Total Net Position	\$ 4,455,695	\$ 1,873,240,862	\$ 28,004,001	\$ 1,905,700,558	\$ 5,164,681	\$ 1,702,313,924	\$ 40,825,142	\$ 1,748,303,747

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

CLEAN WATER STATE REVOLVING LOAN FUND

Combining Statements of Revenue, Expenses, and Changes in Net Position

As of June 30, 2025 and 2024

	2025				2024			
	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
OPERATING REVENUE								
Interest on Loans	\$ -	\$ 12,232,085	\$ 334,505	\$ 12,566,590	\$ -	\$ 11,459,831	\$ 490,007	\$ 11,949,838
Loan Administration Fees	5,238,671	-	-	5,238,671	5,206,988	-	-	5,206,988
Total Operating Revenue	5,238,671	12,232,085	334,505	17,805,261	5,206,988	11,459,831	490,007	17,156,826
OPERATING EXPENSES								
Salaries and Related Benefits	7,417,394	-	-	7,417,394	7,137,428	-	-	7,137,428
General	1,930,263	-	-	1,930,263	1,615,277	-	-	1,615,277
Capital Grant Disbursements	-	4,423,740	-	4,423,740	-	1,858,068	-	1,858,068
Total Operating Expenses	9,347,657	4,423,740	-	13,771,397	8,752,705	1,858,068	-	10,610,773
OPERATING INCOME (LOSS)	(4,108,986)	7,808,345	334,505	4,033,864	(3,545,717)	9,601,763	490,007	6,546,053
NONOPERATING REVENUE (EXPENSES)								
Investment Income	-	16,172,044	56,614	16,228,658	-	12,920,496	94,032	13,014,528
Interest Expense on Bonds	-	-	(47,247)	(47,247)	-	-	(111,165)	(111,165)
Net Change in Fair Value of Investments	-	94,110	-	94,110	-	60,900	-	60,900
Federal Government Contributions	-	122,058,938	-	122,058,938	-	38,525,829	-	38,525,829
State of MD Required Match to Federal Grant	-	15,028,487	-	15,028,487	-	8,669,900	-	8,669,900
Total Non-operating Revenue (Expenses)	-	153,353,579	9,367	153,362,946	-	60,177,125	(17,133)	60,159,992
INCOME (LOSS) BEFORE TRANSFER	(4,108,986)	161,161,924	343,872	157,396,811	(3,545,717)	69,778,888	472,874	66,706,045
INTERFUND TRANSFERS	3,400,000	9,765,013	(13,165,013)	-	3,300,000	13,953,892	(17,253,892)	-
CHANGE IN NET POSITION	(708,986)	170,926,937	(12,821,141)	157,396,811	(245,717)	83,732,780	(16,781,018)	66,706,045
Net Position - Beginning of Year	5,164,681	1,702,313,924	40,825,142	1,748,303,747	5,410,398	1,618,581,144	57,606,160	1,681,597,702
NET POSITION - END OF YEAR	\$ 4,455,695	\$ 1,873,240,861	\$ 28,004,001	\$ 1,905,700,558	\$ 5,164,681	\$ 1,702,313,924	\$ 40,825,142	\$ 1,748,303,747

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

CLEAN WATER STATE REVOLVING LOAN FUND

Combining Statements of Cash Flows

For the Years Ended June 30, 2025 and 2024

	2025				2024			
	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
CASH FLOWS FROM OPERATING ACTIVITIES								
Capital Grant Disbursements	\$ -	\$ (4,423,740)	\$ -	\$ (4,423,740)	\$ -	\$ (1,858,068)	\$ -	\$ (1,858,068)
Salaries and Benefits Paid	(7,276,544)	-	-	(7,276,544)	(7,235,221)	-	-	(7,235,221)
General Expenses Paid	(1,943,463)	-	-	(1,943,463)	(1,615,352)	-	-	(1,615,352)
Loan Repayments	-	85,583,685	16,297,496	101,881,181	-	84,223,186	20,018,249	104,241,435
Loan Disbursements	-	(139,757,840)	-	(139,757,840)	-	(51,108,584)	-	(51,108,584)
Interest and Fees Received from Borrowers	5,206,989	11,775,684	401,903	17,384,576	5,459,777	11,433,874	578,111	17,471,762
Net Cash from Operating Activities	(4,013,018)	(46,822,211)	16,699,399	(34,135,830)	(3,390,796)	42,690,408	20,596,360	59,895,972
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Contributions Received:								
Federal Government	-	122,058,938	-	122,058,938	-	38,525,829	-	38,525,829
State of MD Required Match to Federal Grant	-	15,028,487	-	15,028,487	-	8,669,900	-	8,669,900
Interfund Transfers	3,400,000	9,765,013	(13,165,013)	-	3,300,000	13,953,892	(17,253,892)	-
Repayment of Bonds	-	-	(3,420,000)	(3,420,000)	-	-	(3,110,000)	(3,110,000)
Interest on Bonds	-	-	(171,000)	(171,000)	-	-	(326,500)	(326,500)
Net Cash from Non-capital Financing Activities	3,400,000	146,852,438	(16,756,013)	133,496,425	3,300,000	61,149,621	(20,690,392)	43,759,229
CASH FLOWS FROM INVESTING ACTIVITIES								
Interest on Investment Securities	-	16,161,207	56,614	16,217,821	-	12,891,012	94,032	12,985,044
Proceeds from Sale of Investments	-	392,252	-	392,252	-	378,684	-	378,684
Net Cash from Investing Activities	-	16,553,459	56,614	16,610,073	-	13,269,696	94,032	13,363,728
Net Increase/(Decrease) in Cash and Cash Equivalents	(613,018)	116,583,686	-	115,970,668	(90,796)	117,109,725	-	117,018,929
Cash and Cash Equivalents - Beginning of Year	530,318	355,724,367	-	356,254,685	621,114	238,614,642	-	239,235,756
Cash and Cash Equivalents, End of Year	\$ (82,700)	\$ 472,308,053	\$ -	\$ 472,225,353	\$ 530,318	\$ 355,724,367	\$ -	\$ 356,254,685

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

CLEAN WATER STATE REVOLVING LOAN FUND

Combining Statements of Cash Flow (continued)

For the Years Ended June 30, 2025 and 2024

	2025				2024			
	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
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES								
Operating Income (Loss)	\$ (4,108,986)	\$ 7,808,345	\$ 334,505	\$ 4,033,864	\$ (3,545,717)	\$ 9,601,763	\$ 490,007	\$ 6,546,053
Changes in Noncash Operating Assets and Liabilities:								
Loans Receivable	-	(54,174,156)	16,297,496	(37,876,660)	-	33,114,603	20,018,248	53,132,851
Loan Interest Receivable	-	(456,400)	67,398	(389,002)	-	(25,958)	88,105	62,147
Administrative Fees	(31,683)	-	-	(31,683)	252,789	-	-	252,789
Accounts Payable and Other Liabilities	127,651	-	-	127,651	(97,868)	-	-	(97,868)
Net Cash from Operating Activities	\$ (4,013,018)	\$ (46,822,211)	\$ 16,699,399	\$ (34,135,830)	\$ (3,390,796)	\$ 42,690,408	\$ 20,596,360	\$ 59,895,972

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

DRINKING WATER STATE REVOLVING LOAN FUND

Combining Statements of Net Position

For the Years Ended June 30, 2025 and 2024

	2025			2024		
	Funds Held by Administration			Funds Held by Administration		
	Admin Accounts	Capital Reserve Accounts	Total	Admin Accounts	Capital Reserve Accounts	Total
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ 81,139	\$ 48,192,077	\$ 48,273,216	\$ 69,625	\$ 26,021,032	\$ 26,090,657
Receivables:						
Loans	-	18,146,988	18,146,988	-	18,307,148	18,307,148
Loan Interest	-	1,166,973	1,166,973	-	1,184,096	1,184,096
Administrative Fee	886,480	-	886,480	890,681	-	890,681
Total Current Assets	967,619	67,506,038	68,473,657	960,306	45,512,276	46,472,582
Noncurrent Assets:						
Loans Receivable	-	321,776,678	321,776,678	-	331,583,358	331,583,358
Total Noncurrent Assets	-	321,776,678	321,776,678	-	331,583,358	331,583,358
Total Assets	\$ 967,619	\$ 389,282,716	\$ 390,250,335	\$ 960,306	\$ 377,095,634	\$ 378,055,940
LIABILITIES						
Current Liabilities:						
Accounts Payable	\$ -	\$ -	\$ -	\$ 3,960	\$ -	\$ 3,960
Compensated Absences - Current	36,046	-	36,046	35,730	-	35,730
Total Current Liabilities	36,046	-	36,046	39,690	-	39,690
Noncurrent Liabilities:						
Compensated Absences - Noncurrent	30,685	-	30,685	30,678	-	30,678
Total Noncurrent Liabilities	30,685	-	30,685	30,678	-	30,678
Total Liabilities	66,731	-	66,731	70,368	-	70,368
NET POSITION						
Restricted	-	389,282,716	389,282,716	-	377,095,634	377,095,634
Unrestricted	900,888	-	900,888	889,938	-	889,938
Total Net Position	\$ 900,888	\$ 389,282,716	\$ 390,183,604	\$ 889,938	\$ 377,095,634	\$ 377,985,572

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

DRINKING WATER STATE REVOLVING LOAN FUND

Combining Statements of Revenue, Expenses, and Changes in Net Position

As of June 30, 2025 and 2024

	2025			2024		
	Funds Held by Administration			Funds Held by Administration		
	Admin Accounts	Capital Reserve Accounts	Total	Admin Accounts	Capital Reserve Accounts	Total
OPERATING REVENUE						
Interest on Loans	\$ -	\$ 2,416,831	\$ 2,416,831	\$ -	\$ 2,440,282	\$ 2,440,282
Loan Administration Fees	893,488	-	893,488	897,664	-	897,664
Grant Revenue (Set-Asides 2%, 10%, 15%)	11,384,914	-	11,384,914	7,625,118	-	7,625,118
Miscellaneous Income	-	-	-	-	15,500	15,500
Total Operating Revenue	12,278,402	2,416,831	14,695,233	8,522,782	2,455,782	10,978,564
OPERATING EXPENSES						
Salaries and Related Benefits	695,619	-	695,619	865,848	-	865,848
General	199,495	-	199,495	220,399	-	220,399
Capital Grant Disbursements	-	2,543,891	2,543,891	-	3,020,524	3,020,524
Transfer Out (Set-Asides 2%, 10%, 15%)	11,384,914	-	11,384,914	7,625,118	-	7,625,118
Total Operating Expenses	12,280,028	2,543,891	14,823,919	8,711,365	3,020,524	11,731,889
OPERATING INCOME (LOSS)	(1,626)	(127,060)	(128,686)	(188,583)	(564,742)	(753,325)
NONOPERATING REVENUE (EXPENSES)						
Investment Income	12,576	1,450,208	1,462,784	22,440	701,459	723,899
Federal Government Contributions	-	10,863,934	10,863,934	-	7,654,161	7,654,161
Match to Federal Grant	-	-	-	-	6,463,900	6,463,900
Total Non-operating Revenue (Expenses)	12,576	12,314,142	12,326,718	22,440	14,819,520	14,841,960
CHANGE IN NET POSITION	10,950	12,187,082	12,198,032	(166,143)	14,254,778	14,088,635
Net Position - Beginning of Year	889,938	377,095,634	377,985,572	1,056,081	362,840,856	363,896,937
Net Position, End of Year	\$ 900,888	\$ 389,282,716	\$ 390,183,604	\$ 889,938	\$ 377,095,634	\$ 377,985,572

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

DRINKING WATER STATE REVOLVING LOAN FUND

Combining Statement of Cash Flows

For the Years Ended June 30, 2025 and 2024

	2025			2024		
	Funds Held by Administration			Funds Held by Administration		
	Admin Accounts	Capital Reserve Accounts	Total	Admin Accounts	Capital Reserve Accounts	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Other Receipts	\$ 11,384,914	\$ -	\$ 11,384,914	\$ 7,625,118	\$ 15,500	\$ 7,640,618
Capital Grant Disbursements		(2,543,891)	(2,543,891)	-	(3,020,524)	(3,020,524)
Salaries and Benefits Paid	(695,297)	-	(695,297)	(874,531)	-	(874,531)
General Expenses Paid	(11,588,368)	-	(11,588,368)	(7,845,464)	-	(7,845,464)
Loan Repayments	-	18,307,615	18,307,615	-	17,933,609	17,933,609
Loan Disbursements	-	(8,340,775)	(8,340,775)	-	(14,108,876)	(14,108,876)
from Borrowers	897,689	2,433,954	3,331,643	878,515	2,440,898	3,319,413
Net Cash from Operating Activities	(1,062)	9,856,903	9,855,841	(216,362)	3,260,607	3,044,245
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Contributions Received:						
Federal Government	-	10,863,934	10,863,934	-	7,654,161	7,654,161
Match to Federal Grant	-	-	-	-	6,463,900	6,463,900
Net Cash from Non-capital Financing Activities	-	10,863,934	10,863,934	-	14,118,061	14,118,061
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on Investment Securities	12,576	1,450,208	1,462,784	22,440	701,459	723,899
Net Cash from Investing Activities	12,576	1,450,208	1,462,784	22,440	701,459	723,899
Net Increase/(Decrease) in Cash and Cash Equivalents	11,514	22,171,045	22,182,559	(193,922)	18,080,127	17,886,205
Cash and Cash Equivalents - Beginning of Year	69,625	26,021,032	26,090,657	263,547	7,940,905	8,204,452
Cash and Cash Equivalents, End of Year	\$ 81,139	\$ 48,192,077	\$ 48,273,216	\$ 69,625	\$ 26,021,032	\$ 26,090,657

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

DRINKING WATER STATE REVOLVING LOAN FUND

Combining Statements of Cash Flows (continued)

For the Years Ended June 30, 2025 and 2024

	2025			2024		
	Funds Held by Administration			Funds Held by Administration		
	Admin Accounts	Capital Reserve Accounts	Total	Admin Accounts	Capital Reserve Accounts	Total
INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$ (1,626)	\$ (127,060)	\$ (128,686)	\$ (188,583)	\$ (564,742)	\$ (753,325)
Changes in Noncash Operating Assets and Liabilities:						
Loans Receivable	-	9,966,840	9,966,840	-	3,824,733	3,824,733
Loan Interest Receivable	-	17,123	17,123	-	616	616
Administrative Fees	4,201	-	4,201	(19,149)	-	(19,149)
Accounts Payable and Other Liabilities	(3,637)	-	(3,637)	(8,630)	-	(8,630)
Net Cash from Operating Activities	\$ (1,062)	\$ 9,856,903	\$ 9,855,841	\$ (216,362)	\$ 3,260,607	\$ 3,044,245

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

BAY RESTORATION FUND – WASTEWATER FUND AND SEPTIC FUND

Combining Statement of Net Position

For the Year Ended June 30, 2025

	2025					
	Bay Restoration Fund - Wastewater			Bay Restoration Fund - Septic		
	Admin Accounts	Capital Reserve Accounts	Bond Funds 2008 Indenture	Admin Accounts	Capital Accounts	Total
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ 696,386	\$ 210,487,630	\$ -	\$ 3,571,568	\$ 7,722,342	\$ 222,477,926
Receivables:						
BRF Fee	350,142	-	-	98,692	1,134,951	1,583,785
Current Restricted Assets:						
Cash and Cash Equivalents	-	22,168,864	-	-	-	22,168,864
Receivables:						
BRF Fee	-	22,992,693	-	-	-	22,992,693
Total Current Assets	1,046,528	255,649,187	-	3,670,260	8,857,293	269,223,268
Total Assets	\$ 1,046,528	\$ 255,649,187	\$ -	\$ 3,670,260	\$ 8,857,293	\$ 269,223,268
LIABILITIES						
Current Liabilities:						
Compensated Absences - Current	\$ 106,059	\$ -	\$ -	\$ 45,819	\$ -	\$ 151,878
Revenue Bonds	-	-	23,340,000	-	-	23,340,000
Bond Premium - Current	-	-	156,427	-	-	156,427
Accrued Bond Interest	-	-	1,212,498	-	-	1,212,498
Total Current Liabilities	106,059	-	24,708,925	45,819	-	24,860,803
Noncurrent Liabilities:						
Compensated Absences - Noncurrent	90,283	-	-	39,006	-	129,289
Revenue Bonds	-	-	94,715,000	-	-	94,715,000
Bond Premium - Noncurrent	-	-	(8,898)	-	-	(8,898)
Total Noncurrent Liabilities	90,283	-	94,706,102	39,006	-	94,835,391
Total Liabilities	196,342	-	119,415,027	84,825	-	119,696,194
NET POSITION						
Restricted for Reserve Fund	-	45,161,557	-	-	-	45,161,557
Restricted for Program	-	210,487,630	-	-	-	210,487,630
Unrestricted	850,186	-	(119,415,027)	3,585,435	8,857,293	(106,122,113)
Total Net Position	\$ 850,186	\$ 255,649,187	\$ (119,415,027)	\$ 3,585,435	\$ 8,857,293	\$ 149,527,074

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

BAY RESTORATION FUND – WASTEWATER FUND AND SEPTIC FUND

Combining Statement of Net Position

For the Year Ended June 30, 2024

	2024					
	Bay Restoration Fund - Wastewater			Bay Restoration Fund - Septic		
	Admin Accounts	Capital Reserve Accounts	Bond Funds 2008 Indenture	Admin Accounts	Capital Accounts	Total
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ 1,748,145	\$ 169,547,754	\$ -	\$ 3,420,834	\$ 6,979,963	\$ 181,696,696
Receivables:						
BRF Fee	339,848	-	-	101,956	1,172,493	1,614,297
Current Restricted Assets:						
Cash and Cash Equivalents	-	28,799,112	-	-	-	28,799,112
Receivables:						
BRF Fee	-	22,316,691	-	-	-	22,316,691
Total Current Assets	2,087,993	220,663,557	-	3,522,790	8,152,456	234,426,796
Total Assets	<u>\$ 2,087,993</u>	<u>\$ 220,663,557</u>	<u>\$ -</u>	<u>\$ 3,522,790</u>	<u>\$ 8,152,456</u>	<u>\$ 234,426,796</u>
LIABILITIES						
Current Liabilities:						
Accounts Payable	\$ 6,600	\$ -	\$ -	\$ 2,640	\$ -	\$ 9,240
Compensated Absences - Current	46,767	-	-	42,056	-	88,823
Revenue Bonds	-	-	22,305,000	-	-	22,305,000
Bond Premium - Current	-	-	650,084	-	-	650,084
Accrued Bond Interest	-	-	1,419,695	-	-	1,419,695
Total Current Liabilities	53,367	-	24,374,779	44,696	-	24,472,842
Noncurrent Liabilities:						
Compensated Absences - Noncurrent	45,267	-	-	42,771	-	88,038
Revenue Bonds	-	-	118,055,000	-	-	118,055,000
Bond Premium - Noncurrent	-	-	147,529	-	-	147,529
Total Noncurrent Liabilities	45,267	-	118,202,529	42,771	-	118,290,567
Total Liabilities	98,634	-	142,577,308	87,467	-	142,763,409
NET POSITION						
Restricted for Reserve Fund	-	51,115,803	-	-	-	51,115,803
Restricted for Program	-	169,547,754	-	-	8,152,456	177,700,210
Unrestricted	1,989,359	-	(142,577,308)	3,435,323	-	(137,152,626)
Total Net Position	<u>\$ 1,989,359</u>	<u>\$ 220,663,557</u>	<u>\$ (142,577,308)</u>	<u>\$ 3,435,323</u>	<u>\$ 8,152,456</u>	<u>\$ 91,663,387</u>

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

BAY RESTORATION FUND – WASTEWATER FUND AND SEPTIC FUND

Combining Statement of Revenue, Expenses, and Changes in Net Position

As of June 30, 2025

	2025					
	Bay Restoration Fund - Wastewater			Bay Restoration Fund - Septic		
	Admin Accounts	Capital Reserve Accounts	Bond Funds 2008 Indenture	Admin Accounts	Capital Accounts	Total
OPERATING REVENUE						
BRF Fee	\$ 1,634,413	\$ 107,326,505	\$ -	\$ 1,371,741	\$ 15,775,012	\$ 126,107,671
Total Operating Revenue	1,634,413	107,326,505	-	1,371,741	15,775,012	126,107,671
OPERATING EXPENSES						
Salaries and Related Benefits	2,133,521	-	-	1,005,912	-	3,139,433
General Admin Expenses	640,065	-	-	215,717	-	855,782
Capital Grant Disbursements	-	52,518,578	-	-	15,504,367	68,022,945
Total Operating Expenses	2,773,586	52,518,578	-	1,221,629	15,504,367	72,018,160
OPERATING INCOME (LOSS)	(1,139,173)	54,807,927	-	150,112	270,645	54,089,511
NONOPERATING REVENUE (EXPENSES)						
Investment Income	-	7,080,554	311,319	-	434,192	7,826,065
Interest on Bonds	-	-	(4,051,889)	-	-	(4,051,889)
Total Nonoperating Revenue (Expenses)	-	7,080,554	(3,740,570)	-	434,192	3,774,176
INCOME (LOSS) BEFORE TRANSFERS	(1,139,173)	61,888,481	(3,740,570)	150,112	704,837	57,863,687
Interfund Equity Transfer	-	(26,902,851)	26,902,851	-	-	-
CHANGE IN NET POSITION	(1,139,173)	34,985,630	23,162,281	150,112	704,837	57,863,687
Net Position - Beginning of Year	1,989,359	220,663,557	(142,577,308)	3,435,323	8,152,456	91,663,387
NET POSITION - END OF YEAR	\$ 850,186	\$ 255,649,187	\$ (119,415,027)	\$ 3,585,435	\$ 8,857,293	\$ 149,527,074

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

BAY RESTORATION FUND – WASTEWATER FUND AND SEPTIC FUND

Combining Statement of Revenue, Expenses, and Changes in Net Position

As of June 30, 2024

	2024					
	Bay Restoration Fund - Wastewater			Bay Restoration Fund - Septic		
	Admin Accounts	Capital Reserve Accounts	Bond Funds 2008 Indenture	Admin Accounts	Capital Accounts	Total
OPERATING REVENUE						
BRF Fee	\$ 1,556,055	\$ 102,180,924	\$ -	\$ 1,467,358	\$ 16,874,616	\$ 122,078,953
Total Operating Revenue	1,556,055	102,180,924	-	1,467,358	16,874,616	122,078,953
OPERATING EXPENSES						
Salaries and Related Benefits	1,238,425	-	-	1,027,257	-	2,265,682
General Admin Expenses	378,909	-	-	277,099	-	656,008
Capital Grant Disbursements	-	61,260,808	-	-	16,651,537	77,912,345
Total Operating Expenses	1,617,334	61,260,808	-	1,304,356	16,651,537	80,834,035
OPERATING INCOME (LOSS)	(61,279)	40,920,116	-	163,002	223,079	41,244,918
NONOPERATING REVENUE (EXPENSES)						
Investment Income	-	7,009,859	353,202	-	455,855	7,818,916
Interest on Bonds	-	-	(4,600,142)	-	-	(4,600,142)
Total Nonoperating Revenue (Expenses)	-	7,009,859	(4,246,940)	-	455,855	3,218,774
INCOME (LOSS) BEFORE TRANSFERS	(61,279)	47,929,975	(4,246,940)	163,002	678,934	44,463,692
Interfund Equity Transfer	-	(26,863,218)	26,863,218	-	-	-
CHANGE IN NET POSITION	(61,279)	21,066,757	22,616,278	163,002	678,934	44,463,692
Net Position - Beginning of Year	2,050,638	199,596,800	(165,193,586)	3,272,321	7,473,522	47,199,695
NET POSITION - END OF YEAR	\$ 1,989,359	\$ 220,663,557	\$ (142,577,308)	\$ 3,435,323	\$ 8,152,456	\$ 91,663,387

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

BAY RESTORATION FUND – WASTEWATER FUND AND SEPTIC FUND

Combining Statement of Cash Flows

As of June 30, 2025

	2025					
	Bay Restoration Fund - Wastewater			Bay Restoration Fund - Septic		
	Admin Accounts	Capital Reserve Accounts	Bond Funds 2008 Indenture	Admin Accounts	Capital Accounts	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
BRF Fee and Other Receipts	\$ 1,624,119	\$ 106,650,503	\$ -	\$ 1,375,005	\$ 15,812,554	\$ 125,462,181
Capital Grant Disbursements	-	(52,518,578)	-	-	(15,504,367)	(68,022,945)
Salaries and Benefits Paid	(2,029,212)	-	-	(1,005,914)	-	(3,035,126)
General Expenses Paid	(646,666)	-	-	(218,357)	-	(865,023)
Net Cash from Operating Activities	(1,051,759)	54,131,925	-	150,734	308,187	53,539,087
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Interfund Equity Transfers	-	(26,902,851)	26,902,851	-	-	-
Repayment of Bonds	-	-	(22,305,000)	-	-	(22,305,000)
Interest on Bonds	-	-	(4,909,171)	-	-	(4,909,171)
Net Cash from Non-capital Financing Activities	-	(26,902,851)	(311,320)	-	-	(27,214,171)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on Investment Securities	-	7,080,554	311,320	-	434,192	7,826,066
Net Increase/(Decrease) in Cash and Cash Equivalents	(1,051,759)	34,309,628	-	150,734	742,379	34,150,982
Cash and Cash Equivalents - Beginning of Year	1,748,145	198,346,866	-	3,420,834	6,979,963	210,495,808
Cash and Cash Equivalents, End of Year	\$ 696,386	\$ 232,656,494	\$ -	\$ 3,571,568	\$ 7,722,342	\$ 244,646,790

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

BAY RESTORATION FUND – WASTEWATER FUND AND SEPTIC FUND

Combining Statement of Cash Flows (continued)

As of June 30, 2025

	2025					
	Bay Restoration Fund - Wastewater			Bay Restoration Fund - Septic		
	Admin Accounts	Capital Reserve Accounts	Bond Funds 2008 Indenture	Admin Accounts	Capital Accounts	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$ (1,139,173)	\$ 54,807,927	\$ -	\$ 150,112	\$ 270,645	\$ 54,089,511
Depreciation of Capital Assets	-	-	-	-	-	-
Changes in Noncash Operating Assets and Liabilities:						
Administrative Fees and BRF						
Fee Receivables	(10,294)	(676,002)	-	3,264	37,542	(645,490)
Accounts Payable and Other						
Liabilities	97,708	-	-	(2,642)	-	95,066
Net Cash from Operating Activities	\$ (1,051,759)	\$ 54,131,925	\$ -	\$ 150,734	\$ 308,187	\$ 53,539,087

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

BAY RESTORATION FUND – WASTEWATER FUND AND SEPTIC FUND

Combining Statement of Cash Flows

As of June 30, 2024

	2024					
	Bay Restoration Fund - Wastewater			Bay Restoration Fund - Septic		
	Admin Accounts	Capital Reserve Accounts	Bond Funds 2008 Indenture	Admin Accounts	Capital Accounts	Total
CASH FLOWS FROM						
OPERATING ACTIVITIES						
BRF Fee and Other Receipts	\$ 1,625,723	\$ 106,755,775	\$ -	\$ 1,462,049	\$ 16,813,564	\$ 126,657,111
Capital Grant Disbursements	-	(61,260,808)	-	-	(16,651,537)	(77,912,345)
Salaries and Benefits Paid	(1,225,212)	-	-	(1,072,953)	-	(2,298,165)
General Expenses Paid	(379,322)	-	-	(276,354)	-	(655,676)
Net Cash from Operating Activities	21,189	45,494,967	-	112,742	162,027	45,790,925
CASH FLOWS FROM NONCAPITAL						
FINANCING ACTIVITIES						
Interfund Equity Transfers	-	(26,863,218)	26,863,218	-	-	-
Repayment of Bonds	-	-	(21,245,000)	-	-	(21,245,000)
Interest on Bonds	-	-	(5,971,420)	-	-	(5,971,420)
Net Cash from Non-capital Financing Activities	-	(26,863,218)	(353,202)	-	-	(27,216,420)
CASH FLOWS FROM						
INVESTING ACTIVITIES						
Interest on Investment Securities	-	7,009,859	353,202	-	455,855	7,818,916
Net Increase/(Decrease) in						
Cash and Cash Equivalents	21,189	25,641,608	-	112,742	617,882	26,393,421
Cash and Cash Equivalents -						
Beginning of Year	1,726,956	172,705,258	-	3,308,092	6,362,081	184,102,387
CASH AND CASH EQUIVALENTS -						
Cash and Cash Equivalents, End of Year	<u>\$ 1,748,145</u>	<u>\$ 198,346,866</u>	<u>\$ -</u>	<u>\$ 3,420,834</u>	<u>\$ 6,979,963</u>	<u>\$ 210,495,808</u>

MARYLAND WATER QUALITY FINANCING ADMINISTRATION

BAY RESTORATION FUND – WASTEWATER FUND AND SEPTIC FUND

Combining Statement of Cash Flows (continued)

As of June 30, 2024

	2024					
	Bay Restoration Fund - Wastewater			Bay Restoration Fund - Septic		
	Admin Accounts	Capital Reserve Accounts	Bond Funds 2008 Indenture	Admin Accounts	Capital Accounts	Total
RECONCILIATION OF OPERATING INCOME						
(LOSS) TO NET CASH PROVIDED (USED)						
BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$ (61,279)	\$ 40,920,116	\$ -	\$ 163,002	\$ 223,079	\$ 41,244,918
Depreciation of Capital Assets	-	-	-	710	-	710
Changes in Noncash Operating Assets and Liabilities:						
Administrative Fees and BRF						
Fee Receivables	69,668	4,574,851	-	(5,309)	(61,052)	4,578,158
Accounts Payable and Other Liabilities	12,800	-	-	(45,661)	-	(32,861)
Net Cash from Operating Activities	<u>\$ 21,189</u>	<u>\$ 45,494,967</u>	<u>\$ -</u>	<u>\$ 112,742</u>	<u>\$ 162,027</u>	<u>\$ 45,790,925</u>

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

To the Director of
Maryland Water Infrastructure Financing Administration

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Maryland Water Infrastructure Financing Administration (the Administration), an enterprise fund of the State of Maryland, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Administration's basic financial statements, and have issued our report thereon dated September 30, 2025.

Internal Controls over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Owings Mills, Maryland
September 30, 2025

SB + Company, LLC