

**MEETING OF THE AUDIT COMMITTEE  
MASSACHUSETTS CLEAN WATER TRUST**

January 8, 2025

During a Recess of a Meeting of the Massachusetts Clean Water Trust Board of Trustees

**Location: Remote\***

**NOTICE & AGENDA**

**CALL TO ORDER**

Item #1 **MOTION – VOTE REQUESTED**

Acceptance and Approval of the Minutes of the Meeting of the Audit Committee held on January 17, 2024.

Item #2 **REPORT OF EXTERNAL AUDITOR**

The annual audits of the Trust's financial statements and the Report of the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and Government Auditing Standards (Single Audit) for Fiscal Year 2024 have concluded.

CLA Principal, Jim Piotrowski, will present to the Committee the results of the Fiscal Year 2024 (FY 2024) audits and financial reports.

Item #3 **MOTION – VOTE REQUESTED**

The Audit Committee is recommending that the Trust Board accept the FY 2024 financial statements, and the Report of the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and Government Auditing Standards (Single Audit) for Fiscal Year 2024.

**OTHER BUSINESS**

*(Items not reasonably anticipated by the Chair 48 hours in advance of the meeting)*

**ADJOURN**

**\*Location: Remote:** Notice is hereby given that the Wednesday, January 8, 2025 meeting of the Massachusetts Clean Water Trust's Audit Committee will be held through remote participation in accordance with M.G.L.c.30A, §20, as modified by c.20 of the Acts of 2021, c.22 of the Acts of 2022, and c.2 of the Acts of 2023.

Those who would like to attend the meeting, please e-mail [masswatertrust@tre.state.ma.us](mailto:masswatertrust@tre.state.ma.us) to request meeting information. Information to access the meeting will be available through the duration of the meeting. However, we encourage participants to request the information by 5:00 PM the day before the meeting.

To ensure that the audio is clear to all attendees, unless you are actively participating in the meeting, please mute your audio. If you have technical difficulties joining the meeting, please email [masswatertrust@tre.state.ma.us](mailto:masswatertrust@tre.state.ma.us).

**Please Note:** There will be no physical meeting at the offices of the Massachusetts Clean Water Trust.



***Item #1: Minutes of the Meeting Held on January 17,  
2024***

# **MEETING OF THE MASSACHUSETTS CLEAN WATER TRUST AUDIT COMMITTEE**

## **Minutes**

January 17, 2024  
1:09 PM

**Location: Remote\***

**Members of the  
Audit Committee:**

State Treasurer Deborah Goldberg, Chair  
Timur Yontar, Capital Budget Director, Executive Office for  
Administration & Finance, Designee  
Bonnie Heiple, Commissioner, MassDEP

**Also Present:**

James MacDonald, First Deputy Treasurer, Office of the State  
Treasurer  
Susan Perez, Executive Director, MCWT  
Nate Keenan, Deputy Director, MCWT  
My Tran, Treasurer, MCWT  
Sally Peacock, Controller, MCWT  
Nicole Munchbach, Accountant, MCWT  
Pam Booker, Accountant, MCWT  
Sunkarie Konteh, Accountant, MCWT  
Julian Honey, Program Associate, MCWT  
Kailyn Fellmeth, Program Associate, MCWT  
Josh Derouen, Senior Program Associate, MCWT  
Rachel Stanton, Investor Relations and Communications Graphic  
Designer, MCWT  
Jonathan Maple, Senior Policy Analyst, MCWT  
Kathryn Armour, Data Analyst, MCWT  
Kathleen Baskin, Assistant Commissioner, MassDEP  
Brian Ferrarese, Chief of Staff, MassDEP  
Maria Pinaud, Director of Municipal Services, MassDEP  
Robin McNamara, Deputy Director of Municipal Services, MassDEP  
Andrew Napolitano, Director of Communications, Office of the State  
Treasurer  
Al Anzola, Deputy Director of Policy and Legislative Affairs, Office of  
the State Treasurer  
Jim Piotrowski, Principal, Clifton Larson Allen  
Connor Finn, Assurance Senior, Clifton Larson Allen

**CALL TO ORDER:** The Meeting was called to order by Treasurer Goldberg at 1:09 p.m.

Item #1

**MOTION – VOTE**

***Acceptance and Approval of March 6, 2023, Minutes***

The motion was made by Mr. Yontar and second by Commissioner Heiple and voted unanimously in favor of acceptance and approval of the minutes of the meeting of the Audit Committee held on March 6, 2023.

Item #2

**REPORT OF EXTERNAL AUDITOR**

The Trust's external auditors, CliftonLarsonAllen, LLP (CLA), presented its report to the Audit Committee on the Trust's financial statements and the Trust's compliance with Uniform Guidance requirements (Single Audit) for the fiscal year ending June 30, 2023.

CLA Principal, Jim Piotrowski stated the terms of engagement were to conduct independent audits in accordance with Government Auditing Standards as well as provide an opinion as to whether the Trust's financial statements and Single Audit are presented fairly in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The Trust received an unmodified opinion from CLA indicating that the 2023 financial statements and Single Audit are presented fairly in conformity with U.S. Generally Accepted Accounting Principles (GAAP). There are no findings reported.

The report on internal control and opinion of compliance as required by U.S. GAAP noted no matters involving the internal control environment and its operations that they consider to be significant deficiencies or material weaknesses.

The FY 2023 financial statements reflect increased total revenues as a result of additional federal grants and state subsidies awarded to the Trust. Accordingly, the Trust's expenses increased in FY 2023 due to the considerable amount of loan forgiveness that was awarded using the additional state and federal grant and subsidy awards.

The FY 2023 Uniform Guidance's Single Audit reported that there was \$60.8 million of federal awards, with \$53.1 million disbursed to subrecipients. The major program tested was the capitalization grants for Clean Water State Revolving Fund (CWSRF), which totals \$42.5 million.

Ms. Perez commended the Trust program and accounting staff members for their assistance with the audits. The Government Finance Officers Association (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the Trust for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2022. This was the twenty-sixth consecutive year that the Trust has achieved this prestigious citation. The FY 2023 ACFR has been submitted to the GFOA in December for next year's consideration.

Item #3

**MOTION – VOTE**

The motion was made by Mr. Yontar and second by Commissioner Heiple and voted unanimously in favor of acceptance and approval of the following:

The Audit Committee is recommending that the Trust Board accept the FY 2023 financial statements, and the Report of the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and Government Auditing Standards (Single Audit) for Fiscal Year 2023.

**OTHER BUSINESS:** None.

**ADJOURN:** The motion was made by Mr. Yontar and second by Commissioner Heiple and voted unanimously in favor of adjourning the meeting at 1:23 p.m.

**LIST OF DOCUMENTS AND EXHIBITS USED:**

1. Minutes of the Audit Committee Meeting held on March 6, 2023
2. Massachusetts Clean Water Trust 2023 Financial Statement and Uniform Guidance Audits Presentation
3. Massachusetts Clean Water Trust 2023 Uniform Guidance Single Audit

**\*Location: Remote:** Notice is hereby given that the Wednesday January 17, 2024 meeting of the Massachusetts Clean Water Trust's Audit Committee will be held through remote participation in accordance with M.G.L.c.30A, §20, as modified by c.20 of the Acts of 2021, c.22 of the Acts of 2022, and c.2 of the Acts of 2023.

Those who would like to attend the meeting, please e-mail [masswatertrust@tre.state.ma.us](mailto:masswatertrust@tre.state.ma.us) to request meeting information. Information to access the meeting will be available through the duration of the meeting. However, we encourage participants to request the information by 5:00 PM the day before the meeting.

To ensure that the audio is clear to all attendees, unless you are actively participating in the meeting, please mute your audio. If you have technical difficulties joining the meeting, please email [masswatertrust@tre.state.ma.us](mailto:masswatertrust@tre.state.ma.us).

**Please Note:** There will be no physical meeting at the offices of the Massachusetts Clean Water Trust.



**Item #2 *REPORT OF EXTERNAL AUDITOR***



*We'll get you there.*

# Massachusetts Clean Water Trust

Financial Statement and Single Audit Presentation

Year ended June 30, 2024

CPAs | CONSULTANTS | WEALTH ADVISORS

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See [CLAglobal.com/disclaimer](https://claglobal.com/disclaimer). Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. ©2022 CliftonLarsonAllen LLP



# *Agenda*

- Audit scope
- Audit opinions and results
- Financial statements
- Uniform Guidance audit
- Required communications



# Audit Scope



Report on the  
Trust's financial  
statements



Report on the  
Trust's internal  
control over  
financial reporting



Required  
governance  
communications  
letter



Report on internal  
control over  
compliance with  
major program  
requirements  
(federal awards)





## AUDIT OPINIONS

### Financial statements

Financial statement audit opinions are **unmodified**.

### Federal awards

Federal awards audit opinion is **unmodified**.



## AUDIT RESULTS

### Financial statements

No material weaknesses or significant deficiencies noted.

### Federal awards

No noncompliance findings.

No material weaknesses noted.

No significant deficiencies noted.



# 2024 Financial Statements

## Statement of Net Position

(Amounts presented in Thousands)

Assets and Deferred Outflows	2024	2023	\$ Change	% Change
Cash	\$1,274,014	\$1,315,598	(\$41,584)	-3.16%
Investments	368,392	569,363	(200,971)	-35.30%
Loans Receivable	4,284,502	4,091,754	192,748	4.71%
Other Assets	465,122	306,792	158,330	51.61%
Deferred Outflows of Resources	<u>3,412</u>	<u>10,672</u>	<u>(7,260)</u>	<u>-68.03%</u>
<b>Total Assets and Deferred Outflows</b>	<b>\$6,395,442</b>	<b>\$6,294,179</b>	<b>\$101,263</b>	<b>1.61%</b>



# 2024 Financial Statements (Continued)

## Statement of Net Position (Continued)

(Amounts presented in Thousands)

Liabilities, Deferred Inflows and Net Position	2024	2023	\$ Change	% Change
Long-Term Debt	\$2,384,125	\$2,590,126	(\$206,001)	-7.95%
Other Liabilities	307,928	197,834	110,094	55.65%
Deferred Inflows of Resources	<u>10,928</u>	<u>5,647</u>	<u>5,281</u>	<u>93.52%</u>
<b>Total Liabilities and Deferred Inflows</b>	<b><u>\$2,702,981</u></b>	<b><u>\$2,793,607</u></b>	<b><u>\$ (90,626)</u></b>	<b><u>-3.24%</u></b>
Restricted Net Position	\$2,770,282	\$2,693,711	76,571	2.84%
Unrestricted Net Position	<u>922,179</u>	<u>806,861</u>	<u>115,318</u>	<u>14.29%</u>
<b>Total Net Position</b>	<b>\$3,692,461</b>	<b>\$3,500,572</b>	<b>\$ 191,889</b>	<b>5.48%</b>



# 2024 Financial Statements (Continued)

## Statement of Revenues, Expenses, and Changes in Net Position

(Amounts presented in Thousands)

Revenues	2024	2023	\$ Change	% Change
Loan Servicing Fees	\$5,576	\$5,260	\$316	6.01%
Interest Income	171,461	139,583	31,878	22.84%
Net Decrease in Fair Value of Investments	(3,424)	(10,843)	7,419	68.42%
Contract Assistance	63,383	63,383	-	0.00%
EPA Capitalization Grants	169,985	183,489	(13,504)	-7.36%
State Matching Grants	<u>18,812</u>	<u>223,192</u>	<u>(204,380)</u>	<u>-91.57%</u>
<b>Total Revenues</b>	<b>\$425,793</b>	<b>\$604,064</b>	<b>\$ (178,271)</b>	<b>-29.51%</b>



# 2024 Financial Statements (Continued)

## Statement of Revenues, Expenses, and Changes in Net Position (Continued)

(Amounts presented in Thousands)

Expenses	2024	2023	\$ Change	% Change
DEP Programmatic Support	\$13,189	\$11,888	\$1,301	10.94%
Loan Forgiveness	132,444	105,111	27,333	26.00%
General and Administrative	4,249	3,905	344	8.81%
Arbitrage Rebate Payments	2,718	-	2,718	100.00%
Interest Expense	<u>81,304</u>	<u>79,188</u>	<u>2,116</u>	<u>2.67%</u>
<b>Total Expenses</b>	<b><u>\$233,904</u></b>	<b><u>\$200,092</u></b>	<b><u>\$33,812</u></b>	<b><u>16.90%</u></b>
<b>Increase in Net Position</b>	<b><u>\$191,889</u></b>	<b><u>\$403,972</u></b>	<b><u>(\$212,083)</u></b>	<b><u>-52.50%</u></b>



# Uniform Guidance Audit

Total Federal  
Awards (page 6) -  
\$76.4M

- Includes \$65.8M disbursed to subrecipients

Major Program –  
Capitalization Grants for  
Drinking Water State  
Revolving Funds -  
\$52.6M

- Unmodified opinion over compliance
- No internal control or compliance findings





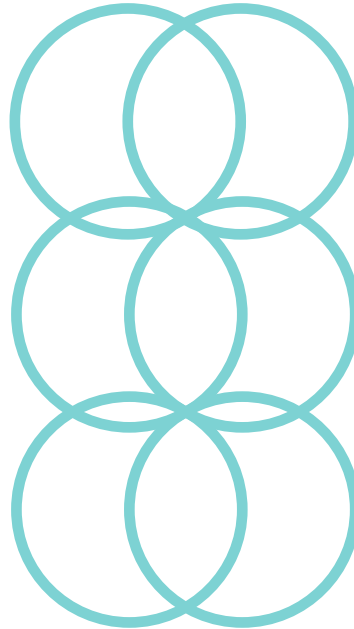
# Required Communications

## Overall

- Management is responsible for the selection and use of appropriate accounting policies.
- All significant transactions have been recognized in the appropriate period.
- No transactions identified to have lacked authoritative guidance.
- Financial statements are neutral, consistent, and clear.

## Uncorrected or Corrected Misstatements

- None



## Estimates

- None

## Difficulties or Disagreements

- None

## Other

- Management provided certain representations included in management representation letter dated October 17, 2024
- SEFA is appropriate and complete in relation to the financial statements, and changes in reporting methods from the prior period were discussed with management.





# Questions?

*We'll get you there.*

CPAs | CONSULTANTS | WEALTH ADVISORS

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See [CLAGlobal.com/disclaimer](https://claglobal.com/disclaimer). Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.  
©2022 CliftonLarsonAllen LLP

Jim Piotrowski, CPA, CGFM  
Principal

[Jim.Piotrowski@claconnect.com](mailto:Jim.Piotrowski@claconnect.com)

781-402-6312



CLAconnect.com



CPAs | CONSULTANTS | WEALTH ADVISORS

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See [CLAglobal.com/disclaimer](https://claglobal.com/disclaimer).  
Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.  
©2022 CliftonLarsonAllen LLP



**Item #3 (*No Reference Documents*)**