



2017 CWSRF Financial Overview

The Clean Water Act 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 CWSRF programs as ongoing enterprise funds under the GASB definitions of funds.

2017 Financial Highlights

- The CWSRF programs provided over \$7.4 billion in funding. In just the past two years alone, over \$15 billion in low cost financing went to 2,825 high priority projects.
- Cumulatively, the CWSRF programs have provided over \$126 billion over the past 30 years.
- Almost 3 percent increase (\$1.4 billion) in CWSRF Program Equity (net assets), for a cumulative total of \$49.6 billion.
- Nearly \$6.3 billion was disbursed for projects, which is a \$200 million increase from the previous year.
- Earnings from loans and investments exceed bond and administrative expenses by \$272 million.
- Leveraged bond proceeds added an additional \$2.2 billion to program cash flow, which is \$351.8 million greater than the amount added in the previous year.

National aggregate financial statements have been developed using data entered in EPA's National Information Management System between July 1, 2016 and June 30, 2017. 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 flow-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 4)

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 5)

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

Statement of Net Assets (Page 6)

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 2016	FY 2017
Federal Capitalization Grants	1,517.9	996.5
State Matching Funds	284.8	215.2
New Funds Available for Assistance	7,260.6	6,577.2
Executed Assistance Agreements	7,625.2	7,422.9
Project Disbursements	6,078.4	6,285.3
Cash Draws from Federal Capitalization Grants	1,505.7	1,259.7
Total Annual Subsidy	183.0	294.5
Grants	46.8	100.7
Negative Interest	0.0	0.0
Principal Forgiveness	136.2	193.8
Cumulative Fund Activity		
Federal Capitalization Grants	40,982.2	41,978.7
State Matching Funds	7,654.0	7,869.2
Funds Available for Assistance	121,562.0	128,139.2
Executed Assistance Agreements	118,683.4	126,106.3
Project Disbursements	103,819.6	110,104.9
Cash Draws from Federal Capitalization Grants	39,249.2	40,508.9
Total Cumulative Subsidy	4,294.0	4,588.6
Grants	532.4	633.1
Negative Interest	0.0	0.0
Principal Forgiveness	3,761.6	3,955.5

Cumulative Executed Assistance Agreements as a percent of Funds Available for Assistance (“pace”) remains at 98 percent, continuing the trend of successfully directing CWSRF funding towards projects that address many important water quality problems. Below market interest rates, flexible financing options, and effective outreach contributed to the ongoing success of the CWSRF programs.



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

Operating Revenues	FY 2016	FY 2017
Interest on Investments	251.8	256.7
Interest on Loans	1,009.9	973.5
<i>Total Operating Revenues</i>	1,261.7	1,230.2
Operating Expenses		
Bond Interest Expense	874.3	879.7
Amortized Bond Issuance Expense	19.4	18.1
Administrative Expenses	57.1	60.1
Additional Subsidy Provided	183.0	294.5
<i>Total Expenses</i>	1,133.8	1,252.3
Nonoperating Revenues and Expenses		
Federal Contribution (Cash Draws)	1,505.7	1,259.7
State Contributions	172.2	150.4
Transfers from (to) DWSRF	(12.9)	(1.9)
<i>Total Nonoperating Revenues (Expenses)</i>	1,665.0	1,408.2
Increase (Decrease) in Net Assets	1,792.9	1,386.1
Net Assets		
Beginning of Year	46,425.4	48,218.2
End of Year	48,218.2	49,604.3

Operating Expenses exceeded Operating Revenue by \$22.1 million. This small deficit reflects the fact that \$294.5 million in additional subsidy was provided in FY 2017 to promote non-traditional projects and support disadvantaged communities.

Revenue from loans and investments exceeded bond and administrative expenses by \$272.4 million.



Statement of Cash Flows (Millions of Dollars)

Operating Activities	FY 2016	FY 2017
Cash Draws from Federal Capitalization Grants	1,505.7	1,259.7
Contributions from States	172.2	150.4
Loan Disbursements (Including Additional Subsidy)	(6,078.4)	(6,285.3)
Loan Principal Repayments	4,102.3	3,930.7
Interest Received on Loans	1,009.9	973.5
Administrative Expenses	(57.1)	(60.1)
<i>Total Cash Flows from Operating Activities</i>	654.5	(31.1)
Noncapital Financing Activities		
Gross Leveraged Bond Proceeds	1,863.6	2,215.4
Bond Issuance Expense	(14.1)	(19.4)
State Match Bond Proceeds	112.6	64.8
Cash Received from Transfers with DWSRF	(12.9)	(1.9)
Interest Paid on Leveraged and State Match Bonds	(874.3)	(879.7)
CWSRF Funds Used for Refunding	(26.4)	(23.0)
Principal Repayment of Leveraged Bonds	(1,483.8)	(1,464.5)
Principal Repayment of State Match Bonds	(106.8)	(65.8)
<i>Net Cash Provided by Noncapital Financing Activities</i>	(542.2)	(174.1)
Investing Activities		
Interest Received on Investments	251.8	256.7
Release (Deposit) of Leveraged Bond Debt Service Reserve	521.3	39.2
<i>Net Cash Provided by Investing Activities</i>	773.1	295.9
Net Increase (Decrease) in Cash and Cash Equivalents	885.4	90.7
Cash and Cash Equivalents		
Beginning of Year	12,555.0	13,440.4
End of Year	13,440.4	13,531.1



Statement of Net Assets (Millions of Dollars)

Assets	FY 2016	FY 2017
Cash and Cash Equivalents	13,440.4	13,531.1
Debt Service Reserve - Leveraged Bonds	4,022.9	3,983.7
Loans Outstanding	50,753.5	52,813.5
Unamortized Bond Issuance Expenses*	251.2	252.5
<i>Total Assets</i>	68,467.9	70,580.9
Liabilities		
Match Bonds Outstanding	604.4	603.5
Leveraged Bonds Outstanding	19,645.3	20,373.1
<i>Total Liabilities</i>	20,249.7	20,976.6
Net Assets		
Federal Contributions (Cash Draws)	39,249.2	40,508.9
State Contributions	5,497.8	5,648.2
Transfers - Other SRF Funds	(524.8)	(526.8)
Other Net Assets	3,996.1	3,974.0
<i>Total Net Assets</i>	48,218.2	49,604.3
Total Liabilities and Net Assets	68,467.9	70,580.9

* 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.

Loans Outstanding increased by over \$2 billion, and is a main contributor to the over \$2.1 billion increase in Total Assets.

Federal and State Contributions helped increase Net Assets by nearly \$1.4 billion.

The \$22.1 million decrease in Other Net Assets is mainly due to the increased use of additional subsidy in FY 2017.





For more information about the Clean Water State Revolving Fund, please contact us at:

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