2018 CWSRF Financial Overview

The Clean Water Act (CWA) requires an annual financial audit of the 51 state-level CWSRF programs. Each state and Puerto Rico conducts these audits according to the generally accepted accounting standards (GAAP) established by the Governmental Accounting Standards Board (GASB). States often define their CWRSF programs as ongoing enterprise funds under the GASB definitions of funds.

2018 Financial Highlights

- The CWSRF programs provided over $6.8 billion in funding for high priority water infrastructure and other water quality projects. Cumulatively, CWSRF programs have provided $133 billion in assistance, mainly in the form of low cost financing, to a wide range of eligible borrowers.
- Since 2009, approximately $4.2 billion has been provided as additional subsidy in the form of direct grants and principal forgiveness. Approximately $250 million was provided in 2018 alone.
- Total assets are approximately $72 billion. This represented a $1.5 billion increase from the previous year.
- Net assets have exceeded $51 billion. This is a $1.4 billion increase from the previous year.
- In 2018, federal contributions were over $1.2 billion.
- In 2018, operating revenues exceeded operating expenses by over $80 million.
- In 2018, earnings from loans and investments exceeded $1.3 billion.
- The CWSRF programs issued nearly $2 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, 2017 and June 30, 2018. 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 2017	FY 2018
Federal Capitalization Grants	996.5	1,364.5
State Matching Funds	220.1	560.6
New Funds Available for Assistance	6,625.9	6,567.9
Executed Assistance Agreements	7,451.9	6,788.7
Project Disbursements	6,368.5	6,255.4
Cash Draws from Federal Capitalization Grants	1,259.7	1,225.7
Total Annual Subsidy	300.1	250.8
Grants	101.5	19.9
Negative Interest	0.0	0.0
Principal Forgiveness	198.6	231.0
Cumulative Fund Activity		
Federal Capitalization Grants	41,978.7	43,343.2
State Matching Funds	7,873.7	8,434.2
Funds Available for Assistance	128,120.2	134,688.1
Executed Assistance Agreements	126,190.0	132,978.7
Project Disbursements	110,188.1	116,443.6
Cash Draws from Federal Capitalization Grants	40,508.9	41,734.6
Total Cumulative Subsidy	4,596.2	4,847.0
Grants	634.9	654.7
Negative Interest	0.0	0.0
Principal Forgiveness	3,961.3	4,192.2

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

	FY 2017	FY 2018
Operating Revenues		
Interest on Investments	254.8	325.1
Interest on Loans	979.8	989.9
Total Operating Revenues	1,234.6	1,315.0
Operating Expenses		
Bond Interest Expense	866.8	907.5
Amortized Bond Issuance Expense	18.7	27.0
Administrative Expenses	61.4	49.0
Additional Subsidy Provided	300.1	250.8
Total Expenses	1,247.0	1,234.3
Nonoperating Revenues and Expenses		
Federal Contribution (Cash Draws)	1,259.7	1,225.7
State Contributions	151.4	152.6
Transfers from (to) DWSRF	(1.9)	(61.4)
Total Nonoperating Revenues (Expenses)	1,409.1	1,317.0
Increase (Decrease) in Net Assets	1,396.7	1,397.7
Net Assets		
Beginning of Year	48,268.9	49,665.6
End of Year	49,665.6	51,063.3

Statement of Cash Flows (Millions of Dollars)

Operating Activities	**FY 2017**	**FY 2018**
Cash Draws from Federal Capitalization Grants	1,259.7	1,225.7
Contributions from States	151.4	152.6
Loan Disbursements (Including Additional Subsidy)	(6,368.5)	(6,255.4)
Loan Principal Repayments	3,930.8	4,110.4
Interest Received on Loans	979.8	989.9
Administrative Expenses	(61.4)	(49.0)
Total Cash Flows from Operating Activities	(108.2)	174.2
Noncapital Financing Activities		
Gross Leveraged Bond Proceeds	2,215.4	1,962.8
Bond Issuance Expense	(18.7)	(13.3)
State Match Bond Proceeds	68.8	407.9
Cash Received from Transfers with DWSRF	(1.9)	(61.4)
Interest Paid on Leveraged and State Match Bonds	(866.8)	(907.5)
CWSRF Funds Used for Refunding	(23.0)	0.0
Principal Repayment of Leveraged Bonds	(1,470.7)	(2,102.4)
Principal Repayment of State Match Bonds	(65.8)	(133.4)
Net Cash Provided by Noncapital Financing Activities	(162.7)	(847.2)
Investing Activities		
Interest Received on Investments	254.8	325.1
Release (Deposit) of Leveraged Bond Debt Service Reserve	32.0	281.4
Net Cash Provided by Investing Activities	286.7	606.4
Net Increase (Decrease) in Cash and Cash Equivalents	15.9	(66.5)
Cash and Cash Equivalents		
Beginning of Year	13,624.1	13,640.0
End of Year	13,640.0	13,573.4

Statement of Net Assets (Millions of Dollars)

Assets	FY 2017	FY 2018
Cash and Cash Equivalents	13,640.0	13,573.4
Debt Service Reserve - Leveraged Bonds	3,642.3	3,360.9
Loans Outstanding	52,889.0	54,783.3
Unamortized Bond Issuance Expenses*	256.8	243.1
Total Assets	70,428.0	71,960.7
Liabilities		
Match Bonds Outstanding	607.5	882.0
Leveraged Bonds Outstanding	20,155.0	20,015.4
Total Liabilities	20,762.4	20,897.4
Net Assets		
Federal Contributions (Cash Draws)	40,508.9	41,734.6
State Contributions	5,648.6	5,801.3
Transfers - Other SRF Funds	(534.3)	(595.6)
Other Net Assets	4,042.3	4,123.1
Total Net Assets	49,665.6	51,063.3
Total Liabilities and Net Assets	70,428.0	71,960.7

* 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.

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