

2021 Financial Overview

The Clean Water Act requires an annual financial audit of the state CWSRF programs. Each state and Puerto Rico conduct these audits according to the Generally Accepted Accounting Standards (GAAP) established by the Governmental Accounting Standards Board (GASB). States often define their CWSRF programs as ongoing enterprise funds under the GASB definitions of funds.

2021 Financial Highlights

- The 51 CWSRF programs provided over \$8.2 billion in funding for high priority water infrastructure and other water quality projects. Cumulatively, since the program's inception, CWSRF programs have provided over \$153 billion in assistance, mainly in the form of low-cost financing, to a wide range of eligible borrowers.
- Since 2009, approximately \$5.9 billion has been provided as additional subsidy in the form of direct grants and principal forgiveness. Nearly \$390 million was provided in 2021 alone.
- Total assets are approximately \$76 billion.
- Net assets have exceeded \$55.9 billion. This is a \$800 million increase from the previous year.
- Federal capitalization in 2021 was over \$1.3 billion.
- Annual earnings from loans and investments exceeded \$1.2 billion.
- The CWSRF issued over \$1.6 billion in leveraged bonds to provide additional funding for projects.

National aggregate financial statements were developed using data entered in EPA's National Information Management System between July 1, 2020 and June 30, 2021. Because the 51 CWSRF programs are independent state-level entities, no nationally audited CWSRF program financial reports are available. The financial statements are non-audited, cash-based financial reports. The four statements are described below.

Statement of Fund Activity (Page 2)

Provides an overview of major indicators of fund activity, including capitalization grant levels, project commitments, project disbursements, and subsidies provided. Both annual and cumulative data are given.

Statement of Revenues, Expenses, and Earnings (Page 3)

Describes the overall performance of the CWSRF fund over the reporting period that is reflected in the increase or decrease in net assets.

Statement of Cash Flows (Page 4)

Provides a detailed accounting of the actual flow of cash into and out of the CWSRF fund.

Statement of Net Assets (Page 5)

Describes CWSRF assets and liabilities through the end of the fiscal year. Assets include financial assets and capital assets. Liabilities include both current and long-term liabilities. CWSRF assets include grant funds that have been drawn from the federal treasury to date, but do not include total grant awards. CWSRF assets also include state matching contributions that have been deposited in the fund.

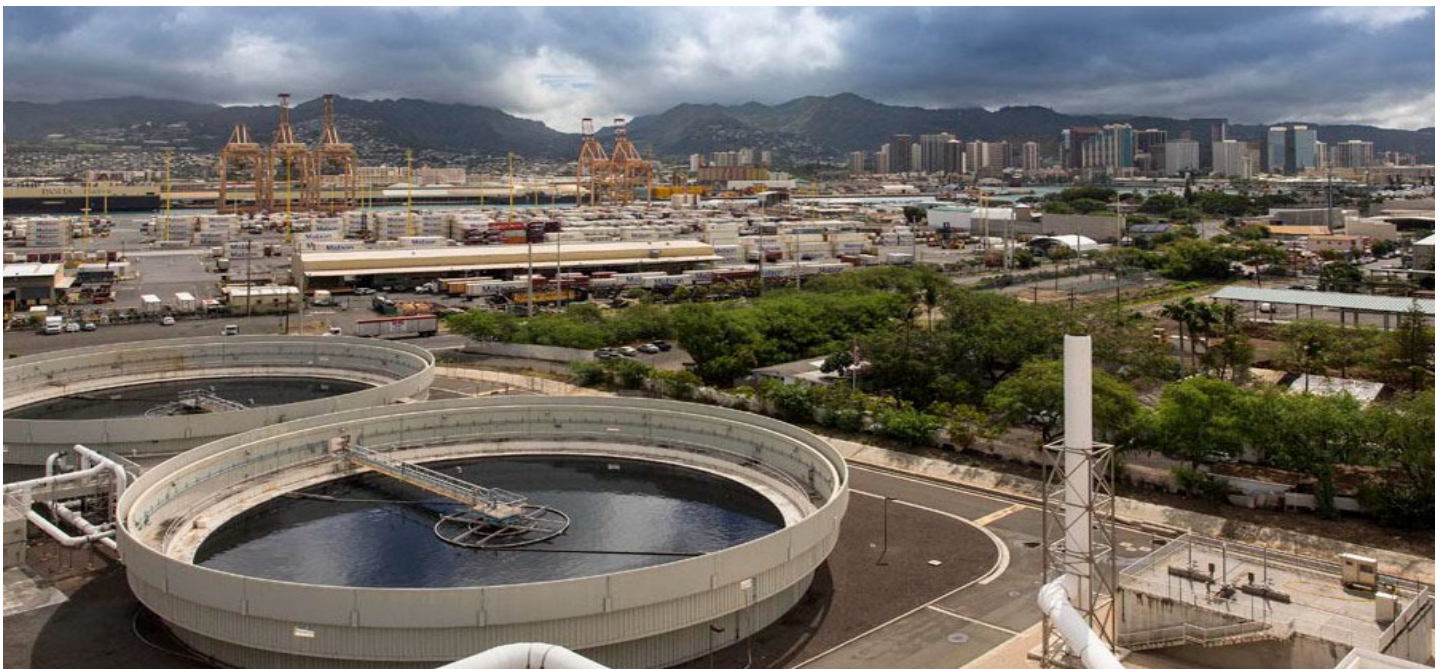
Statement of Fund Activity (Millions of Dollars)

Annual Fund Activity	FY 2020	FY 2021
Federal Capitalization Grants	\$1,763.5	\$1,327.0
State Matching Funds	\$278.0	\$257.1
 New Funds Available for Assistance	 \$7,386.5	 \$7,534.8
Executed Assistance Agreements	\$7,481.5	\$8,181.2
 Project Disbursements	 \$7,574.8	 \$6,571.4
Cash Draws from Federal Capitalization Grants	\$1,734.8	\$1,353.8
 Total Annual Subsidy	 \$394.6	 \$386.9
Grants	\$25.0	\$15.9
Negative Interest	\$0.0	\$0.0
Principal Forgiveness	\$369.6	\$371.0
 Cumulative Fund Activity		
Federal Capitalization Grants	\$46,785.3	\$48,112.3
State Matching Funds	\$8,889.1	\$9,146.2
 Funds Available for Assistance	 \$149,945.2	 \$157,480.0
Executed Assistance Agreements	\$145,441.3	\$153,622.5
 Project Disbursements	 \$130,526.8	 \$137,098.1
Cash Draws from Federal Capitalization Grants	\$45,054.8	\$46,408.6
 Total Cumulative Subsidy	 \$5,530.6	 \$5,917.4
Grants	\$635.4	\$651.3
Negative Interest	0.0	0.0
Principal Forgiveness	\$4,895.2	\$5,266.1



Statement of Revenues, Expenses, and Earnings (Millions of Dollars)

Operating Revenues	FY 2020	FY 2021
Interest on Investments	\$444.4	\$243.6
Interest on Loans	\$970.0	\$975.7
<i>Total Operating Revenues</i>	<i>\$1,414.4</i>	<i>\$1,219.3</i>
Operating Expenses		
Bond Interest Expense	\$890.8	\$897.6
Amortized Bond Issuance Expense	\$19.8	\$22.4
Administrative Expenses	\$66.1	\$62.0
Additional Subsidy Provided	\$394.6	\$386.9
<i>Total Expenses</i>	<i>\$1,371.3</i>	<i>\$1,368.9</i>
Nonoperating Revenues and Expenses		
Federal Contribution (Cash Draws)	\$1,734.8	\$1,353.8
State Contributions	\$163.7	\$135.9
Transfers from (to) DWSRF	(\$165.9)	(\$494.7)
<i>Total Nonoperating Revenues (Expenses)</i>	<i>\$1,732.6</i>	<i>\$995.0</i>
Increase (Decrease) in Net Assets	\$1,775.6	\$845.4
Net Assets		
Beginning of Year	\$53,244.0	\$55,019.6
End of Year	\$55,019.6	\$55,865.0



Statement of Cash Flows (Millions of Dollars)

Operating Activities	FY 2020	FY 2021
Cash Draws from Federal Capitalization Grants	\$1,734.8	\$1,353.8
Contributions from States	\$163.7	\$135.9
Loan Disbursements (Including Additional Subsidy)	(\$7,574.8)	(\$6,571.4)
Loan Principal Repayments	\$4,718.7	\$5,949.9
Interest Received on Loans	\$970.0	\$975.7
Administrative Expenses	(\$66.1)	(\$62.0)
<i>Total Cash Flows from Operating Activities</i>	<i>(\$53.7)</i>	<i>\$1,781.9</i>
Noncapital Financing Activities		
Gross Leveraged Bond Proceeds	\$1,874.6	\$1,601.5
Bond Issuance Expense	(\$12.4)	(\$8.8)
State Match Bond Proceeds	\$114.3	\$121.2
Cash Received from Transfers with DWSRF	(165.9)	(\$494.7)
Interest Paid on Leveraged and State Match Bonds	(\$890.8)	(\$897.6)
CWSRF Funds Used for Refunding	(\$104.4)	(\$450.1)
Principal Repayment of Leveraged Bonds	(\$1,621.9)	(\$1,853.7)
Principal Repayment of State Match Bonds	(\$112.5)	(\$177.0)
<i>Net Cash Provided by Noncapital Financing Activities</i>	<i>(\$919.0)</i>	<i>(\$2,159.2)</i>
Investing Activities		
Interest Received on Investments	\$444.4	\$243.6
Release (Deposit) of Leveraged Bond Debt Service Reserve	\$181.1	\$467.2
<i>Net Cash Provided by Investing Activities</i>	<i>\$625.5</i>	<i>\$710.8</i>
Net Increase (Decrease) in Cash and Cash Equivalents	(\$347.2)	\$333.5
Cash and Cash Equivalents		
Beginning of Year	\$14,122.4	\$13,775.2
End of Year	\$13,775.2	\$14,108.7



Statement of Net Assets (Millions of Dollars)

Assets	FY 2020	FY 2021
Cash and Cash Equivalents	\$13,775.2	\$14,108.7
Debt Service Reserve - Leveraged Bonds	\$2,573.0	\$2,105.8
Loans Outstanding	\$59,308.4	\$59,542.9
Unamortized Bond Issuance Expenses*	\$229.2	\$215.7
<i>Total Assets</i>	<i>\$75,885.8</i>	<i>\$75,973.1</i>
 Liabilities		
Match Bonds Outstanding	\$663.5	\$607.7
Leveraged Bonds Outstanding	\$20,202.7	\$19,500.4
<i>Total Liabilities</i>	<i>\$20,866.2</i>	<i>\$20,108.1</i>
 Net Assets		
Federal Contributions (Cash Draws)	\$45,054.8	\$46,408.6
State Contributions	\$6,272.0	\$6,407.9
Transfers - Other SRF Funds	(\$754.1)	(\$1,248.8)
Other Net Assets	\$4,446.9	\$4,297.3
<i>Total Net Assets</i>	<i>\$55,019.6</i>	<i>\$55,865.0</i>
 Total Liabilities and Net Assets	 \$75,855.8	 \$75,793.1

* Unamortized Bond Issuance Expenses are costs that have been incurred but have not been fully recognized (amortized). These costs will be recognized (amortized) over time over the remaining life of the bonds outstanding, similar to a pre-paid expense, and consistent with GAAP.

