



MASSACHUSETTS
CLEAN WATER TRUST

Massachusetts Clean Water Trust

A Component Unit of the Commonwealth of Massachusetts

Annual Comprehensive Financial Report

As of and for the Years Ended June 30, 2023 and June 30, 2022 and Independent Auditors' Report
Prepared by the Management of the Massachusetts Clean Water Trust



Massachusetts Clean Water Trust

Annual Comprehensive Financial Report as of and for the Years Ended
June 30, 2023 and June 30, 2022 and Independent Auditors' Report

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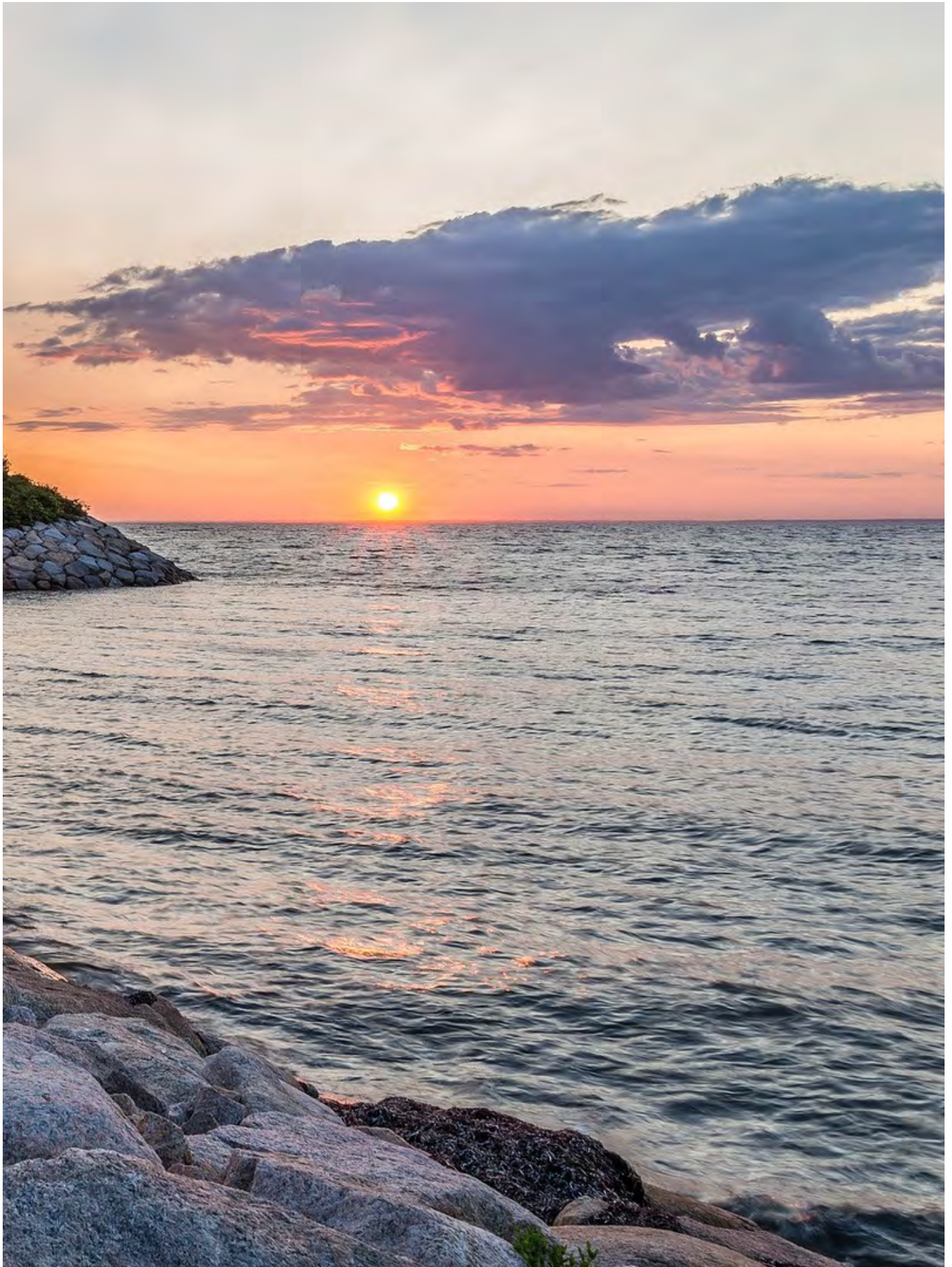
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Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial report for the relevant year.





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I. Introductory Section

Annual Comprehensive Financial Report as of and for the Years Ended June 30, 2023 and June 30, 2022 and
Independent Auditors' Report

Letter of Transmittal

December 22, 2023

To the Citizens of Massachusetts and the Board of Trustees of the Massachusetts Clean Water Trust:

I am pleased to submit the Annual Comprehensive Financial Report (ACFR) of the Massachusetts Clean Water Trust (the "Trust") for the fiscal year ended June 30, 2023. This year's ACFR is presented on a comparative basis with the fiscal year ended June 30, 2022, and is submitted under Article VII, Section 2 of the by-laws of the Trust. This report has been prepared in conformity with generally accepted accounting principles ("GAAP"), thereby satisfying applicable federal and state laws, program regulations, and other Trust agreements. This data presented is accurate in all material aspects and is reported in a manner that presents fairly the financial position and results of operations of the Trust. All disclosures necessary to enable the reader to gain an understanding of the Trust's activities have been included. The information contained within this report is the responsibility of management.

REPORTING ENTITY

The Trust is reported as a component unit in the Commonwealth's Annual Comprehensive Financial Report. Pursuant to its enabling statute, the Trust also submits its independently audited financial statements to the Commonwealth's Senate and House of Representatives, the Office of the Comptroller, and other interested parties. Also, as an entity receiving federal funding, the Trust is required to undergo an annual single audit to conform with the requirements described in the OMB Compliance Supplement in accordance with Title 2 U.S. Code of Federal Regulations Part 200 (2 CFR 200), Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The Trust is governed by a three-member board of trustees chaired by State Treasurer and Receiver General of the Commonwealth, Deborah B. Goldberg. The Secretary of the Executive Office for Administration and Finance, Matthew Gorzkowicz and Commissioner of the Department of Environmental Protection, Bonnie Heiple serve as trustees. The Trust operates under the direction of the Executive Director, Susan Perez, and is administered by employees of the State Treasurer. A list of Trust management and an organization chart follow this transmittal letter.

PROFILE OF THE MASSACHUSETTS CLEAN WATER TRUST

The Trust is a public instrumentality of the Commonwealth of Massachusetts (the Commonwealth). The Trust, in collaboration with the Massachusetts Department of Environmental Protection (MassDEP), helps communities build or replace water quality infrastructure that enhances ground and surface water resources, ensures the safety of drinking water, protects public health, and develops resilient communities. It accomplishes these objectives by providing low-interest loans and grants to cities, towns, and water utilities through the Massachusetts State Revolving Funds (SRFs). The SRF programs are partnerships between the United States Environmental Protection Agency (EPA) and the Commonwealth of Massachusetts. SRFs function like an environmental infrastructure bank by financing water infrastructure projects in cities and towns across the Commonwealth.

The Trust and MassDEP administer the two SRFs : the Clean Water State Revolving Fund (CWSRF) established in 1987 under Title VI of the federal Clean Water Act and the Drinking Water State Revolving Fund (DWSRF) established in 1996 under the federal Safe Drinking Water Act. The Trust manages the flow of funds to borrowers, while MassDEP manages development and oversight of projects. The SRFs receive funding from the EPA in the form of annual capitalization grants supplemented by state matching grants, and the repayment of loans. When loans to local governments are repaid, the funds are then loaned out again, which how the fund "revolves".

The Trust uses a "leveraged financing model" which allows the Trust to finance more projects than the funding from the federal and state grants. Bonds are issued in the capital markets and are secured by borrower repayments and reserve funds. The proceeds from bonds provide capital for new, below-market rate loans to borrowers for water infrastructure. This model has enabled the Trust to finance approximately \$8.6 billion in water infrastructure projects from over \$3.1 billion in federal grants and state matching funds.

Federal Capitalization Grant and State Matching Funds		
	Fiscal Year 2023	Fiscal Year 2022
Annual Grant Awards		
Federal SRF Base Grants	\$53,801,000	\$79,709,000
Federal BIL Grants ^(a)	190,411,000	-
State Matching Funds	18,811,700	21,374,200
Total Annual Grant Awards	\$263,023,700	\$101,083,200
Program to Date Grant Awards		
Federal SRF Base Grants	\$2,409,537,861	\$2,355,736,861
Federal BIL Grants ^(a)	190,411,000	-
State Matching Funds	474,231,212	455,419,512
Total Program to Date Grant Awards	\$3,074,180,073	\$2,811,156,373

Footnote:

^a Fiscal year 2023 includes the 2022 Overflow Sewer Grant (OSG) in the amount of \$1,744,000.

In 2021, President Biden signed the Bipartisan Infrastructure Law (BIL), officially the Infrastructure Investment and Jobs Act of 2021, into law. BIL was a historic investment in American infrastructure by the United States Congress and will have a substantial impact on Massachusetts. In addition to the CWSRF and DWSRF base grants, the BIL created five new SRF specific grants that will be available each year beginning in 2022 through 2026. The BIL provides two new federal grants through the CWSRF and three new federal grants through the DWSRF.

CWSRF new grants included the CWSRF Supplemental Grant which will function like the CWSRF base grant and the CWSRF Emerging Contaminant (EC) Grant that must be used for projects that remediate known ECs under the Clean Water Act. DWSRF new grants included DWSRF Supplemental Grant which will function like the DWSRF base grant; DWSRF Lead Service Line (LSL) replacement Grant that will be dedicated for replacement of LSL and the identification and planning for removal of LSLs; DWSRF EC Grant that must be used for projects that remediate known ECs, including PFAS, under the Safe Drinking Water Act.

The CWSRF Supplemental Grant, the DWSRF Supplemental Grant and the DWSRF Lead Service Line Replacement Grant require that 49% of the grant amount must be provided as loan forgiveness to disadvantaged communities. The CWSRF and DWSRF Emerging Contaminants Grants are expected to target PFAS remediation projects and require that 100% of the grant amounts be provided as loan forgiveness and that at least 25% of the grant amounts be directed to disadvantaged communities.

The BIL grants awarded in federal fiscal year 2022 are:

- CWSRF Supplemental Grant - FFY2022 grant award totals \$60.4 million plus a \$6.0 million state match.
- CWSRF Overflow Sewer Grant - FFY2022 grant award totals \$1.7 million.
- DWSRF Supplemental Grant - FFY2022 grant award totals \$41.8 million plus a \$4.2 million state match.
- DWSRF Emerging Contaminants Grant - FFY2022 grant award totals \$20.7 million.
- DWSRF Lead Service Line Replacement Grant - FFY2022 grant award totals \$65.8 million.

INFORMATION USEFUL IN ASSESSING THE ECONOMIC CONDITION OF THE MASSACHUSETTS CLEAN WATER TRUST

The Financial Section of this report provides information on the economic condition of the Trust. Please see Management's Discussion and Analysis in the Financial Section for a presentation of the Trust's financial condition. To assess the Trust's financial condition, it is essential to understand the Trust's loan programs.

LOAN PROGRAMS OF THE TRUST

The Trust provides subsidized financing for projects that focus on the development and rehabilitation of wastewater and drinking water infrastructure with the aim of promoting sustainability, green infrastructure, and to protect the environment and public health. The CWSRF and DWSRF provide additional subsidies to designated Disadvantaged Communities. The Trust and MassDEP perform outreach activities to help communities realize opportunities to implement energy efficient and alternative energy projects. These activities are balanced with the promotion of cost-effective projects that maximize the protection of the environment and public health.

The Trust's loan process is dictated by the annual Intended Use Program (IUP). MassDEP compiles two IUPs annually, one for

each SRF program. Project eligibility is determined by the Clean Water Act and the Drinking Water Act for the CWSRF and DWSRF, respectively. Eligible borrowers are encouraged to apply for financing for eligible projects during an annual solicitation process. MassDEP engineers review detailed project specifications and rank them using an established set of criteria that measures the severity of the problem, the sensitivity of the environmental hazard, the public health risk, and the appropriateness of the proposed solution.

For CWSRF project selection, the program emphasizes watershed management priorities, storm water management, green infrastructure, and encourages communities to undertake projects with meaningful water quality and public health benefits. For DWSRF project selection, the program emphasizes compliance with federal and state water requirements to protect the public health while addressing the Commonwealth's drinking water needs. Ultimately, MassDEP selects the highest priority projects and compiles the annual IUPs which establish the Commonwealth's priorities for the upcoming year.

Most of the Trust's loans are subsidized at a 2% rate of interest set by statute. However, the Commonwealth has identified priority projects or priority policy goals to award a higher amount of subsidy generally through offering lower interest rates or 0%. The following loan programs work to further various program or state goals by providing a higher rate of subsidy.

0% Interest Interim Loans

Through the Trust's interim loan program, funds are available to projects throughout the year to provide construction financing, similar to a bond anticipation note. Borrowers can enter into a short-term loan with the Trust that enables projects to proceed prior to a Trust bond sale. The Trust can operate this program by extending the use of funds that have revolved back from loan repayments along with its state and federal grants (SRF Program Funds) as a source of capital. To make Trust financing even more appealing to borrowers, the Board of Trustees removed the interim loan interest rate and any associated fees. This change to the program makes interim loans from the Trust the least expensive way for local communities to access capital during construction. During fiscal years 2023 and 2022, the Trust disbursed the following amounts for projects to borrowers through program project funds and interim loans.

Program Disbursements	Fiscal Year 2023	Number of Projects	Fiscal Year 2022	Number of Projects
Interim Loan	\$389,353,990	165	\$284,850,571	128
Program Project Fund	60,188,893	76	54,673,153	60
Total Program Disbursements	\$449,542,883	241	\$339,523,724	188

0% Interest Rate Nutrient Enrichment Reduction Loans

This loan program is for CWSRF loans. Due to Massachusetts' geographic location and population distribution, many communities are coastal or on rivers that flow into saltwater bodies. This leads to wastewater pollution and additional nitrogen being deposited into saltwater areas. An increase in nitrogen in affected saltwater bodies can create algae blooms which negatively affect animal habitats, cause fish kills and a reduction in shellfish. The decrease in water quality is both an environmental and economic issue for coastal communities. This 0% interest rate loan program helps further incentivize communities to move forward with these projects by providing access to low-cost financing.

0.50% Housing Choice Community Loan Reduction

The Commonwealth has focused on creating affordable housing throughout the state. The Trust has joined other state agencies in providing incentives to communities to participate in the Housing Choice Initiative by providing a 0.50% interest rate reduction to both CWSRF and DWSRF loans. Loans cannot have less than 0% interest rate. The Commonwealth's goal is to produce 135,000 new housing units statewide by 2025.

0% Interest Rate PFAS Remediation Loans

In SFY 2020, the Board of Trustees approved a 0% interest rate loan program for projects that remediate per- and polyfluoroalkyl substances (PFAS) in public water supplies. PFAS are a family of chemicals widely used to manufacture common consumer goods and can be found in some legacy firefighting foams. Adverse health effects in humans exposed to elevated levels of PFAS may include hepatic, cardiovascular, endocrine, immune, reproductive, and developmental effects. These CWSRF and DWSRF loans help communities that have identified PFAS in their water to complete the remediation projects that are vital to providing clean drinking water to residents.

ADDITIONAL SUBSIDY

During SFY 2023, the Trust committed \$117.4 million in loan forgiveness to 45 projects with costs totaling \$690.9 million, equating to an average of 17% loan forgiveness per project. The Trust accomplished this by being able to award two types of loan forgiveness to projects on the calendar year 2021 Intended Use Plan (IUP). The first type of funding is ARPA funding which was applied by project type to all 2021 projects. The second type of loan forgiveness was mandated by the federal grants and designated for Disadvantaged Communities. ARPA loan forgiveness and Disadvantaged Community loan forgiveness are voted and approved at the same time.

American Rescue Plan Act Funding (ARPA)

In December 2021, the Trust received \$86.8 million in American Rescue Plan Act (ARPA) funding from the Massachusetts State Legislature through Chapter 102 of the Acts of 2021. In November 2022, the Trust received an additional \$115.0 million in ARPA funding from the Act Relating to Economic Growth and Relief for the Commonwealth. With these funds, the Trust disbursed \$87.4 million of ARPA funds to Communities in fiscal year 2023.

Disadvantaged Community Loan Forgiveness

Additional subsidy in the form of loan forgiveness is dedicated to communities that would not otherwise be able to afford projects. Loan forgiveness reduces the total principal cost and interest costs paid over the life of a loan. The Trust chooses to apply all subsidy funds to communities that are deemed Disadvantaged Communities. The Trust uses the methodology detailed below to identify Disadvantaged Communities, as outlined by the Water Resources Reform and Development Act (WRRDA) of 2014 for the CWSRF, and the America's Water Infrastructure Act of 2018 (AWIA) for the DWSRF. The Trust's formula considers the per capita income, population trend from 2010-2020 and the employment rate for each municipality to develop an adjusted per capita income (APCI). Each municipality is then ranked against the State's APCI. Communities that fall below the State APCI are sorted into three tiers.

The table below shows how the tiers are designated and the corresponding loan forgiveness percentage by program.

Disadvantaged Community Tier Designation		Loan Forgiveness Percentage	
		CWSRF	DWSRF
Tier 1	APCI equal to or more than 80% of the State APCI, but less than 100% of the State APCI	3.3%	6.6%
Tier 2	APCI equal to or more than 60% of the State APCI, but less than 80% of the State APCI	6.6%	13.2%
Tier 3	APCI less than 60% of the State APCI	9.9%	19.8%

GRANT AND INCENTIVE PROGRAMS

Asset Management Planning (AMP) Grant Program

Asset Management Planning for water, wastewater, and stormwater utilities is a systematic approach to physical infrastructure cataloging, process management and criticality tracking that allows the utility to make informed financial decisions that are most likely to achieve long-term sustainability and deliver consistent cost-efficient service.

The Trust launched its AMP grant program in 2019, providing \$1.9 million in grant funding, each subsequent year produced expanded interest in the program and the Trust's Board authorized increased funding to meet the demand. The purpose of this grant program is to assist eligible applicants with completing, updating, or implementing an asset management program for wastewater, drinking water, stormwater utilities or any combination of the three. Finally, the program is aimed at assisting applicants with meeting federally required Fiscal Sustainability Planning. Program eligibility was expanded in 2022 to include cybersecurity assessments.

Lead Service Line (LSL) Planning Program

Two newly developed programs provide grant funds or direct technical assistance to communities to create LSL inventories and LSL replacement programs. This program provides grants to communities for LSL identification and removal planning projects to assist public water suppliers (PWSs) to comply with Lead and Copper Rule Revisions (LCRRs). LCRRs require all PWSs to complete a full inventory of service lines connected to its distribution system, regardless of if they are owned or controlled by the water system by October 16, 2024.

The Trust is utilizing DWSRF LSL grant funds to provide grants to communities designated as Disadvantaged Communities, and the Trust will use remaining Water Infrastructure Funding Transfer Act (WIFTA) to provide grants to

non-disadvantaged communities. In SFY 2023, the Trust committed to 64 projects providing nearly \$15 million in grants. 48 of these projects, accounting for nearly \$11.2 million or 80% of grant funds, went to Disadvantaged Communities.

School Water Improvement Grants (SWIG) Program

On January 8, 2020, the Trust's Board of Trustees approved the pilot round of the SWIG program. The goal of the SWIG program is to reduce lead in school drinking water to the lowest levels possible by incentivizing public and private schools, early education facilities and non-residential daycares to test their drinking water fixtures then remediate any lead exceedances that are detected. It accomplishes this by providing funds to purchase and install point-of-use filtered water bottle filling stations to replace drinking water fixtures that tested above the remediation lead action level of 1 part per billion.

SWIG provides \$3,000 per fixture that tests positive for lead that is eligible to be replaced. The funding covers the purchase of bottle filling stations, installation, and post installation testing of the units. It allows the organization to use the remaining funds for future operation and maintenance costs. SWIG was launched in concert with MassDEP's expanded version of the Assistance Program for Lead Testing in School Drinking Water using funds from the EPA's Lead Testing in School and Child Care Program Drinking Water Grant.

Private School Sampling

In April 2022, the Trust's Board of Trustees voted to reserve \$400,000 to fund sampling and testing in private schools throughout the Commonwealth. These funds are to be used to offer free technical assistance and sampling to facilities that were originally not included in the previous and current free water sampling programs. With this investment, the Commonwealth has shown its commitment to ensuring safe drinking water in facilities that serve those most at risk of health problems from consuming lead in drinking water.

TRUST'S FINANCING MODEL

Leveraged Financing Model

The SRF loan program receives funding from the EPA in the form of annual grants, supplemented by state matching funds and the repayment of funds from borrowers. The Trust's SRF loan program utilizes a "leveraged financing model" which allows the Trust to provide funding in excess of the federal grants and state matching funds. Bonds are issued in the capital markets and are secured by loans or, in some instances, reserves funded by SRF Program Funds. The proceeds from bonds are used to provide capital to finance loans to local cities, towns, and other eligible borrowers for project costs.

The leveraged structure of the Trust's program permits the Trust to substantially increase the amount available to finance eligible project costs across the Commonwealth. Each dollar of federal grant and associated state matching funds contributed to the program results in at least three dollars of project cost financing while assuring the perpetual nature of the revolving fund.

The Trust's lending and bond issuance programs are structured to ensure adequate cash flows for financing its loans and repaying bonds to maturity. Depending on the type of projects being financed, the terms of the loans to borrowers, and the subsidy levels to which the borrowers are entitled, the Trust applies its SRF Program Funds to finance either direct loans to borrowers or invest in reserve funds. Direct loans and reserve funds are then pledged as a source of payment and security for the SRF Bonds.

SRF Bonds: Sources of Repayment

The sources of repayment for the Trust's SRF Bonds are made from loan repayments from borrowers, subsidy payments provided by the Commonwealth in the form of contract assistance, and interest earnings on debt service reserve funds pledged to secure such bonds.

Borrower Repayments

Each borrower is obligated to repay the principal amount of its loan at a subsidized interest rate of 2% or less. Those with extended term financing, greater than 20 years, receive a subsidized interest rate that is the general equivalent of 2%. Series 24 which closed December 2022, had a subsidized interest rate of 2.2% for extended term financing loans.

Commonwealth Contract Assistance Payments

The Commonwealth makes assistance payments for borrowers by paying a portion of debt service on the related series of the Trust's SRF Bonds, and by augmenting annual additional subsidy in the form of loan forgiveness. This reduces the borrower's overall loan repayment obligation.

Commonwealth contract assistance for interest rate reduction pays the difference between the market rate of the bonds and the subsidized interest rate on the loans of 2% or less. The obligation of the Commonwealth to make such payments to the Trust is a general obligation of the Commonwealth, for which its full faith and credit are pledged. Contract assistance is appropriated annually in the Commonwealth's operating budget.

Debt Service Reserve Funds

In the past, the Trust has pledged a portion of its SRF program funds to establish debt service reserve funds to secure a series of its SRF Bonds. The investment earnings from these reserve funds are used to pay a portion of the debt service on the related SRF Bonds while the fund balances are available as additional security and recycled back to the SRF Program Fund after debt service obligations have been met.

Pledged Loans

The Trust uses its SRF Program Funds rather than bond proceeds to finance certain loans to borrowers. These loans are pledged as additional security to SRF Bonds. As the loans are repaid, the interest payments on those loans are applied to debt service on the bonds, thus providing the borrowers' interest rate subsidy. Since 2012, the Trust has used the pledged loan approach. As of June 30, 2023, the Trust has \$710.9 million in pledged direct loans outstanding.

Deallocation of Funds

As the Trust makes principal payments on its SRF Bonds the amount of its program assets pledged to the bonds are reduced proportionately, or deallocated, according to each bonds' scheduled cash flows. These released funds are available to cure borrower payment defaults, if any. If not needed to cure a default, the deallocated funds are released to the program equity funds and are then available to be disbursed to new loans, thus assuring the perpetual nature of the revolving fund.

LONG-TERM FINANCIAL PLANNING

Relative to its long-term financial position, one of the most important issues facing the Trust is the status of future federal support for the CWSRF and DWSRF. It is the policy of the Trust to allow MassDEP to approve projects only to the Trust's lending capacity.

As previously mentioned, BIL provides a historic investment in water infrastructure by creating five new SRF specific grants that will be available each federal fiscal year beginning with 2022 through 2026. However, the SRF base grants have been significantly reduced in federal fiscal years 2022 and 2023. Decreases are expected to continue. To the extent these base grants do not return to their pre-BIL levels prior to the ending of the BIL funds, the Trust's ability to maintain or increase its lending activities will be limited without additional state support or increased contribution from the borrowers. While this does not affect the financial health of the Trust, it will affect the programs administered by the Trust.

The Trust's financial capacity is adequate to fund those projects currently approved by MassDEP, however, future growth in capacity of the Trust is dependent on federal appropriations to the State Revolving Fund programs, shown on the Trust's Financial Statements, footnote (6), as "Capitalization Grants." Additionally, because MassDEP's program administration is funded in part through a 4% administrative charge on federal grants, a reduction in federal grants would result in decreased funding for MassDEP. For the Trust's programs to continue, funding would need to be provided to MassDEP either by the Commonwealth or additional funding from the Trust's administrative fees.

ECONOMIC FACTORS AFFECTING THE TRUST

As a result of the Trust's highly structured approach to lending and bonding, the finances of the Trust have not been dramatically affected by recent national economic uncertainty. Although there are many current credit pressures affecting our borrowers, primarily municipalities, the project loans financed, and related pledged loan repayments are primarily supported by water and sewer enterprise systems and their own user-fee or rate-based revenue. As such, they are somewhat removed from the general fiscal and expenditure pressures that can face a municipality. Furthermore, the Trust benefits from a sizeable and diversified pool of borrowers which makes it less affected by significant deterioration of any single borrower. As a result of the diversity of its loan portfolio, the size of its debt service reserve funds, and its support from the Commonwealth, the Trust's bonds are rated AAA by all three major credit agencies.

Demand for Trust loans is dependent on the Commonwealth's need for drinking water and wastewater infrastructure, which remains strong, and is expected to remain strong as communities work to meet tightening environmental standards while maintaining an aging infrastructure. The current rising interest rate environment should also increase the demand for below market rate loans being provided to the Trust's borrowers. Additionally, the Trust expects to continue to award additional subsidies to disadvantaged communities and continue to offer its grant and incentive programs as well as interest and fee free construction financing to its eligible borrowers.



Performance Indicator

The Trust continues to be a national leader among State Revolving Fund administrators. The following is the three-year ranking of program indicator data available and compiled by EPA.

Clean Water State Revolving Fund Performance Indicators*

Ranked by State for Fiscal Years 2020-2022

	2020	2021	2022*
Total Loan Assistance Provided (Millions of dollars)			
1 New York	\$ 17,763	1 New York \$ 18,650	1 New York \$ 19,504
2 California	11,833	2 California 12,150	2 California 14,223
3 Ohio	9,875	3 Ohio 10,596	3 Ohio 11,405
4 Texas	8,732	4 Texas 9,093	4 Texas 9,470
5 Massachusetts	6,641	5 Massachusetts 6,899	5 Massachusetts 7,336
National average:	2,852	National average: 3,012	National average: 3,201
SRF Assistance Provided as a Percent of Federal Capitalization Grants			
1 Rhode Island	593%	1 Rhode Island 573%	1 Rhode Island 576%
2 Arizona	495%	2 Arizona 486%	2 Iowa 514%
3 Connecticut	457%	3 Iowa 489%	3 Arizona 491%
4 Iowa	446%	4 Oklahoma 451%	4 Indiana 459%
5 Massachusetts	410%	5 Massachusetts 412%	5 Massachusetts 425%
National average:	311%	National average: 319%	National average: 329%
SRF Project Disbursements (Millions of dollars)			
1 New York	\$ 16,968	1 New York \$ 17,521	1 New York \$ 18,242
2 California	9,490	2 California 9,920	2 California 10,607
3 Texas	8,610	3 Ohio 9,162	3 Ohio 9,748
4 Ohio	8,592	4 Texas 8,971	4 Texas 9,348
5 Massachusetts	6,118	5 Massachusetts 6,276	5 Massachusetts 6,497
National average:	2,560	National average: 2,688	National average: 2,828
Total Loan Assistance Provided for Secondary Treatment Projects (Millions of dollars)			
1 New York	\$ 10,894	1 New York \$ 11,472	1 New York \$ 12,217
2 California	4,493	2 California 4,606	2 California 5,106
3 Ohio	2,755	3 Ohio 2,821	3 Ohio 3,045
4 Illinois	2,652	4 Illinois 2,768	4 Illinois 2,876
5 Massachusetts	1,903	5 Massachusetts 1,965	5 Massachusetts 2,140
National average:	967	National average: 1,007	National average: 1,066
Total Loan Assistance Provided for New Collector System Projects (Millions of dollars)			
1 Florida	\$ 940	1 Florida \$ 983	1 Florida \$ 996
2 Massachusetts	806	2 Massachusetts 828	2 Massachusetts 881
3 Pennsylvania	788	3 Pennsylvania 826	3 Pennsylvania 828
4 New York	707	4 New York 716	4 New York 742
5 Arizona	437	5 Ohio 465	5 Ohio 495
National average:	169	National average: 180	National average: 187
Total Loan Assistance Provided for Combined Sewer Overflow Projects (Millions of dollars)			
1 Ohio	\$ 2,958	1 Ohio \$ 3,305	1 Ohio \$ 3,595
2 New York	1,936	2 New York 2,004	2 Indiana 2,060
3 Michigan	1,890	3 Michigan 1,894	3 New York 2,030
4 Illinois	1,741	4 Indiana 1,870	4 Michigan 1,917
5 Massachusetts	1,480	5 Massachusetts 1,512	5 Massachusetts 1,604
National average:	308	National average: 390	National average: 348
Total Loan Assistance Provided for Storm Water Projects (Millions of dollars)			
1 New Jersey	\$ 400	1 New Jersey \$ 414	1 New Jersey \$ 414
2 New York	283	2 New York 293	2 Illinois 303
3 Florida	229	3 Illinois 247	3 New York 284
4 Illinois	225	4 Florida 243	4 Florida 259
5 Massachusetts	112	5 Massachusetts 112	5 Massachusetts 112
National average:	51	National average: 55	National average: 61

Source: Environmental Protection Agency, National Information Management System (NIMS)

* All amounts in table are cumulative from July 1, 1987, and represent the most available data published by EPA

Independent Audit

The Trust's independent auditors, Clifton Larson Allen LLP, have performed an independent audit of the Trust for the fiscal year ended June 30, 2023. The independent auditors' report is located at the front of the Financial Section of this report. The Trust prepares these financial statements and is responsible for the completeness and reliability of the information presented herein. To provide a reasonable basis for making these representations, the Trust has established an internal control framework that is designed to protect the Trust's assets from loss, theft, or misuse and to compile sufficiently reliable information for the preparation of the Trust's financial statements in conformity with GAAP. The Trust's framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatements.

Awards and Acknowledgments

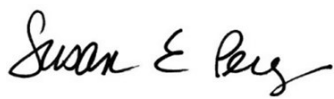
The Government Finance Officers Association (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the Trust for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2022. This was the twenty-sixth consecutive year that the Trust has achieved this prestigious citation. In order to be awarded a Certificate of Achievement, the Trust must publish an easily readable and efficiently organized ACFR that satisfies both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another citation.

The Massachusetts Clean Water Trust is a collaborative effort of the Massachusetts State Treasury, the Department of Environmental Protection, the Executive Office for Administration and Finance, and the U. S. Environmental Protection Agency. Without the hard work and strong support of the people in each of these agencies, the work of the Trust could not be accomplished. To them, we extend our deepest gratitude.

The preparation of this report would not have been possible without the hard work of the entire staff of the Massachusetts Clean Water Trust. We must also acknowledge the Chair and the Board of Trustees for the confidence they have put in us, the Governor and the Legislature, and the people of the Commonwealth of Massachusetts for their continued support.

Respectfully submitted,



Susan E. Perez
Executive Director

GOVERNANCE & ADMINISTRATION

Board of Trustees

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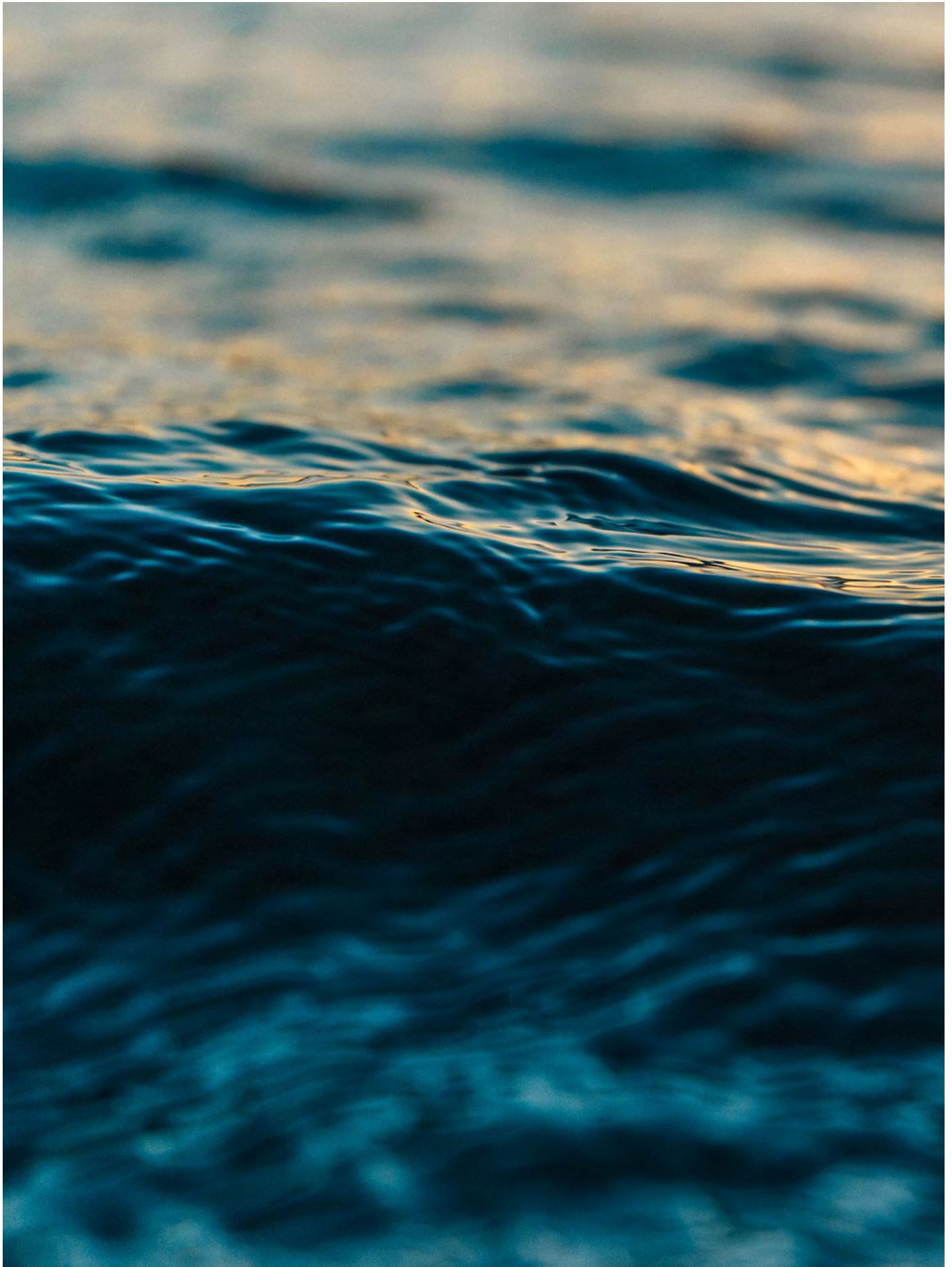
Massachusetts Clean Water Trust

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO





Massachusetts Clean Water Trust

A Component Unit of the Commonwealth of Massachusetts

II. Financial Section

Annual Comprehensive Financial Report as of and for the Years Ended June 30, 2023 and June 30, 2022 and
Independent Auditors' Report





INDEPENDENT AUDITORS' REPORT

Board of Trustees
Massachusetts Clean Water Trust
Boston, Massachusetts

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of the Massachusetts Clean Water Trust (the Trust), a component unit of the Commonwealth of Massachusetts, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Trust as of June 30, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits 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*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Trust and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 2 to the financial statements, the Trust restated beginning net position of the business-type activities as of July 1, 2021 for the change to the effective interest method of amortization. Our opinions were 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 control 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 Trust's ability to continue as a going concern for twelve months beyond the financial statement 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 auditors' 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 control. 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 control 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 Trust's internal control. 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 Trust'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 control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis 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 opinions on the financial statements that collectively comprise the Trust's basic financial statements. The combining financial statements and schedules 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 and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

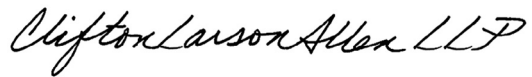
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Board of Trustees
Massachusetts Clean Water Trust

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2023, on our consideration of the Trust's internal control 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 control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Boston, Massachusetts
October 18, 2023

MASSACHUSETTS CLEAN WATER TRUST
(A Component Unit of the Commonwealth of Massachusetts)
Management's Discussion and Analysis – Required Supplementary Information
(Unaudited)
June 30, 2023 and 2022

Introduction

The Massachusetts Clean Water Trust (the Trust) is a public instrumentality of the Commonwealth of Massachusetts (the Commonwealth), created by Chapter 275 of the Acts of 1989 and is governed by Chapter 29C of the Massachusetts General Laws. Pursuant to an Operating Agreements between the United States Environmental Protection Agency (EPA), the Massachusetts Department of Environmental Protection (MassDEP), and the Trust, the Trust administers the Commonwealth's Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) programs.

The Trust is administered by a three-member board of trustees that is chaired by the Treasurer of the Commonwealth. The Secretary of the Executive Office for Administration and Finance and the Commissioner of MassDEP serve as trustees. The Board of Trustees approves all financial commitments and program decisions during monthly meetings. Meeting agendas, minutes and other board materials can be found on the Trust's website.

The Trust, in collaboration with the Massachusetts Department of Environmental Protection (MassDEP), helps communities build or replace water quality infrastructure that enhances ground and surface water resources, ensures the safety of drinking water, protects public health, and develops resilient communities.

It accomplishes these objectives by providing low-interest loans and grants to cities, towns, and water utilities through the Massachusetts State Revolving Funds (SRFs). The SRF programs are partnerships between the EPA and the Commonwealth of Massachusetts. SRFs function like an environmental infrastructure bank by financing water infrastructure projects in cities and towns across the Commonwealth.

The Trust and MassDEP administer the two SRF programs: the CWSRF established in 1987 under Title VI of the federal Clean Water Act, as amended from time to time, and the DWSRF established in 1996 under the federal Safe Drinking Water Act. The Trust manages the flow of funds to borrowers, while MassDEP evaluates projects, manages project development, and provides project oversight.

The Trust receives funding from the EPA in the form of annual capitalization grants, supplemented state matching funds and the repayment of loans (SRF Program Equity Funds). When loans to borrowers are paid back, the funds are then loaned out again, which is how the SRF programs "revolve". SRF Program Equity Funds are expected to be used for loans or to secure bonds through the Trust's SRF programs in perpetuity.

The Trust initially allocates SRF Program Equity Funds to make loans. The Trust's loan process for each SRF is guided by a list of projects the Trust commits to finance called the Intended Use Plan (IUP). MassDEP compiles the two IUPs annually. Project eligibility is determined by the Clean Water Act and the Safe Drinking Water Act for the CWSRF and DWSRF, respectively. Eligible borrowers are encouraged to apply for financing for eligible projects during an annual solicitation process. MassDEP engineers review detailed project specifications and rank them using an established set of criteria that measures the severity of the problem, the sensitivity of the environmental hazard, the public health risk, and the appropriateness of the proposed solution.

For CWSRF project selection, the program emphasizes watershed management priorities, stormwater management, green infrastructure, and encourages communities to undertake projects with meaningful water quality and public health benefits. For DWSRF project selection, the program emphasizes compliance with federal and state water requirements to protect the public health while addressing the Commonwealth's drinking

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water needs. Ultimately, MassDEP selects the highest priority projects and compiles the annual IUPs which establish the Commonwealth's priorities for the upcoming year.

The Trust provides each borrower a subsidized loan pursuant to a financing agreement between the Trust and the borrower. The Trust makes loans with terms up to thirty (30) years, but the loan term is limited by the expected useful life of the project being financed or refinanced. Twenty (20) year loans bear interest at a subsidized rate at or below 2% per annum set by statute and thirty (30) year loans bear a slightly higher interest rate. Borrowers deliver their own general or special obligation bond to the Trust referred to as a "local bond" in order to secure their respective loan repayment obligations.

The Safe Drinking Water Act and the Clean Water Act require states to develop affordability criteria to identify communities that are in need of additional subsidization to afford the costs of constructing needed water infrastructure projects. SRFs are required to provide a percentage of the annual DWSRF and CWSRF Federal Capitalization Grants as additional subsidy to these communities. The Trust provides this additional subsidization in the form of loan forgiveness and uses additional contract assistance from the Commonwealth to provide subsidy in excess of the amount funded by the DWSRF and CWSRF federal capitalization grants.

Overview of Financial Statements

The financial section of this report consists of the following parts: management's discussion and analysis (this section), the basic financial statements, and the notes to the financial statements. Except as otherwise specified, dollar amounts used herein are in thousands.

The Trust's financial statements are prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to a special purpose entity engaged solely in business-type activities. Under this method of accounting, an economic resources measurement focus, and an accrual basis of accounting are used. Revenue is recorded when earned, and expenses are recorded when incurred. The basic financial statements include statements of net position, statements of revenues, expenses, and changes in net position, and statements of cash flows. This report also includes notes accompanying the financial statements to fully explain the activities reported in them. Effective for the year ended June 30, 2021, the Trust implemented GASB Statement No. 84, Fiduciary Activities, which resulted in the reporting of fiduciary fund financial statements within the Trust's financial statements.

The statements of net position present information on the total assets and deferred outflows of resources, and total liabilities and deferred inflows of resources of the Trust. The difference between the two totals is net position. Over time, increases and decreases in net position may be an indicator of the strength or deterioration of the financial health of the Trust.

The statements of revenues, expenses, and changes in net position report the operating revenues and expenses and the nonoperating revenues and expenses of the Trust for the fiscal year. The difference – increase or decrease in net position – then determines the net change in net position for the fiscal year. This change in net position added to last year's net position will reconcile to the total net position for this fiscal year.

The statements of cash flows report activity of cash and cash equivalents during the fiscal year resulting from operating activities, noncapital financing activities, and investing activities. The net result of these activities is reconciled to the cash and cash equivalent balances reported at the end of the fiscal year. These statements are prepared using the direct method of presentation, which allows the reader to easily discern the amount of cash

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received from grantors, borrowers, and financial institutions, and how much cash was disbursed to borrowers, vendors, and bondholders.

The Trust's fiduciary activities are the collection or receipt, and the subsequent accounting, investment, and disposition by the Trust of cash in which other entities have an ownership and controlling interest. Fiduciary assets are for the benefit of organizations or other government entities that are not part of the financial reporting entity. Furthermore, the assets are not derived from the Trust's own source revenues nor are they assets of the Trust and are therefore not recognized on the Trust's statements of net position. Accordingly, this fiduciary activity is reported on a separate statements of fiduciary net position and statements of changes in fiduciary net position.

Condensed Financial Information and Financial Analysis

Condensed Statement of Net Position
(In thousands)

	June 30			Percentage change	
	2023	2022*	2021*	2023–2022	2022–2021
Cash and cash equivalents	\$ 1,315,598	968,958	1,058,177	35.8 %	(8.4)%
Investments	569,363	642,007	635,944	(11.3)	1.0
Project fund deposits	39,006	19,246	81,753	102.7	(76.5)
Grants receivable, EPA	226,165	40,965	40,983	452.1	—
Loans receivable	4,091,754	4,037,854	4,084,090	1.3	(1.1)
Accrued interest receivable	38,593	33,621	35,777	14.8	(6.0)
Other assets	3,028	4,339	1,354	(30.2)	—
Total assets	6,283,507	5,746,990	5,938,078	9.3	(3.2)
Deferred outflows of resources	5,279	14,781	22,038	(64.3)	(32.9)
Total assets and deferred outflows of resources	\$ 6,288,786	5,761,771	5,960,116	9.1 %	(3.3)%
Accrued expenses and interest payable	\$ 52,543	48,903	47,799	7.4 %	2.3 %
Unearned revenue	81,279	30,552	15,894	166.0	92.2
Loan commitments and project funds payable	35,982	17,475	79,746	105.9	(78.1)
Long-term debt	2,590,126	2,558,550	2,808,909	1.2	(8.9)
Other commitments	28,030	6,303	7,805	344.7	100.0
Total liabilities	2,787,960	2,661,783	2,960,153	4.7	(10.1)
Deferred inflows of resources	254	3,388	1,354	(92.5)	100.0
Total liabilities and deferred inflows of resources	\$ 2,788,214	2,665,171	2,961,507	4.6 %	(10.0)%
Net position:					
Restricted	\$ 2,779,169	2,503,197	2,277,366	11.0 %	9.9 %
Unrestricted	721,403	593,403	721,243	21.6	(17.7)
Total net position	\$ 3,500,572	3,096,600	2,998,609	13.0 %	3.3 %

*As restated - refer to note 2 to the financial statements

The Trust's net position as of June 30, 2023 increased \$403,972, or 13%, to \$3.5 billion from \$3.1 billion as of June 30, 2022. This increase reflects the receipt of the EPA federal grant in the amount of \$183,489 and

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associated state matching funds of \$21,327, as well as \$201,865 in American Rescue Plan Act (ARPA) funding awarded from the Commonwealth. Offsetting this increase was a net operating loss of \$2,709.

The Trust's net position as of June 30, 2022 increased \$97,991, or 3.3%, to \$3.1 billion from \$3.0 billion as of June 30, 2021. This increase reflects the receipt of \$79,709 in EPA federal grant funds as well as \$15,894 in associated state matching grant funds. Contributing to this increase was a net operating income of \$2,388.

Cash and Cash Equivalents

Cash and cash equivalents of \$1.3 billion increased \$346,640, or 36%, from \$969 million as of June 30, 2022. This increase reflects proceeds from the Trust's Series 24 Bonds issued in December 2022 that replenished SRF Program Equity Funds applied to fund the construction phase of water infrastructure projects in the amount of \$260,808. Also contributing to the increase was the previously mentioned \$201,865 of ARPA funds as well as \$46,950 of interest earnings. Offsetting these increases was the application of SRF Program Equity Funds to fund the construction phase of water infrastructure projects during fiscal 2023. For more information on the Trust's cash and cash equivalents refer to note 3 to the financial statements.

The Trust's cash and cash equivalents decreased \$89,219 to \$968,958 as of June 30, 2022 from \$1,058,177 as of June 30, 2021 primarily due to investments of the program equity funds into U.S. Treasuries and Agencies.

Summary of Investments
(In thousands)

	June 30			Percentage change	
	2023	2022	2021	2023-2022	2022-2021
Guaranteed Investment Contracts	\$ 196,260	247,223	292,736	(20.6)%	(15.5)%
U.S. Treasuries and Agencies	100,704	114,322	140,994	(11.9)	(18.9)
Total debt service reserve funds	296,964	361,545	433,730	(17.9)	(16.6)
Program equity fund investments	272,399	280,462	202,214	(2.9)	38.7
Total investments	\$ 569,363	642,007	635,944	(11.3)	1.0

Investments consist of debt service reserve funds (DSRFs) that were established as security for certain series of bonds issued by the Trust and investments of the SRF Program Equity funds. DSRFs totaled \$296,964 and \$361,545 as of June 30, 2023 and 2022, respectively. The decrease in DSRFs year over year reflects scheduled maturities that correspond to debt service principal payments. As the Trust makes principal payments on its SRF Bonds, the amount of the DSRFs is reduced proportionally. For more information on the Trust's investments refer to note 5 to the financial statements.

The Trust's investment balance increased slightly to \$642,007 as of June 30, 2022 from \$635,944 as of June 30, 2021 as scheduled maturities in the DSRFs were offset by increased investments of the program equity funds into U.S. Treasuries and Agencies.

EPA federal grant funds received in fiscal year 2023 include awards received from the Bipartisan Infrastructure Law (BIL), officially the Infrastructure Investment and Jobs Act of 2021, that was a historic investment in American infrastructure by the United States Congress and will have a substantial impact on Massachusetts. BIL created five new SRF specific grants that will be available each year beginning in FFY 2022 until FFY 2026. For more

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details on both the BIL grant awards received and the ARPA funds received, refer to note 6 to the financial statements.

Summary of Loan Receivable

(In thousands)

	June 30			Percentage change	
	2023	2022	2021	2023-2022	2022-2021
Interim loans	\$ 459,018	469,228	189,675	(2.2)	147.4
Loan forgiveness	(172,912)	(84,264)	(65,109)	105.2	29.4
Total net loan forgiveness	286,106	384,964	124,566	(25.7)	209.0
Permanently financed loans	3,805,648	3,652,890	3,959,524	4.2	(7.7)
Total loans receivable	\$ 4,091,754	4,037,854	4,084,090	1.3	(1.1)

The loan receivable balance of \$4.1 billion is comprised of interim loans and permanently financed loans. The Trust offers interim construction financing to communities at a zero percent interest rate with no fees. Interim loans are temporary loans provided by the Trust to eligible borrowers in accordance with a financing agreement for all or any part of the costs of a project in anticipation of a permanent financed loan. The interim loan receivable balance decreased slightly as the issuance of Series 24 Bonds in December 2022 that permanently financed \$379,766 of interim loans was mostly offset by new interim loan disbursements reflecting the strong demand for SRF water infrastructure project financing.

The Trust provides loan forgiveness to assist borrowers in their efforts to comply with water quality standards by making projects even more affordable. The significant increase in loan forgiveness reflects the additional subsidization made possible by the ARPA grant awards received from the Commonwealth.

Permanently financed loans, that is construction loans (interim loans) refinanced to permanent loans in repayment status, totaled \$3.8 billion as of June 30, 2023 and reflect \$471,156 refinanced loans offset by \$318,398 in loan repayments.

The Trust's permanently financed loans balance decreased \$306,634 to \$3.7 billion as of June 30, 2022 from \$4.0 billion as of June 30, 2021. The balance reflects loan repayments from borrowers made during fiscal year 2022. No loans were permanently financed during fiscal year 2022.

Year over year, the Trust's bonds payable increased slightly by \$31,576 to \$2.6 billion as of June 30, 2023. The balance reflects the issuance of Series 24 Bonds in December 2022 in the par amount of \$280,155 which was offset by the net impact of 2022 Refunding Bonds issued to refund outstanding Series 17A bonds along with \$219,785 in debt service payments made during fiscal year 2023.

The Trust's bonds payable decreased \$250,359 to \$2.6 billion as of June 30, 2022 from \$2.8 billion as of June 30, 2021. The balance reflects \$210,885 in debt service payments made during fiscal year 2022. There was no bond issuance during fiscal year 2022.

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(Unaudited)
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The following is a summary of bonds payable as of June 30, 2023, 2022 and 2021 (in thousands). More detailed information can be found in note 8 to the financial statements.

	Summary of Bonds Payable as of June 30,		
	2023	2022*	2021*
State Revolving Fund Revenue Bonds:			
Master Trust Agreement	\$ 1,387,735	1,160,150	1,212,205
Pool Loan Program	260,515	430,430	445,480
Single Obligor Bonds – MWRA	3,535	4,170	4,870
Subtotal revenue bonds	<u>1,651,785</u>	<u>1,594,750</u>	<u>1,662,555</u>
Subordinated Revenue Refunding Bonds:			
Master Trust Agreement	254,575	157,835	183,585
Pool Loan Program	440,820	562,950	680,280
Single Obligor Bonds – MWRA	3,845	3,845	3,845
Subtotal revenue refunding bonds	<u>699,240</u>	<u>724,630</u>	<u>867,710</u>
Total bonds	<u>2,351,025</u>	<u>2,319,380</u>	<u>2,530,265</u>
Add unamortized bond premium	<u>239,101</u>	<u>239,170</u>	<u>278,644</u>
Total bonds payable, net	<u>\$ 2,590,126</u>	<u>2,558,550</u>	<u>2,808,909</u>

*As restated - refer to note 2 to the financial statements

The Trust issues revenue bonds (SRF Bonds) in order to fund communities' projects under the CWSRF and DWSRF programs. The Trust uses a "leveraged model" to provide funding in excess of the federal and state grants received. SRF Bonds are issued in the capital markets and are secured by loans or reserves funded by SRF Program Equity Funds (pledged assets). The proceeds from the SRF Bonds are used to provide capital for new below market rate loans to borrowers for water infrastructure. The balance of the Trust's pledged assets as of June 30, 2023 is \$ 296,964 in reserve funds and \$ 715,539 in loans to borrowers. The SRF Bonds are payable from borrower loan repayments, reserve fund earnings and contract assistance payments made by the Commonwealth to the Trust on behalf of the borrowers.

The Trust entered into a Master Trust Agreement (MTA) to replace the older Program Resolution and to create a simpler security framework for the Trust's SRF Bonds. Prior to Series 18, the Trust issued bonds pursuant to the Trust's older Program Resolution and standalone bond resolutions to finance or refinance loans to several borrowers concurrently (Pool Loan Program Bonds) or to finance or refinance loans to a single borrower (Prior Single Obligor Bonds). The Prior Single Obligor Bonds were issued to provide loans to the following three obligors: (1) the Massachusetts Water Resources Authority (MWRA); (2) the South Essex Sewerage District (SESD); and (3) the City of New Bedford. As of June 30, 2023, and 2022, there are no longer Single Obligor Bonds outstanding for SESD or the City of New Bedford. The City of New Bedford, MWRA and SESD are also borrowers under the Trust's Pool Loan Program Bonds and the MTA Bonds.

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(Unaudited)
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A summary of the Trust's statements of revenues, expenses, and changes in net position is as follows.

Summary of Changes in Net Position
(In thousands)

	June 30			Percentage change	
	2023	2022*	2021*	2023–2022	2022–2021
Loan servicing fees	\$ 5,260	5,473	5,280	(3.9)%	3.7 %
Interest income	140,872	94,784	94,803	48.6	—
Net decrease in the fair value of investments	(10,843)	(25,130)	(7,887)	(56.9)	218.6
Contract assistance	63,383	63,383	63,383	—	—
Total operating revenues	198,672	138,510	155,579	43.4	(11.0)
DEP programmatic support costs	11,888	12,381	9,399	(4.0)	31.7
Loan forgiveness	105,111	32,542	37,353	223.0	(12.9)
General and administrative	3,905	1,876	3,318	108.2	(43.5)
Arbitrage rebate payments	—	886	4,240	(100.0)	(79.1)
Interest expense	80,477	88,437	88,843	(9.0)	(0.5)
Total operating expenses	201,381	136,122	143,153	47.9	(4.9)
Operating (loss) income	(2,709)	2,388	12,426	213.4	80.8
EPA capitalization grants	183,489	79,709	82,501	130.2	(3.4)
State matching grants	223,192	15,894	16,650	1,304.3	(4.5)
Total nonoperating revenues	406,681	95,603	99,151	325.4	(3.6)
Increase in net position	403,972	97,991	111,577	312.3	(12.2)
Net position, beginning of year, as restated	3,096,600	2,998,609	2,887,032	3.3	3.9
Net position, end of year	\$ 3,500,572	3,096,600	2,998,609	13.0 %	3.3 %

*As restated - refer to note 2 to the financial statements

Results of Operations

For fiscal year 2023, the Trust recorded an operating loss of (\$2,709) as compared to operating income of \$2,388 in fiscal year 2022. Excluding the net decrease in the fair value of investments of (\$10,843) in fiscal year 2023 and the net decrease in the fair value of investments of (\$25,130) for fiscal year 2022, the Trust recorded operating income of \$8,134 and \$27,518 for fiscal year 2023 and 2022, respectively. This (\$19,384) decrease in the Trust's operating income was primarily attributable to a \$72,569 increase in loan forgiveness provided to the Trust's borrowers because of the ARPA funds received from the Commonwealth, offset by a \$46,088 increase in interest income attributed to the increase in average monthly yield from 0.32% in fiscal year 2022 to 4.00% in fiscal year 2023 on the Trust's cash and cash equivalent investments.

For fiscal year 2022, the Trust recorded an operating income of \$2,388 as compared to operating income of \$12,426 in fiscal year 2021. Excluding the net decrease in the fair value of investments of (\$25,130) in fiscal year 2022 and the net decrease in the fair value of investments of (\$7,887) for fiscal year 2021, the Trust recorded operating income of \$27,518 and \$20,313 for fiscal year 2022 and 2021, respectively. This \$7,205 increase in the Trust's operating income was primarily attributable to a \$6,382 decrease in scheduled debt service payments

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(Unaudited)
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made on behalf of borrowers by Commonwealth contract assistance offset by an increase in additional subsidies provided on priority projects and other initiatives year over year.

A summary of the Trust's interest income is as follows:

Summary of Interest Income					
(In thousands)					
	June 30			Percentage change	
	2023	2022	2021	2023-2022	2022-2021
Cash & cash equivalents interest income	\$ 46,950	3,426	1,345	1,270.4 %	154.7 %
Investment income	23,291	20,002	21,637	16.4	(7.6)
Loan Interest income	66,699	67,079	67,461	(0.6)	(0.6)
BAB subsidy income	3,932	4,277	4,360	(8.1)	(1.9)
Total interest income	\$ 140,872	94,784	94,803	48.6 %	(0.0)%

The following table summarizes loan forgiveness disbursed during fiscal year 2023, 2022, and 2021. Refer to note 7 to the financial statements for more information on the Trust's loan forgiveness programs.

Summary of Loan Forgiveness					
(In thousands)					
	June 30			Percentage change	
	2023	2022	2021	2023-2022	2022-2021
SWIG grants ^(a)	\$ 723	-	954	100%	-100%
AMP grants ^(b)	1,855	1,180	1,247	57.2	(5.4)
LSL planning grants ^(c)	251	-	-	100.0	0.0
Affordability subsidies prior to 2021 IUP ^(a)	14,922	31,362	35,152	(52.4)	(10.8)
ARPA affordability and priority project subsidies 2021 IUP ^(a)	87,360	-	-	100.0	0.0
Total loan forgiveness	\$105,111	32,542	37,353	223.0%	-12.9%

^(a) Funded with Commonwealth grant funds including additional contract assistance payments and ARPA funds awarded in FY 2023.

^(b) Funded with Trust's program funds.

^(c) Funded with BIL Lead Service Line grant funds.

The Trust's operating income is reduced by the inclusion of expenses such as DEP programmatic support costs as well as loan forgiveness funded by the federal grant revenue and Commonwealth grant funds which are classified as nonoperating revenue. The Trust's operating income is positively impacted with the additional contract assistance payments received from the Commonwealth to provide loan forgiveness to borrowers for certain priority projects and or initiatives that are recorded as operating revenue when received; however, the operating expenses are recorded as funds are disbursed which occurs in subsequent fiscal years.

Nonoperating revenues from the EPA federal grants totaled \$183,489 for fiscal year 2023, representing the Trust's annual federal SRF base grants plus new federal grants including the BIL grants totaling \$86,350 for CWSRF, and \$97,139 DWSRF. Refer to note 6 to the financial statements for more information.

Nonoperating revenues from the EPA federal grants totaled \$79,709 for fiscal year 2022, representing the Trust's annual federal 2021 base capitalization grants for CWSRF, \$53,946, and DWSRF, \$25,763. Refer to note 6 to the financial statements for more information.

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Fiscal year 2023 nonoperating state revenue includes \$201,865 in Commonwealth ARPA revenue replacement awards in addition to nonoperating revenues from state matching grants totaling \$21,327, for fiscal year 2023 as compared to \$15,894 in fiscal year 2022. Refer to note 6 to the financial statements for more information.

Fiduciary Activity

Effective with the fiscal year ended June 30, 2021, the Trust implemented GASB Statement No. 84, Fiduciary Activities, which resulted in the reporting of fiduciary fund financial statements within the Trust's financial statements.

The Trust's fiduciary activities are the collection or receipt, and the subsequent accounting, investment, and disposition by the Trust of cash in which other entities have an ownership and controlling interest. Fiduciary assets are for the benefit of organizations or other government entities with which the Trust does not have direct financial involvement with. Furthermore, the assets are not derived from the Trust's own source revenues nor are they assets of the Trust and are therefore not recognized on the Trust's statements of net position.

Future Economic Factors

In August 2022, the Commonwealth enacted Chapter 140 of the Acts of 2022, *An Act Financing the General Governmental Infrastructure of the Commonwealth* providing for \$64 million in state matching funds for the Clean Water and Drinking Water State Revolving Fund programs. The Trust estimates this amount to be sufficient to meet its matching fund requirements through 2027.

In June 2023, the Commonwealth enacted Chapter 2 of the Acts of 2023, *An Act Making Appropriations for the Fiscal Year 2023 to Provide for Supplementing Certain Existing Appropriations for Certain Other Activities and Projects* providing for \$104 million in state matching funds for the Clean Water and Drinking Water State Revolving Fund programs included in the federal Infrastructure Investment and Jobs Act (IIJA) of 2021. The Trust estimates this amount to be sufficient to meet its matching fund requirements for all of its currently projected IIJA grant awards.

Requests for Information

This financial report is intended to provide an overview of the financial picture of the Massachusetts Clean Water Trust. Any further questions regarding any of the information contained within this report may be addressed via email to Sue Perez, Executive Director, sperez@tre.state.ma.us or Sally Peacock, Controller, speacock@tre.state.ma.us or mail to Massachusetts Clean Water Trust, 1 Center Plaza, Suite 430, Boston, MA 02108.

MASSACHUSETTS CLEAN WATER TRUST
(A Component Unit of the Commonwealth of Massachusetts)
Statements of Net Position

June 30, 2023 and 2022

(In thousands)

	2023	2022 Restated
Assets and deferred outflows of resources:		
Current assets:		
Cash and cash equivalents (note 3)	\$ 1,315,598	968,958
Short-term investments (note 5)	211,334	197,748
Project fund deposits (note 4)	39,006	19,246
Grants receivable - Environmental Protection Agency (note 6)	226,165	40,965
Loans receivable, net (note 7)	599,097	690,204
Accrued interest receivable	38,593	33,621
Total current assets	<u>2,429,793</u>	<u>1,950,742</u>
Noncurrent assets:		
Loans receivable, long-term (note 7)	3,492,657	3,347,650
Long-term investments (note 5)	358,029	444,259
Other assets (note 12)	3,028	4,339
Total noncurrent assets	<u>3,853,714</u>	<u>3,796,248</u>
Total assets	<u>6,283,507</u>	<u>5,746,990</u>
Deferred outflows of resources (note 8)	5,279	14,781
Total assets and deferred outflows of resources	<u>6,288,786</u>	<u>5,761,771</u>
Liabilities and deferred inflows of resources:		
Current liabilities:		
Accrued expenses and interest payable	52,543	48,903
Unearned revenue (note 6)	81,279	30,552
Loan commitments and project funds payable	35,982	17,475
Current portion long-term debt (note 8)	213,705	219,785
Other commitment (note 9)	28,030	6,303
Total current liabilities	<u>411,539</u>	<u>323,018</u>
Noncurrent liabilities:		
Long-term debt, net (note 8)	2,376,421	2,338,765
Total noncurrent liabilities	<u>2,376,421</u>	<u>2,338,765</u>
Total liabilities	<u>2,787,960</u>	<u>2,661,783</u>
Deferred inflows of resources (note 2)	254	3,388
Total liabilities and deferred inflows of resources	<u>2,788,214</u>	<u>2,665,171</u>
Net position:		
Restricted for program purposes (note 10)	2,779,169	2,503,197
Unrestricted (note 10)	721,403	593,403
Commitments (note 11)	—	—
Total net position	<u>\$ 3,500,572</u>	<u>3,096,600</u>

See accompanying notes to financial statements.

MASSACHUSETTS CLEAN WATER TRUST
(A Component Unit of the Commonwealth of Massachusetts)
Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2023 and 2022

(In thousands)

	2023	2022 Restated
Operating revenues:		
Loan servicing fees	\$ 5,260	5,473
Interest income	140,872	94,784
Net decrease in the fair value of investments	(10,843)	(25,130)
Contract assistance from Commonwealth of Massachusetts	63,383	63,383
Total operating revenues	<u>198,672</u>	<u>138,510</u>
Operating expenses:		
Commonwealth of Massachusetts:		
Department of Environmental Protection –		
programmatic support costs	11,888	12,381
Loan forgiveness	105,111	32,542
General and administrative	3,905	1,876
Arbitrage rebate payments	-	886
Interest expense	80,477	88,437
Total operating expenses	<u>201,381</u>	<u>136,122</u>
Operating income (loss)	<u>(2,709)</u>	<u>2,388</u>
Nonoperating revenue:		
Grant revenue:		
Environmental Protection Agency capitalization grants (note 6)	183,489	79,709
Commonwealth of Massachusetts grants (note 6)	223,192	15,894
Total nonoperating revenue	<u>406,681</u>	<u>95,603</u>
Increase in net position	403,972	97,991
Net position – beginning of year (as restated - note 2)	<u>3,096,600</u>	<u>2,998,609</u>
Net position – end of year	<u>\$ 3,500,572</u>	<u>3,096,600</u>

See accompanying notes to financial statements.

MASSACHUSETTS CLEAN WATER TRUST
(A Component Unit of the Commonwealth of Massachusetts)
Statements of Cash Flows

Years ended June 30, 2023 and 2022

(In thousands)

	2023	2022 Restated
Cash flows from operating activities:		
Other cash received from borrowers	\$ 5,260	5,473
Cash paid to vendors	<u>(16,897)</u>	<u>(14,674)</u>
Net cash used in operating activities	<u>(11,637)</u>	<u>(9,201)</u>
Cash flows from noncapital financing activities:		
Bond proceeds received	436,223	-
Bond proceeds used in debt refunding	(148,480)	-
Repayment of bonds	(210,500)	(210,885)
Interest paid	(105,543)	(115,299)
Proceeds from Environmental Protection Agency capitalization grants	60,756	79,727
Proceeds from Commonwealth of Massachusetts grants and awards	211,452	30,552
Proceeds received from Cape Cod and Islands Water Protection Fund (note 3)	<u>37,710</u>	<u>-</u>
Net cash provided by (used in) noncapital financing activities	<u>281,618</u>	<u>(215,905)</u>
Cash flows from investing activities:		
Loans and grants disbursed to recipients	(470,365)	(278,124)
Cash received from borrowers	288,995	283,989
Contract assistance received from the Commonwealth	63,383	63,383
Interest received	130,524	96,299
Purchases of investments	(2,730)	(102,099)
Sales/maturities of investments, net	<u>66,852</u>	<u>72,439</u>
Net cash provided by investing activities	<u>76,659</u>	<u>135,887</u>
Net increase in cash and cash equivalents	<u>346,640</u>	<u>(89,219)</u>
Cash and cash equivalents, beginning of year	968,958	1,058,177
Cash and cash equivalents, end of year	<u>\$ 1,315,598</u>	<u>968,958</u>
Reconciliation of operating income (loss) to net cash used in operating activities:		
Operating income (loss)	\$ (2,709)	2,388
Adjustments to reconcile operating income to net cash used in operating activities:		
Reclassification of:		
Interest income	(140,872)	(94,784)
Net decrease in the fair value of investments	10,843	25,130
Contract assistance from Commonwealth of Massachusetts	(63,383)	(63,383)
Interest expense	80,477	88,437
Loan forgiveness	105,111	32,542
Changes in operating assets and liabilities:		
Other assets and liabilities, net	<u>(1,104)</u>	<u>469</u>
Net cash used in operating activities	<u>\$ (11,637)</u>	<u>(9,201)</u>

See accompanying notes to financial statements.

MASSACHUSETTS CLEAN WATER TRUST
(A Component Unit of the Commonwealth of Massachusetts)
Statements of Fiduciary Net Position

Years ended June 30, 2023 and 2022

(In thousands)

	<u>2023</u>	<u>2022</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 10,822	27,785
Accrued receivables	<u>3,622</u>	<u>2,459</u>
Total assets	<u><u>14,444</u></u>	<u><u>30,244</u></u>
Net Position		
Net position restricted for other governments	14,444	30,244
Commitments (note 13)	<u>—</u>	<u>—</u>
Total net position	<u><u>\$ 14,444</u></u>	<u><u>30,244</u></u>

See accompanying notes to financial statements.

MASSACHUSETTS CLEAN WATER TRUST
(A Component Unit of the Commonwealth of Massachusetts)
Statements of Changes in Fiduciary Net Position

Years ended June 30, 2023 and 2022

(In thousands)

	<u>2023</u>	<u>2022</u>
Additions:		
Taxes collected	\$ 21,626	20,266
DSRRP loan repayment receipts	920	784
Interest income	1,649	101
Total additions	<u>24,195</u>	<u>21,151</u>
Deductions:		
Payment of subsidy for loan forgiveness	39,013	1,303
Fiduciary reimburseable costs	982	962
Total deductions	<u>39,995</u>	<u>2,265</u>
Increase in fiduciary net position	(15,800)	18,886
Net position – beginning of year	<u>30,244</u>	<u>11,358</u>
Net position – end of year	<u><u>\$ 14,444</u></u>	<u><u>30,244</u></u>

See accompanying notes to financial statements.

MASSACHUSETTS CLEAN WATER TRUST
(A Component Unit of the Commonwealth of Massachusetts)

Notes to Financial Statements

Years ended June 30, 2023 and 2022

(1) General

(a) Organization

The Massachusetts Clean Water Trust (the Trust) is a component unit of the Commonwealth of Massachusetts (the Commonwealth). The Trust was created by Chapter 275 of the Acts of 1989 and is governed by Chapter 29C of the Massachusetts General Laws. Pursuant to an Operating Agreements between the United States Environmental Protection Agency (EPA), the Massachusetts Department of Environmental Protection (MassDEP), and the Trust, the Trust administers the Commonwealth's Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) programs.

The Trust is administered by a three-member board of trustees that is chaired by the Treasurer of the Commonwealth. The Secretary of the Executive Office for Administration and Finance and the Commissioner of MassDEP serve as trustees. The Trust's Board of Trustees approves all financial commitments and program decisions during monthly meetings. Meeting agendas, minutes and other board materials can be found on the Trust's website, <https://www.mass.gov/orgs/the-massachusetts-clean-water-trust>.

(b) Description of Business

The Trust, in collaboration with the Massachusetts Department of Environmental Protection (MassDEP), helps communities build or replace water quality infrastructure that enhances ground and surface water resources, ensures the safety of drinking water, protects public health, and develops resilient communities.

It accomplishes these objectives by providing low-interest loans and grants to cities, towns, and water utilities through the Massachusetts State Revolving Funds (SRFs). The SRF programs are partnerships between the EPA and the Commonwealth of Massachusetts. SRFs function like an environmental infrastructure bank by financing water infrastructure projects in cities and towns across the Commonwealth.

The Trust and MassDEP administer the two SRFs, the CWSRF and the DWSRF. The Trust manages the flow of funds to borrowers while MassDEP manages the development and oversight of projects.

The Trust receives funding from the EPA in the form of annual grants, supplemented by state matching grants and the repayment of loans. When loans to local governments are repaid, the funds are then loaned out again, which is how the funds "revolve".

The Trust uses a "leveraged financing model" which allows the Trust to finance projects more than the funding from the federal and state grants. Bonds are issued in the capital markets and are secured by borrower repayments and reserve funds. The proceeds from the bonds provide capital for new below market rate loans to borrowers for water infrastructure. This model has allowed the Trust to finance approximately \$8.6 billion in water infrastructure projects from approximately \$3.1 billion in federal grants and state matching funds.

The Trust's loan process for each SRF is guided by an annual list of projects the Trust commits to finance called the Intended Use Plan (IUP). MassDEP compiles the two IUPs annually. Project eligibility is determined by the Clean Water Act and the Safe Drinking Water Act for the CWSRF and DWSRF, respectively. Eligible borrowers are encouraged to apply for financing for eligible projects during an annual solicitation process. MassDEP engineers review detailed project specifications and rank them using an established set of criteria that measures the severity of the problem, the sensitivity of the environmental hazard, the public health risk, and the appropriateness of the proposed solution.

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Years ended June 30, 2023 and 2022

For CWSRF projects, the program emphasizes watershed management priorities, stormwater management, green infrastructure, and encourages communities to undertake projects with meaningful water quality and public health benefits. DWSRF projects emphasize compliance with federal and state water requirements to protect public health while addressing the Commonwealth's drinking water needs. MassDEP selects the highest priority projects and compiles the annual IUPs which establish the Commonwealth's priorities for the upcoming year.

Total project grant funds received, both federal and state, less the amounts provided as loan forgiveness, are required to remain in the SRF program in perpetuity in support of the state revolving fund per the Clean Water Act and Safe Drinking Water Act. As a result, these funds are classified as restricted on the statements of net position.

(2) Summary of Significant Accounting Policies

The accounting policies of the Trust conform to U.S. generally accepted accounting principles (GAAP) as applicable to government enterprises. The following is a summary of the Trust's significant accounting policies.

(a) Basis of Presentation

The Trust's financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting as specified by the Governmental Accounting Standards Board's (GASB) requirements for a special purpose entity engaged solely in business-type activities. The more significant account policies are described below.

Effective with the fiscal year ended June 30, 2021, the Trust implemented GASB Statement No. 84, Fiduciary Activities, which resulted in the reporting of fiduciary fund financial statements within the Trust's financial statements.

(b) Revenue Recognition

Operating revenues, including interest income, are generated through the issuance of loans to local governments within the Commonwealth. Operating expenses include interest expense related to the Trust's outstanding debt as well as programmatic and administrative expenses.

Most of the Trust's loans are subsidized at a 2% rate of interest, as set by statute. However, the Trust has identified priority projects or priority policy goals to award a higher amount of subsidy generally through offering lower interest rates or a 0% interest rate. These initiatives include 0% interim construction financing, 0% nutrient enrichment reduction loans, 0% PFAS remediation loans, and 0.5% interest rate reduction for Housing Choice Communities. The subsidies used for interest rate reduction have been funded by the Commonwealth through annual contract assistance payments. The Commonwealth's agreement to provide contract assistance constitutes a general obligation of the Commonwealth for which its full faith and credit are pledged.

Recent legislative changes have allowed the Trust to identify priority projects and/or initiatives to offer additional subsidies that have been in the form of loan forgiveness or grants. Details of these additional subsidies can be found in note 7. The Trust funds these additional subsidies through additional contract assistance payments from the Commonwealth, federal grants and SRF program equity funds.

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Disbursements of funds related to these priority projects and/or initiatives are recorded as operating expenses, specifically loan forgiveness, when disbursed to borrowers.

Total contract assistance payments are subject to annual appropriation from the Commonwealth and are recorded as operating revenues upon receipt of funds from the Commonwealth and totaled \$63,383 for each fiscal year 2023 and 2022.

Funding from federal capitalization grants and state matching grants are recorded as nonoperating revenue. Federal capitalization revenue is recognized in accordance with funding availability schedules contained within the individual grant agreements. Revenue recognition associated with these grants is based on the standard principles of eligibility, including timing requirements.

(c) Cash and Cash Equivalents

The Trust's policy is to treat all highly liquid investments with original maturities of three months or less as cash and cash equivalents.

(d) Investments

The Trust's investment guidelines permit investment of funds in obligations of, or guaranteed by, the United States of America or the short-term external investment pool, the Massachusetts Municipal Depository Trust (MMDT), managed by the Commonwealth, as well as in time deposits, Guaranteed Investment Contracts (GICs), repurchase agreements, and other permitted investments such as qualified municipal obligations.

The Trust categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* defines a certain hierarchy of inputs to valuation techniques used to measure fair value. All the Trust's investments in U.S. Treasuries and Agencies are categorized as Level 2.

Inputs within Level 2 of the fair value hierarchy include inputs that are directly observable, these inputs are derived principally from or corroborated by observable market data through correlation or by other means. Investments in debt securities classified as Level 2 of the fair value hierarchy are valued using matrix pricing techniques, in accordance with market quotations or valuation methodologies from reliable financial industry services.

Under existing standards, several types of investments are not required to be reported at fair value. The investment in the MMDT cash portfolio (cash and cash equivalents) is valued at the share value of \$1.00 and carried at amortized cost. The short-term bond investment portfolio is carried at fair value. For purposes of risk categorization, MMDT shares are not categorized. The GICs are considered nonparticipating investment contracts and are also excluded from GASB Statement No. 72, *Fair Value Measurement and Application*. These investment values will continue to be measured in accordance with existing accounting standards and are recorded at contract value.

(e) Allowance for Uncollectible Amounts and Loan Forgiveness

The allowance for uncollectible accounts receivable is determined principally on the basis of past collection experience as well as consideration of current economic conditions. Receivables are reported at the gross amount and an allowance for doubtful accounts would be recognized for that portion of

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Years ended June 30, 2023 and 2022

receivables that is deemed uncollectible, based upon a review of outstanding receivables, historical collection information, and existing economic conditions and trends. Because of the absence of any delinquent loans, there is no provision for uncollectible amounts.

Loans are reported net of loan forgiveness expected to be provided upon project completion. The amount of loan forgiveness is determined by the Trust's Board of Trustees and is recorded on a first-in, first-out basis as disbursements are processed, up to the total amount of the loan forgiveness awarded to the individual loans. For more information, refer to note 7.

(f) Loan Origination Fees and Costs of Issuance

The Trust may charge loan origination fees from borrowers. If borrowers are charged, payments would be collected at the time of the first debt service payment. This origination fee revenue, if any, is recorded at the time of the bond closing which is when these fees are earned. Costs of issuance related to the bonds are recorded to general and administrative expenses when incurred.

(g) Risk Financing

The Trust is not insured for casualty, theft, tort claims, or other losses. No amounts have been accrued for such losses as they are not considered material. As discussed in note 1, all financial, management, and project oversight activities are provided by employees of the Office of the State Treasurer, MassDEP, and the Executive Office for Administration and Finance. These employees are covered under the Commonwealth's existing employee benefit programs. The cost of these programs is allocated to the Trust through a fringe benefit allocation. Costs in excess of this amount are borne by the Commonwealth. As a result, no liabilities for employee-related activities have been recorded by the Trust.

(h) Bond Premiums

Bond premiums, included in long-term debt, are amortized on the effective interest method, over the life of the associated bond issue. The Trust has restated its July 1, 2021 beginning net position of the business-type activities by \$112,753 to reflect the change in the amortization method of bond premiums from the straight-line method to the effective interest method. The change to the effective interest method of amortization also resulted in the restatement of deferred outflows of resources as of June 30, 2022 by a reduction of \$11,978; as well as the restatement of long-term debt as of June 30, 2022 by a reduction of \$130,498.

The restatements to the change in net position for the year ended June 30, 2022 are as follows:

	July 1, 2021, as Previously Reported	June 30, 2022, as Previously Reported	Restatement Adjustment	June 30, 2022, as Restated
Net Position, July 1, 2021	2,885,856	-	112,753	2,998,609
Interest Expense	-	94,204	(5,767)	88,437
Increase in Net Position	-	92,224	5,767	97,991
Net Position, June 30, 2022	-	2,978,080	118,520	3,096,600

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Notes to Financial Statements

Years ended June 30, 2023 and 2022

(i) Deferred Inflows and Outflows of Resources

The Trust accounts for certain transactions that result in the consumption or acquisition in one period that are applicable to future periods as deferred outflows and deferred inflows of resources, respectively, to distinguish them from assets and liabilities. At June 30, 2023 and 2022, the Trust reported deferred inflows of resources representing the payment due from JP Morgan, in the amounts of \$254 and \$3,388, respectively, for the positive valuation of its hedging derivative instruments in the accompanying financial statements. For more information refer to note 12. At June 30, 2023 and 2022, the Trust reported deferred outflows of resources related to the calculated difference between the reacquisition price and the net carrying amount of refunded bonds of \$5,279 and \$14,781, respectively. For more information refer to note 8.

(j) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(k) Reclassifications

Certain amounts in the statements of net position for the year ended June 30, 2022 have been reclassified to conform with the June 30, 2023 presentation.

(3) Cash and Cash Equivalents

Cash and cash equivalents for the years ended June 30, 2023 and 2022 are as follows.

	<u>2023</u>	<u>2022</u>
Program equity funds	\$ 900,328	732,184
Other restricted funds	329,661	155,043
State match funds	31,805	32,397
Administrative funds	26,247	29,048
Debt service funds	12,078	8,922
Revenue funds	9,442	6,549
Rebate funds	5,075	4,113
Other cash funds	<u>962</u>	<u>702</u>
Total cash and cash equivalents	\$ <u>1,315,598</u>	<u>968,958</u>

SRF Program Equity Funds. The Trust receives funding from the EPA in the form of annual grants, supplemented by state matching funds and the repayment of loans from borrowers (SRF Program Equity Funds). When loans to local governments are paid back, the funds are then loaned out again, which is how the SRF programs “revolve”. Use of these funds are governed by the Clean Water Act and Safe Drinking Water Act and are required to be kept in perpetuity in support of the SRF. These funds are also derived from

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Years ended June 30, 2023 and 2022

interest earnings on investments or deposits of amounts held in the program equity accounts; proportional amounts released from the pledged assets available because of loan repayments in accordance with the provisions specified in the applicable bond resolutions; amounts derived from financing activities of the Trust; and other amounts appropriated to the Trust by the Commonwealth for purposes of the SRF programs.

The Trust initially allocates SRF Program Equity Funds to make loans. On December 14, 2022, the Trust issued Series 24A Green Bonds and Series 24B Sustainability Bonds (Series 24 Bonds) in the par amount of \$137,095 and \$143,060, respectively. Total proceeds of \$315,655 from the sale of the Series 24 Bonds replenished SRF Program Equity Funds used to fund the construction phase of financed projects in the amount of \$260,808 with the remaining proceeds deposited to project funds for the remaining project costs.

Other Restricted Funds. Recent legislative changes have allowed the Trust to identify priority projects and/or initiatives to provide additional subsidy. The Trust provides additional subsidies in the form of loan forgiveness. The balances in these funds reflect the committed and unexpended or unallocated balance as of June 30, 2023 and 2022. These priority projects and initiatives include the following.

Other Restricted Funds			
<i>(In thousands)</i>			
June 30			
		FY 2023	FY 2022
ARPA Funds	\$	116,631	-
CCIWPF Subsidy Fund		28,030	6,303
Additional Contract Assistance		145,256	109,847
WIFTA Funds		31,110	30,098
AMP Funds		3,846	2,391
SWIG Funds		2,769	3,337
Other Restricted Cash Funds ^(a)		2,019	3,067
Total Restricted Cash Funds	\$	329,661	155,043

(a) Funds represent remaining funds committed to 2019 and 2020 IUP projects for loan forgiveness. Funds will be disbursed as project cost reimbursements are requested from the communities.

ARPA Funds. In December 2021, the Trust was awarded \$86,865 in American Rescue Plan Act (ARPA) funding from the Massachusetts Legislature through Chapter 102 of the Acts of 2021. In November 2022, the Trust was awarded an additional \$115,000 in ARPA funding from the Act Relating to Economic Growth and Relief for the Commonwealth. Actual funds were received by the Trust in fiscal year 2023. For more information refer to note 7.

Cape Cod and Islands Water Protection Subsidy Fund (CCIWPF). The CCIWPF was started by a recommendation from the update to the 208 Plan funded by the Trust and developed by the Cape Cod Commission to address nitrogen flowing into watersheds on Cape Cod. The CCIWPF is a mechanism to raise revenue from tourism on Cape Cod and dedicate the funds to wastewater infrastructure projects financed by the Trust. It was created pursuant to Chapter 337 of the Acts of 2018 "Act Regulating and Insuring Short-Term Rentals". The legislation added an optional 2.75% local excise tax on traditional lodging and short-term rentals for communities on Cape Cod and Islands. This excise tax is collected by Massachusetts Department of Revenue and may only be collected by communities participating in the CCIWPF and may only be deposited to the fund managed by the CCIWPF Management Board. The Board is comprised of representatives from each Cape Cod community. The Trust acts as custodian for

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this fund and moves funds at the direction of the Board. The table below depicts the activity in this fund for fiscal years 2023 and 2022. More information regarding the fiduciary activities of this fund can be found in note 13.

CCIWPF Subsidy Fund		
<i>(In thousands)</i>		
June 30		
	FY 2023	FY 2022
Beginning balance	\$ 6,303	7,805
Funds deposited	37,710	-
Funds disbursed	(15,983)	(1,502)
Ending balance	<u>\$ 28,030</u>	<u>6,303</u>

Additional Contract Assistance. The Commonwealth and the Trust have entered into a contract pursuant to which the Commonwealth has committed to provide contract assistance payments to the Trust to reduce the borrowers' debt service obligations to the Trust. Additionally, recent legislative changes have allowed the Trust to identify priority projects and/or initiatives to provide borrowers with a higher rate of subsidy with the use of additional contract assistance over and above the contractual amount required for debt service. For more information refer to note 7 for details of additional subsidy initiatives. Annual appropriations are made each year by the Commonwealth to fund the Trust's contract assistance. This amount has been consistently \$63,383. The balance in this fund represents amounts intended to be used for future years' priority projects and initiatives that will provide borrowers with additional subsidies that will reduce their overall project costs for water infrastructure projects.

Water Infrastructure Funding Transfer Act (WIFTA) Funds. On October 1, 2020, the Trust made a permanent transfer of funds from the CWSRF program equity fund to the DWSRF program equity fund in the amount of \$30,000 pursuant to WIFTA for the remediation of lead service lines. Originally, these funds were required to be committed within three years. In August 2023, EPA granted the Trust an extension of three years to align the use of these funds with the new Bipartisan Infrastructure Law Lead Service Line (LSL) grants. The LSL grants conditions require 49% of the total grant funds to be provided as loan forgiveness to disadvantaged communities. In order to assist all communities in remediating lead service lines, the Trust will utilize these WIFTA funds to provide loan forgiveness to non-disadvantaged communities. For more information refer to notes 6 and 7.

Asset Management Planning (AMP) Grant Funds. The Trust launched its AMP grant program in 2019. Refer to note 7 for more information on this program. The Trust's Board authorizes use of its SRF Program Equity Funds for eligible applicants for this program. Upon authorization, these funds are restricted and disbursed to the eligible applicants pursuant to disbursement requests.

School Water Improvement Grant (SWIG) Program Funds. The Trust launched its SWIG program in 2020. Refer to note 7 for more information on this program. The Trust's received \$5,000 from the Commonwealth Legislature pursuant to Chapter 142 of the Acts of 2019.

State Match Funds. The Trust receives state matching funds from the Commonwealth's capital budget. The Trust is required to obtain the matching grant prior to receiving its federal annual grants. The Bipartisan Infrastructure Law (BIL) signed into law on November 15, 2021, provided a significant investment in the water

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sector. The BIL appropriated \$55 billion to EPA to improve drinking water and wastewater infrastructure. Most of the water infrastructure dollars will flow through the DWSRF and CWSRF. The BIL appropriation for federal fiscal years 2022 through 2026 will represent a substantial increase over regular annual appropriations to this program. For more information refer to note 6 for the Trust's EPA grant awards and the respective state match requirements.

The state match fund balance as of June 30, 2023, includes the FFY 2023 required state match for the 2022 base SRF grants totaling \$7,214, the FFY 2023 required state match for the 2022 Supplemental BIL grants totaling \$11,598, the unspent state match on the 2021 CWSRF base grant of \$6,043, the unspent state match on the 2021 DWSRF Supplemental BIL grant of \$4,175, the unspent state match on the 2020 DW ESWIG grant of \$749, the state cost share on the Sewer Overflow and Stormwater program for federal fiscal years 2020 and 2021 totaling \$436, plus \$1,590 in accumulated interest earnings.

The state match fund balance as of June 30, 2022, includes the FFY 2022 required state match amounts totaling \$21,327, the \$749 state match for the 2020 ESWIG grant as well as a \$9,225 reserve for FFY 2023 state matching funds and \$1,096 in accumulated interest earnings. For more information refer to note 6 for the details by grant.

Administrative Funds. Annual loan servicing fees equal to 0.15% of outstanding loan principal charged pursuant to financing agreements as well as origination fees, if any, and any other amount received by the Trust for such purposes are used to fund the administrative costs of the Trust. The Trust utilized these funds to pay for the costs of issuance associated with its Series 24 and 2022 Refunding bond issuance rather than charging borrowers origination fees.

Revenue Funds. Program revenues including borrower repayments, pledged assets earnings and contract assistance are deposited to this fund and are restricted or committed for specific purposes including the payment of debt service on February 1 or August 1. Borrower repayments are due to the Trust by January 15 and July 15. Contract assistance is typically received by mid-January and mid-July.

Rebate Funds. The Trust sets aside certain amounts of its revenue funds collected to pay arbitrage rebate liabilities to the United States Treasury when due. Arbitrage rebate filings are due on the fifth anniversary of the respective bond issuance dates and every five years thereafter until bonds are matured and/or no longer outstanding.

Debt Service Funds. These funds accumulate the amounts required to pay principal and interest due on debt service payment dates. The balance on June 30, 2023 and June 30, 2022 primarily reflects principal maturities and related accrued interest payments related to U.S. Treasury and Agencies debt service reserve fund investments received prior to the respective August debt service payment dates.

Cash and cash equivalents include investments in MMDT. The Office of the Treasurer and Receiver-General (Treasury) manages MMDT, the Commonwealth's short-term external mixed investment pool. MMDT is comprised of two portfolios, a Cash Portfolio and a Short-term Bond Portfolio. The Cash Portfolio is a money market like investment pool; its investments are carried at amortized cost, which approximates fair value. The investment in MMDT is valued at the share value of \$1.00 and carried at amortized cost.

Investors in MMDT are not allowed to overdraw their shares. For a complete copy of MMDT's separately issued financial statements, please contact the Office of the State Treasurer's Cash Management

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Department, at (617) 367-9333 or download the statements from the Cash Management Section of the Office of the State Treasurer's Web site at www.mass.gov/treasury. For purposes of risk categorization, MMDT shares are not categorized.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Trust's deposits may not be returned to it. Cash balances represent amounts held in bank depository accounts that may be subject to custodial credit risk. The Trust had no significant amount of cash on deposit with banks subject to custodial credit risk on June 30, 2023 and 2022.

MMDT interest is paid monthly. June interest is recorded July 1. On June 30, 2023 and 2022 accrued interest receivable for MMDT cash accounts totaled \$5,520, and \$1,066, respectively. The Trust recognized \$46,950 and \$3,426 of interest income from MMDT cash accounts for fiscal year 2023 and 2022, respectively. The increase in interest income reflects the higher average yield on MMDT funds in fiscal 2023 of 4.00% compared to 0.38% in fiscal 2022.

(4) Project Fund Deposits

Project fund deposits were \$39,006 and \$19,246 as of June 30, 2023 and 2022, respectively. The increase reflects \$91,390 of project fund deposits made in conjunction with the Series 24 Bond sale in December 2022 and \$1,780 in interest earnings; which were offset by \$60,189 project cost disbursements and \$13,221 of unexpended project fund deposits reallocated during FY2023. The project fund deposits are held by the Trustee and disbursed in accordance with executed loan agreements. Project fund deposits are invested as part of the MMDT Cash Portfolio. MMDT interest is paid monthly. June interest is recorded July 1. On June 30, 2023 and 2022 accrued interest receivable for project fund deposits totaled \$175 thousand, and \$22 thousand, respectively. The Trust recognized \$1,920 and \$87 thousand of interest income from MMDT project fund deposits for fiscal year 2023 and 2022, respectively. The increase in interest income reflects the higher average yield on MMDT funds in fiscal 2023 of 4.00% compared to 0.38% in fiscal 2022.

Project fund deposits are disbursed to borrowers for eligible project costs as needed. These funds are restricted and are to be disbursed solely for the applicable project costs associated with the applicable loan financing agreement. When all project costs have been paid, any amounts remaining unexpended in the project fund deposits will normally be applied to the repayment of the applicable borrower's loan principal amount.

As of June 30, 2023, project fund deposits represented \$35,982 in project fund deposits related to executed loan agreements for SRF Bonds and \$3,024 of interest earnings for a total balance of \$39,006. The Trust recorded an offsetting \$35,982 commitment and project fund payable in its statement of net position. As of June 30, 2022, project fund deposits represented \$17,475 in project fund deposits related to executed loan agreements for SRF Bonds and \$1,771 of interest earnings for a total balance of \$19,246. The Trust recorded an offsetting \$17,475 commitment and project fund payable in its statement of net position.

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(5) Investments

Investments primarily consist of debt service reserve accounts that were established as security for certain series of bonds issued by the Trust. The amounts deposited in each debt service reserve account were determined at the time of the issuance of the bonds and varied from 33% to 50% of the par amount of the bonds issued. In most cases, debt service reserve funds were funded from the SRF Program Equity Funds. Interest earnings on the debt service reserve accounts are used for debt service payments. The Trust's debt service reserve accounts are invested in either GICs or U.S. Treasuries and Agencies.

GICs are recorded at contract value and U.S. Treasuries and Agencies are reported at fair market value. Reductions in GIC balances year over year reflect the scheduled maturities that correspond to debt service principal payments. As the Trust pays principal on its debt, proportional amounts are released from the pledged assets securing the related debt. Since 2012, the Trust has been pledging direct loans as security for its bonds rather than establishing debt service reserve funds. As a result, the debt service reserve fund investment balance continues to decline as scheduled maturities occur.

The Trust invests a portion of its SRF Program Equity funds in accordance with its investment policy.

The table below provides details of the Trust's investments as of June 30, 2023 and 2022.

Total Investments		
	2023	2022
Debt Service Reserve Funds		
GICs by Provider:		
Mass Mutual Financial Group	\$ 118,268	144,812
Natixis Funding Corporation	42,708	58,664
Citigroup Global Markets Inc.	35,284	43,747
Total GIC's ^(a)	196,260	247,223
U.S. Treasuries and Agencies	100,704	114,322
Total debt service reserve fund investments	296,964	361,545
Program Equity Fund Investments		
MMDT Short-term Bond Portfolio	106,469	104,148
U.S. Treasuries and Agencies	165,358	175,570
Citigroup Global Markets Inc. GIC	572	744
Total program equity fund investments	272,399	280,462
Total Investments	\$ 569,363	642,007

^(a) On 8/11/2023, the Trust redeemed the outstanding par amounts for Series 8, 9 and 11 and terminated the associated debt service reserve fund GIC investments. Series 8 DSRF was terminated with Natixis Funding Corporation for a total amount of \$14,826 and Series 9 and Series 11 DSRFs were terminated with Mass Mutual Financial Group for a total amount of \$32,777.

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U.S. Treasuries and agencies pay interest semi-annually based on the individual securities' maturity dates. Interest on the GIC's is paid semi-annually in January and July. On June 30, 2023 and 2022 accrued interest receivable for investments totaled \$5,338, and \$6,407, respectively. The Trust recognized \$20,078 and \$19,686 of interest income from investments for fiscal year 2023 and 2022, respectively.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The Trust does not have a concentration of credit risk policy. The following list sets forth the GIC providers with which the Trust's investments exceed 5% of the Trust's total investment balance.

Provider	2023		2022	
Mass Mutual Financial Group	\$ 118,268	21 %	\$ 144,812	22 %
Natixis Funding Corp.	42,708	8	58,664	9
Citigroup Global Markets Inc.	35,855	6	44,491	7

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the Trust will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Trust requires that all investment agreements be collateralized either upon execution of such agreement or upon the happening of certain events, and at all times thereafter, by securities or other obligations issued or guaranteed by the United States, by certain federal agencies or corporations or, in some cases, by corporate or municipal issuers rated "AAA" by S&P Global Ratings and "Aaa" by Moody's, having a market value of not less than 102% of the amount currently on deposit or in accordance with their respective agreement.

Credit Risk – The majority of the Trust's investments are in GICs or in U.S. Treasuries and Agencies. The U.S. Treasuries and Agencies are all backed by the federal government. The GICs either have collateral requirements in place upon execution of the investment agreement, or have triggered collateral requirements under which, upon a rating downgrade below a specified level, the counterparty is typically required to take one of three actions: 1) post collateral to a level sufficient to maintain an AA rating, 2) assign the investment contract to a new counterparty that has at least an AA rating, or 3) provide credit enhancement to maintain a rating on the investment contract of at least AA. The MMDT Short-term Bond Portfolio and the GICs are not rated.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the Trust's investments. The Trust limits its exposure to interest rate risk by entering into guaranteed investment contracts and federally guaranteed fixed income securities for all of its long-term investments upon which the Trust relies to meet its obligations. The Trust's U.S. Treasuries and Agencies investment portfolio in the debt service reserve funds was structured in its principal and interest return to support debt service on the related bonds.

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For the years ended June 30, 2023 and 2022 the Trust's total investment portfolio matures as follows.

June 30, 2023				
	GICs	U.S. Treasuries and Agencies	MMDT Short-term Bond Portfolio	Total investments
Less than 1 year	\$ 68,759	36,106	106,469	211,334
One to five years	92,109	158,752	—	250,861
Six to ten years	33,470	41,867	—	75,337
More than ten years	2,494	29,337	—	31,831
	\$ 196,832	266,062	106,469	569,363

June 30, 2022				
	GICs	U.S. Treasuries and Agencies	MMDT Short-term Bond Portfolio	Total investments
Less than 1 year	\$ 80,750	12,850	104,148	197,748
One to five years	120,919	170,223	—	291,142
Six to ten years	39,499	65,567	—	105,066
More than ten years	6,799	41,252	—	48,051
	\$ 247,967	289,892	104,148	642,007

(6) Capitalization Grants

The CWSRF and DWSRF programs were established in each state by capitalization grants from the EPA. EPA implemented the SRF programs in a manner that preserves a high degree of flexibility for states in operating their revolving funds in accordance with each state's unique needs and circumstances. These CWSRF and DWSRF base capitalization grants are available to states annually, typically received in August or September before the beginning of each federal fiscal year. To receive these base capitalization grants, states are required to provide state matching funds in an amount equal to 20% of the base capitalization grants.

The CWSRF base grant contains a 4% administrative allowance and beginning in FFY 2022, a 2% small system technical assistance allowance. The DWSRF base grant provides the Trust with set asides to provide a 4% program administration set-aside; a 2% small system technical assistance set-aside; a 10% program management set-aside to fund assistance to Public Water Supplier Support programs, and support for state operator certification program; and a 15% local assistance set-aside for source water protection and capacity development.

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On November 15, 2021, President Biden signed the Bipartisan Infrastructure Law (BIL), officially the Infrastructure Investment and Jobs Act of 2021, into law. BIL was a historic investment in American infrastructure by the United States Congress and will have a substantial impact on Massachusetts. BIL created five new SRF specific grants that will be available each year beginning in FFY 2022 until FFY 2026.

BIL created two new CWSRF federal grants:

CWSRF Supplemental Grant. The grant functions like the base CWSRF grant. Receipt of this grant requires 10% state matching funds for FFY 2022 and 2023 and then 20% state matching funds for FFY 2024 through 2026. Although the CWSRF Supplemental grant contains a 4% administrative allowance and 2% small system technical assistance allowance, the Trust did not elect either of these allowances for its FFY 2022 grant. Grant conditions require 49% of the total grant funds to be provided as loan forgiveness to disadvantaged communities.

CWSRF Emerging Contaminants (EC) Grant. These funds must be used for projects that remediate known emerging contaminants under the Clean Water Act. The Trust opted to transfer the full amount of its FFY 2022 grant funds to the DWSRF EC Grant to help meet the increasing demand for these projects on the DWSRF. There is no state match requirement for this grant.

BIL created three new DWSRF federal grants:

DWSRF Supplemental Grant. The grant functions like the base DWSRF grant. Receipt of this grant requires 10% state matching funds for FFY 2022 and 2023 and then 20% state matching funds for FFY 2024 through 2026. The DWSRF Supplemental grant contains the same set-asides as described above for the DWSRF base grant. The Trust elected \$5,831 of these set-asides from its FFY 2022 grant. Grant conditions require 49% of the total grant funds to be provided as loan forgiveness to disadvantaged communities.

DWSRF Emerging Contaminants (EC) Grant. These funds must be used for projects that remediate known emerging contaminants under the Safe Drinking Water Act. These funds are specifically utilized for remediation of per- and polyfluoroalkyl substances (PFAS). There is no state match requirement for this grant. The Trust did not elect any set-asides from this grant rather all grant funds will be utilized to fund projects. The DWSRF EC Grant is expected to target PFAS remediation projects and require the full amount of the grant funds to be provided as loan forgiveness and that at least 25% of the grant be directed to disadvantaged communities.

DWSRF Lead Service Line (LSL) Replacement Grant. The grant funds are dedicated for the replacement of lead service lines, and the identification and planning for removal of lead service lines. There is no state match requirement for this grant. Grant conditions require 49% of the total grant funds to be provided as loan forgiveness to disadvantaged communities. The Trust has elected to use the set-asides from this grant to fund LSL planning and inventory projects and to provide technical assistance.

In December 2021, the Trust was awarded \$86,865 in American Rescue Plan Act (ARPA) funding from the Massachusetts Legislature through Chapter 102 of the Acts of 2021. In November 2022, the Trust was awarded an additional \$115,000 in ARPA funding from the Act Relating to Economic Growth and Relief for the Commonwealth. Actual funds were received by the Trust in fiscal year 2023.

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The Commonwealth designated these awards as revenue replacement for investments in water and sewer. As such, there are no subawards or subrecipients under this eligibility category and funds are not subject to program income requirements. Revenue replacement expenditures must be obligated by December 2024 and expended by December 2026. The Trust intends to use these funds to provide loan forgiveness for its 2021 and 2022 IUP projects.

The following table depicts the Trust's EPA grants receivable by program. The Trust receives its state match funds in June prior to the receipt of the federal grants.

	EPA Grants Receivable				
	CWSRF		DWSRF		Total Program
	Base Grant	BIL Grants	Base Grant	BIL Grants	
Grants receivable - June 30, 2021	\$ 27,972	-	\$ 13,011	-	40,983
FFY 2021 Base grant ^{(a)(b)}	53,946	-	25,763	-	79,709
Grant funds drawn SFY 2022	(54,876)	-	(24,851)	-	(79,727)
Grants receivable - June 30, 2022	27,042	-	13,923	-	40,965
FFY 2022 Base grant ^(a)	39,285	-	16,260	-	55,545
FFY 2022 Supplemental grant ^(c)	-	60,428	-	41,750	102,178
FFY 2022 Emerging contaminant grant ^{(c)(d)}	-	-	-	20,706	20,706
FFY 2022 LSL replacement grant ^(e)	-	-	-	65,783	65,783
FFY 2020 & 2021 OSG grant ^(a)	-	1,744	-	-	1,744
Total FFY2022 grant awards	39,285	62,172	16,260	128,239	245,956
Grant funds drawn SFY 2023	(42,544)	-	(18,068)	(144)	(60,756)
Grants receivable - June 30, 2023	\$ 23,783	62,172	12,115	128,095	226,165

^(a) The Trust elects to have all base grant federal funds available for draw in the first quarter of the FFY.

^(b) The DWSRF Base Grant includes FFY 2019 supplemental base grant awarded 8/10/2021 in the amount of \$237.

^(c) The Trust elected to have the grant federal funds available equally over each of the quarters in the FFY.

^(d) The CWSRF BIL Emerging contaminant grant in the amount of \$3,175 was transferred to the DWSRF Emerging contaminant grant as allowed pursuant to Section 302 of the 1996 Safe Drinking Water Act Amendments to provide states the flexibility to move funds between CWSRF and DWSRF programs to better address specific priorities. The amounts transferred between the SRF programs is limited to 33% of the DWSRF grant.

^(e) The Trust originally elected to have the federal grant funds available equally over each of the quarters in the FFY beginning FFY Q1. The Trust amended this grant to delay the remaining funds availability for one year.

These grants require that the Trust enter into binding commitments with local government units within one year of date the federal grant funds were made available to provide assistance in an amount equal to the sum of the federal grant award and state matching funds, if any. As part of its grant applications, the Trust elects to have the federal funds available either all in the first quarter of the FFY or allocated equally over each of the quarters in the FFY. Grant draws may begin in the quarter in which the grant is awarded and end no later than eight quarters after the grant is awarded. The Trust draws on its federal grants based on the amount of incurred costs for certain eligible projects or activities.

Each state may opt to transfer a portion of its CWSRF base capitalization grant, not to exceed 33% of its DWSRF base capitalization grant, to the DWSRF program. The Trust has taken advantage of this option

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each year beginning with its 2013 clean water capitalization grant to provide additional capacity to its drinking water program. In total, \$60,014 has been transferred from CWSRF to DWSRF to date under this option. This option also exists for BIL grants. The Trust expects to transfer 33% of its BIL CWSRF Supplemental grant to the BIL DWSRF Supplemental grant and 33% of its BIL CWSRF EC grant to the BIL DWSRF EC grant.

Federal grant revenue is recognized in accordance with the funding availability schedules contained within the individual grant agreements. Under the state matching grant, typically drawn prior to fiscal year end, revenue is unearned until the Federal grant is awarded, typically in August or September, at which time state matching revenue is recognized in accordance with each corresponding federal grant's funding schedules.

The following table depicts the federal grant revenue and state matching grant revenue recognized in SFY 2023 and 2022 as well as the unearned revenue recorded as of June 30, 2023 and 2022.

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	EPA Grants Revenue					
	<u>Grant Amount</u>	<u>Federal Grants Revenue Recognized</u>	<u>Unearned Revenue</u>	<u>State Match State Match</u>	<u>Revenue Recognized</u>	<u>Unearned Revenue</u>
FFY 2021 Grants ^{(a)(b)}						
CWSRF Base grant	\$ 53,946	53,946	-	10,789	10,789	-
DWSRF Base grant	25,763	25,763	-	5,105	5,105	-
FFY 2022 Grants - State Match ^(c)						21,327
SFY 2022 EPA Grant Revenue	79,709	79,709	-	15,894	15,894	21,327
FFY 2022 Grants						
CWSRF Base grant ^(a)	39,285	39,285	-	7,857	7,857	-
CWSRF Supplemental grant ^(d)	60,428	45,321	15,107	6,043	6,043	-
CWSRF OSG grant ^(a)	1,744	1,744	-	-	-	-
Total CWSRF	101,457	86,350	15,107	13,900	13,900	-
DWSRF Base grant ^(b)	16,260	16,260	-	3,252	3,252	-
DWSRF Supplemental grant ^(d)	41,750	31,313	10,437	4,175	4,175	-
DWSRF EC (PFAS) grant ^{(d)(e)}	20,706	16,675	4,031	-	-	-
DWSRF LSL replacement grant ^(f)	65,783	32,891	32,892	-	-	-
Total DWSRF	144,499	97,139	47,360	7,427	7,427	-
ARPA Revenue Replacement Grant	-	-	-	201,865	201,865	-
FFY 2023 Grants ^(g)						
CWSRF Base grant	25,469	-	-	5,094	-	5,094
CWSRF Supplemental grant	70,769	-	-	7,077	-	7,077
CWSRF EC (PFAS) grant	7,220	-	-	-	-	-
Total CWSRF	96,238	-	-	12,171	-	12,171
DWSRF Base grant	10,602	-	-	2,120	-	2,120
DWSRF Supplemental grant	45,206	-	-	4,521	-	4,521
DWSRF EC (PFAS) grant	16,404	-	-	-	-	-
DWSRF LSL replacement grant	33,700	-	-	-	-	-
Total DWSRF	105,912	-	-	6,641	-	6,641
SFY 2023 EPA Grant Revenue	\$ 245,956	183,489	62,467	223,192	223,192	18,812

^(a) The Trust elected to have the all base grant federal funds available in the first quarter of the FFY.

^(b) The DWSRF Base Grant includes FFY 2019 supplemental base grant awarded 8/10/2021 in the amount of \$237.

^(c) Unearned revenue reported on the statement of net position as of June 30, 2022 includes a \$9,225 reserve for FFY 2023 state matching

^(d) The Trust elected to have the grant federal funds available equally over each of the quarters in the FFY.

^(e) The CWSRF BIL Emerging contaminant grant in the amount of \$3,175 was transferred to the DWSRF Emerging contaminant grant as allowed pursuant to Section 302 of the 1996 Safe Drinking Water Act Amendments to provide states the flexibility to move funds between CWSRF and DWSRF programs to better address specific priorities. The amounts transferred between the SRF programs is limited to 33% of the DWSRF grant.

^(f) Trust originally elected to have the federal grant funds available equally over each of the quarters in the FFY beginning FFY Q1. The Trust amended this grant to delay the remaining funds availability for one year. A total of two quarters were made available prior to amendment.

^(g) FFY 2023 grants were awarded to the Trust in September 2023 and federal grant funds were made available beginning October 1, 2023. The Trust receives its state matching funds associated with the FFY 2023 federal grants in June 2023, therefore the full amount of the state matching funds received is recorded as unearned revenue as of June 30, 2023.

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(7) Loans Receivable and Bonds Purchased

The Trust provides low-cost financing to cities, towns, and other eligible borrowers primarily for the construction and improvement of drinking water and wastewater infrastructure. These loans are provided under the Trust's CWSRF, DWSRF, and Community Septic Management Programs.

The Trust's loan process is dictated by the IUPs MassDEP compiles annually, one for each SRF program. Project eligibility is determined by the Clean Water Act and the Safe Drinking Water Act for the CWSRF and DWSRF, respectively. Eligible borrowers are encouraged to apply for financing for eligible projects during an annual solicitation process. MassDEP engineers review detailed project specifications and rank them using an established set of criteria that measures the severity of the problem, the sensitivity of the environmental hazard, the public health risk, and the appropriateness of the proposed solution.

For CWSRF project selection, the program emphasizes watershed management priorities, stormwater management, green infrastructure, and encourages communities to undertake projects with meaningful water quality and public health benefits. For DWSRF project selection, the program emphasizes compliance with federal and state water requirements to protect public health while addressing the Commonwealth's drinking water needs. Ultimately, MassDEP selects the highest priority projects and compiles the annual IUPs which establish the Commonwealth's priorities for the upcoming year.

The Trust provides each borrower a subsidized loan pursuant to a financing agreement between the Trust and the borrower. The Trust makes loans with terms up to thirty (30) years, but the loan term is limited by the expected useful life of the project being financed or refinanced. Twenty (20) year loans bear interest at a subsidized rate of 2% per annum set by statute and thirty (30) year loans bear a slightly higher interest rate. Borrowers deliver their own general or special obligation bond to the Trust referred to as a "local bond" in order to secure their respective loan repayment obligations.

A summary of loan receivables as of June 30, 2023 and 2022 is as follows.

	<u>2023</u>	<u>2022</u>
Leveraged loans	\$ 3,090,109	3,061,058
Direct loans pledged for bond debt service	710,905	586,570
Other direct loans	4,634	5,262
Total permanently financed loans receivable	3,805,648	3,652,890
Interim loans	459,018	469,228
Loan forgiveness ^(a)	(172,912)	(84,264)
Total interim loans net loan forgiveness	286,106	384,964
Total loans receivable	4,091,754	4,037,854
Less current portion loans receivable		
Permanently financed	312,991	305,240
Interim loans	286,106	384,964
Total current portion loans receivable	599,097	690,204
Long-term portion – loans receivable	\$ 3,492,657	3,347,650

(a) Loan forgiveness is a contra asset account. The loan amounts are legally forgiven as the projects are completed. Upon receipt of the project approval certificate from MassDEP, the interim loan balance and the corresponding loan forgiveness amount (contra asset) would be removed from the respective balances.

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The interim loan receivable balances were \$459,018 and \$469,228 as of June 30, 2023 and 2022, respectively. The slight decrease in interim loans is due to the issuance of Series 24 Bonds in December 2022 which permanently financed \$379,766 of interim loans which was mostly offset by new interim loan disbursements reflecting the strong demand for SRF water infrastructure project financing.

The Trust recognizes the need for construction funds to be available to communities throughout the year, not simply at the time of an annual Trust bond issue. This need is addressed by making funds available to eligible projects through the interim loan program. The Trust initially allocates SRF Program Equity Funds to make these interim loans. Interim loans are temporary loans provided by the Trust to eligible borrowers in accordance with a financing agreement for all or any part of the costs of a project in anticipation of a leveraged or direct loan. This interim construction financing is offered to communities at a zero percent interest rate with no fees.

Although the Trust initially allocates its SRF Program Equity Funds to fund communities' projects under the CWSRF and DWSRF programs, the Trust uses a "leveraged model" to provide funding in excess of the federal and state grants received and replenish its SRF Program Equity Funds. SRF Bonds are issued in the capital markets and are secured by loans or reserves funded by SRF Program Equity Funds (pledged assets). The proceeds from the SRF Bonds are used to provide capital for new below market rate loans to borrowers for water infrastructure, replacing the interim or construction loans, and establishing the repayment schedules. These loans funded with bond proceeds are referred to in the table above as leveraged loans. The loans securing the SRF Bonds that are funded with SRF Equity Program Funds are referred in the table above as direct loans pledged for bond debt service.

The June 30, 2023 leveraged loan balance of \$3,090,109 reflects the issuance of the Trust's Series 24 Bonds in December 2022 that funded \$315,643 in leveraged loans for CWSRF and DWSRF projects. Proceeds from the Series 24 Bonds replenished SRF Program Equity Funds applied to fund the construction phase of financed projects in the amount of \$260,808, and an additional \$54,835 of bond proceeds were deposited to project funds for the remaining project expenses for these leveraged loans. The leveraged loan balance only increased \$29,051 from June 30, 2022 as scheduled loan repayments offset the new Series 24 leveraged loans.

Recent legislative changes have allowed the Trust to identify priority projects and/or initiatives to provide additional subsidy. These priority projects and initiatives include the following.

School Water Improvement Grant (SWIG) Program. On January 8, 2020, the Trust's Board of Trustees approved the pilot round of the School Water Improvement Grant (SWIG) program. The goal of the SWIG program is to reduce lead in school drinking water to the lowest levels possible by incentivizing public and private schools, early education facilities and non-residential daycares to test their drinking water fixtures and remediate any lead exceedances that are detected. It accomplishes this by providing funds to purchase and install point-of-use filtered water bottle filling stations to replace drinking water fixtures that tested above the remediation lead action level of 1 part per billion.

SWIG provides \$3 thousand per eligible fixture that tests positive for lead that is eligible to be replaced. The funding covers the purchase of bottle filling stations, installation, and post installation testing of the unit. It allows the organization to use the remaining funds for future operation and maintenance costs. SWIG was launched in concert with MassDEP's expanded version of the Assistance Program for Lead

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Testing in School Drinking Water using funds from EPA's Lead Testing in School and Child Care Program Drinking Water Grant.

In fiscal year 2023, the Trust awarded \$306 thousand in grants to 44 facilities serving over 17,535 students throughout the Commonwealth. Since inception of the program, the Trust has awarded \$1.7 million in grants to 227 facilities serving over 110,203 students throughout the Commonwealth. The Trust has committed \$5 million to this program in addition to the 2020 Expanded School Water Improvement Grant (ESWIG) awarded to the Trust in FFY 2021 in the amount of \$3 million. The Trust recognizes loan forgiveness expense as funds are disbursed to these organizations. During fiscal year 2023, the Trust disbursed \$723 thousand to these organizations.

Asset Management Planning (AMP) Program. Asset management for water, wastewater, and stormwater utilities is a systematic approach to physical infrastructure cataloging, process management and criticality tracking that allows the utility to make informed financial decisions that are most likely to achieve long-term sustainability and deliver consistent cost-efficient service. The Trust launched its AMP grant program in 2019 to assist eligible applicants with completing, updating, or implementing an asset management program for wastewater, drinking water, stormwater utilities or any combination of the three. In fiscal year 2022, the Trust and MassDEP updated the program eligibility to include cybersecurity assessments. This will allow communities to have a professional review of their infrastructure's network security and make recommendations and policy changes.

The Trust provides a maximum grant award of \$150 thousand or 60% of the total project cost, whichever is less. The applicant provides the remaining amount with a cash contribution, or a cash contribution along with an in-kind services (IKS) contribution as a local match. The IKS contribution is limited to 50% of the total local match. Small systems may use an IKS contribution of up to 70% of the local match.

AMP grant applications are requested through the annual SRF project solicitation. Grant funds are provided to eligible applicants as reimbursement of expenses incurred. In fiscal year 2023 and 2022, \$1,855 and \$1,180 of grant funds were disbursed. To date, \$8,738 has been committed to this program. The committed but unexpended balance as of June 30, 2023, and 2022 was \$3,846 and \$2,391, respectively.

Additional Subsidy – Affordability Criteria. The Safe Drinking Water Act and the Clean Water Act require states to develop affordability criteria to identify communities in need of additional subsidization to afford the costs of constructing needed water infrastructure projects. SRFs are required to provide a percentage of the annual DWSRF and CWSRF federal capitalization grants as additional subsidy to these communities.

The Affordability Calculation is based on an adjusted per capita income (APCI) metric. Pursuant to EPA guidance, the criteria must be based upon income, unemployment data, population trends, and other data determined relevant by the state. The Trust calculates APCI for the Commonwealth and its 351 individual municipalities annually in connection with the IUP process. Communities that fall below the Commonwealth's APCI are assigned into three (3) affordability tiers based on a community's APCI as a percentage of the Commonwealth's APCI.

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The highest level of subsidy goes to tier 3 communities that are below 60% of the statewide APCI. The second highest level of subsidy goes to tier 2 communities that fall within 60-80% of the statewide APCI. The third highest level of subsidy goes to tier 1 communities that fall between 80-100% of the statewide APCI. The percentage of subsidy provided ranges from 3.3% to 9.9% for tiers 1 to 3 for the CWSRF program and 6.6% to 19.8% for tiers 1 to 3 for the DWSRF program.

The Trust provides this additional subsidization in the form of loan forgiveness. Loan forgiveness can assist borrowers in their efforts to comply with water quality standards by making projects even more affordable. Loans funded by loan forgiveness grants are advanced to local communities on a cost reimbursement basis up to the amount of the awarded loan forgiveness. Loan forgiveness provided for projects prior to the 2021 Intended Use Plan was funded through contract assistance received from the Commonwealth and totaled \$14,922 in fiscal year 2023 and \$31,362 in fiscal year 2022.

In addition to the loan forgiveness awarded pursuant to the affordability criteria, the Trust, through its ARPA funding, approved additional subsidies for specific priority project types on its 2021 Intended Use Plan in the amount of \$117,389. A total of \$87,360 of ARPA funds were disbursed to communities for these subsidies in fiscal year 2023.

Lead Service Line (LSL) Planning Program. Increased funding from the BIL expanded the annual SRF funding and programs. Additionally, these new grants have resulted in a tremendous increase in loan forgiveness for projects that are vital to the public health and safety across the Commonwealth. Two newly developed programs provide grant funds or direct technical assistance to communities to create LSL inventories and LSL replacement programs. This program provides grants to communities for LSL identification and removal planning projects to assist public water suppliers (PWSs) to comply with Lead and Copper Rule Revisions (LCRRs). LCRRs require all PWSs to complete a full inventory of service lines connected to its distribution system, regardless of if they are owned or controlled by the PWS by October 16, 2024. Further, the PWSs must also submit a plan to MassDEP by the 2024 deadline detailing how the PWS will prioritize, fund, and fully remove LSLs connected to its distribution system. To help communities meet this deadline, the Trust is utilizing the BIL DWSRF LSL grant to provide grants to communities designated as disadvantaged communities, and the Trust will use the remaining Water Infrastructure Funding Transfer Act (WIFTA) funds to provide grants to non-disadvantaged communities. During fiscal year 2023, the Trust committed to 64 projects providing \$14,051 in grants. During fiscal year 2023, the Trust disbursed \$145 thousand of the LSL grant and \$106 thousand of WIFTA funds to communities.

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Loan forgiveness is reported on the Statement of Revenue, Expenses and Changes in Net Position as funds are disbursed. The following table summarizes the types of loan forgiveness disbursed during fiscal year 2023 and 2022.

		Amounts Disbursed	
		<i>Dollars in thousands</i>	
		FY 2023	FY 2022
SWIG grants		\$ 723	-
AMP grants		1,855	1,180
LSL planning grants		251	-
Affordability subsidy - prior to 2021 IUP	(a)	14,922	31,362
ARPA affordability and priority project subsidies 2021 IUP		87,360	-
Total loan forgiveness		\$ 105,111	32,542

(a) Includes Commonwealth's contract assistance on borrower's debt service principal payments.

Aggregate principal maturities on loans receivable are as follows:

		Leveraged loans	Direct loans used for bond debt service	Other direct loans	Total permanently financed loans
Years ending June 30:					
2024	\$	276,854	35,508	629	312,991
2025		262,590	36,158	630	299,378
2026		251,954	35,308	630	287,892
2027		230,511	35,955	631	267,097
2028		216,916	36,340	631	253,887
2029–2033		917,398	188,539	1,483	1,107,420
2034–2038		597,649	129,437	—	727,086
2039–2043		276,796	97,043	—	373,839
2044–2048		44,476	76,453	—	120,929
2049–2053		14,965	40,164	—	55,129
	\$	3,090,109	710,905	4,634	3,805,648

Payments on loans are due to the Trust fifteen (15) days in advance of debt service payments on the Trust's bonds: February 1 and August 1. Accordingly, the Trust records in its statements of net position accrued interest receivable equal to 5/6ths of the interest received from borrowers on August 1 at fiscal year-end. On June 30, 2023 and 2022 accrued interest receivable from borrowers totaled \$27,559, and \$26,126, respectively. The Trust recognized \$66,699 and \$68,255 of interest income from borrowers for fiscal year 2023 and 2022, respectively.

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The Trust's loans to its borrowers are subsidized by interest earnings on its pledged assets which include debt service reserve funds and direct loans. Additionally, contract assistance is provided to the Trust by the Commonwealth on behalf of certain loan financing agreements. Although borrowers are obligated to the Trust to make scheduled payments, these subsidies are expected to be available for the duration of the loan financing agreements as described in note 8. These contract assistance funds are used to make debt service payments on behalf of the Trust's borrowers, both principal and interest. These funds are received by the Trust in advance of debt service payments on the Trust's bonds: February 1 and August 1. These funds are recorded upon receipt of funds from the Commonwealth with no accrued receivable recorded in the statements of net position.

(8) Bonds Payable

The Trust issues special obligation bonds to provide capital for below market rate loans to cities, towns, and other eligible borrowers primarily for the construction and improvement of drinking water and wastewater infrastructure. The Trust uses a "leveraged model" to provide funding in excess of the federal and state grants. Bonds are issued in the capital markets and are secured by loans or, with certain bonds, reserves funded by program funds.

The Trust entered into a Master Trust Agreement (MTA) to replace the older Program Resolution and to create a simpler security framework for the Trust's SRF Bonds. The Series 18 Bonds were the initial series of MTA Bonds, and the Trust expects to conduct its SRF programs through the MTA. With the establishment of the MTA in 2015, the Trust amended the Program Resolution to provide that no additional bonds may be issued that are secured by the Program Resolution, other than refunding bonds. All SRF Bonds issued and to be issued under the MTA (MTA Bonds) are secured on a parity basis by the assets pledged under the MTA.

Prior to Series 18, the Trust issued bonds pursuant to the Trust's Program Resolution and standalone bond resolutions to finance or refinance loans to several borrowers concurrently (Pool Loan Program Bonds) or to finance or refinance loans to a single borrower (Prior Single Obligor Bonds). The Prior Single Obligor Bonds were issued to provide loans to the following three obligors: (1) the Massachusetts Water Resources Authority (MWRA); (2) the South Essex Sewerage District (SESD); and (3) the City of New Bedford. There are no longer Single Obligor Bonds outstanding for SESD or the City of New Bedford. The City of New Bedford, MWRA and SESD also are borrowers under the Trust's Pool Loan Program Bonds and the MTA Bonds.

The MTA Bonds are special obligations of the Trust and do not constitute a pledge of its full faith and credit. The MTA Bonds are payable solely from the funds pledged pursuant to the MTA which include repayments on all loans financed through the MTA Program, together with contract assistance payments, and earnings on certain funds held under the MTA. All other series of Trust bonds are payable from amounts pledged pursuant to the individual Water Pollution Abatement and Drinking Water Project Bond Resolutions, which include payments by borrowers of principal and interest on the loans, contract assistance, and earnings on amounts on deposit in the debt service reserve funds or interest received on certain direct loans made by the Trust.

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Debt service is paid semi-annually, with principal and interest payments due February 1 and August 1. Coupons on the bonds range from approximately 2.00% to 5.75% and each series is payable semiannually with the latest maturity occurring in FY 2047.

The Commonwealth and the Trust have entered into a contract pursuant to which the Commonwealth has committed to provide contract assistance payments to the Trust to reduce the borrowers' debt service obligations to the Trust in the amount of \$174,967 over 30 years. This obligation of the Commonwealth to the Trust is a general obligation of the Commonwealth, for which its full faith and credit are pledged. Annual appropriations are made each year by the Commonwealth to fund the current year's obligation.

The following is a summary of bonds payable as of June 30, 2023 and 2022.

Bond issue	Program	Issue date	Final maturity	Balance June 30, 2022**	Additions	Reductions	Balance June 30, 2023	Due within one year
Senior revenue bonds:								
Series 6	Pool Loan	11/8/2000	8/1/2023	\$ 1,725	—	885	840	840
Series 7	Pool Loan	7/26/2001	2/1/2023	390	—	390	—	—
Series 2002A	MWRA	10/31/2002	8/1/2032	4,170	—	635	3,535	565
Series 8 ^(b)	Pool Loan	11/26/2002	8/1/2026	3,590	—	310	3,280	815
Series 9 ^(b)	Pool Loan	11/6/2003	8/1/2027	5,485	—	685	4,800	440
Series 11 ^(b)	Pool Loan	11/16/2005	8/1/2025	16,290	—	15,130	1,160	570
Series 12	Pool Loan	12/14/2006	8/1/2026	22,830	—	—	22,830	—
Series 15B	Pool Loan	6/8/2010	8/1/2040	249,595	—	21,990	227,605	22,475
Series 17A and 17B ^(a)	Pool Loan	5/22/2013	2/1/2033	130,525	—	130,525	—	—
Series 18	MTA	1/7/2015	2/1/2045	170,795	—	9,315	161,480	9,625
Series 19	MTA	2/11/2016	2/1/2046	156,965	—	9,665	147,300	10,045
Series 2017	MTA	4/13/2017	8/1/2029	70,530	—	10,820	59,710	10,120
Series 20	MTA	4/13/2017	2/1/2047	171,600	—	7,670	163,930	7,950
Series 21	MTA	9/12/2018	8/1/2038	144,415	—	6,785	137,630	6,945
Series 22	MTA	10/24/2019	8/1/2039	177,945	—	6,960	170,985	7,205
Series 2020	MTA	5/21/2020	8/1/2042	87,305	—	—	87,305	—
Series 23	MTA	5/11/2021	2/1/2041	338,430	—	12,175	326,255	12,645
Series 24	MTA	12/14/2022	2/1/2043	—	280,155	—	280,155	9,480
Series 2022	MTA	12/14/2022	2/1/2043	—	107,560	—	107,560	9,000
Subordinated revenue refunding bonds:*								
Series 1999A	MWRA	11/3/1999	8/1/2029	3,845	—	—	3,845	—
Series 2004A	Pool Loan	9/9/2004	8/1/2027	29,425	—	11,415	18,010	9,580
Series 2006	Pool Loan	12/14/2006	8/1/2034	225,735	—	30,650	195,085	46,605
Series 2012A	Pool Loan	6/13/2012	8/1/2032	31,945	—	31,945	—	—
Series 2014	Pool Loan	6/12/2014	8/1/2028	275,845	—	48,120	227,725	48,800
Subtotal				2,319,380	387,715	356,070	2,351,025	213,705
Add unamortized bonds premium				239,170	48,508	48,577	239,101	—
Total bonds payable				\$ 2,558,550	436,223	404,647	2,590,126	213,705

* Subject to the prior pledge of revenues to the refunded bonds.

**As restated - refer to note 2 to the financial statements.

^(a) On December 14, 2022, Series 17A and 17B bonds were refunded with the Series 2022 Refunding Bonds

^(b) On August 11, 2023, the Trust redeemed the outstanding par amounts for Series 8, 9 and 11 and terminated the associated debt service reserve fund GIC investments.

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Total bonds payable increased \$31,576 during fiscal year 2023 due to the issuance of the Series 24 Bonds in the amount of \$280,155 offset by \$274,122 of scheduled debt service payments, amortization of bonds premiums, and the refunding of Series 17A & B bonds.

On December 14, 2022, the Trust issued State Revolving Fund Bonds Series 24A and 24B (Green Bonds and Sustainability Bonds) in the par amount of \$280,155 with a premium of \$35,500. The \$137,095 Series 24A Bonds were designated by the Trust as "Green Bonds" based on the intended use of the bond proceeds for the financing of projects that adhere to the federal Clean Water Act and Safe Drinking Water Act, as determined by the EPA, and represented the Trust's sixth Green Bond issuance. The \$143,060 Series 24B were designated by the Trust as "Sustainability Bonds" based on the intended use same as the Green Bonds and the designation of the Series 24B borrowers as Tier 3 disadvantaged communities. For more information refer to note 3.

In addition, the Trust issued Series 2022 SRF Refunding Bonds in the par amount of \$107,560 with a premium of \$13,008. Bond proceeds together with other funds of the Trust were used to refund \$130,525 of outstanding Series 17A and 17B Pool Loan Program Bonds. The Trust has decreased its aggregate debt service payments by \$25.1M for the 2022 Refunding Bonds over the twenty years ending June 2043. The economic gain (the present value of the debt service savings) for the Trust through this transaction is \$16.7M using a discount rate of 3.0263510%.

Series 24 Bond proceeds funded \$315,643 in loans for CWSRF and DWSRF projects. The Trust anticipates expending all the proceeds within three years. In connection with the issuance of the Series 24 Bonds, the Trust pledged \$155,514 of its loans to borrowers funded with SRF Program Equity Funds. The interest collected on these loans will be applied to pay a portion of the debt service on the MTA Bonds, thereby supplementing the loan repayment obligations of the local borrowers while the principal payments collected on the direct loans are pledged as further security for the Trust's bonds.

The Trust issued its Series 15B Bonds in the form of "Build America Bonds" (BABs). BABs were authorized under the federal American Recovery and Reinvestment Act of 2009 (ARRA). Pursuant to ARRA, the Trust is entitled to receive cash subsidy payments from the federal government equal to 35% of the interest payable on the BABs provided that the Trust makes certain required filings in accordance with applicable federal rules. Receipt of these subsidy payments has been and will be adversely affected by implementation of certain provisions of federal law. In federal fiscal year 2016, such payments were subject to a sequestration reduction of 6.8%, with the Bipartisan Budget Act of 2015, approved by the President on November 2, 2015, extending the sequestration provisions through federal fiscal year 2025. For federal fiscal years 2021 through 2030, the sequestration reduction rate has been set at 5.7%, unless a law is enacted that modifies or amends the rate, at which time the sequestration reduction may be subject to change. Such interest subsidy payments could become subject to a much larger sequestration reduction, and potentially eliminated altogether, under the Statutory Pay-As-You-Go (PAYGO) Act of 2010, which is designed to limit the federal deficit spending. Since the enactment of the PAYGO Act, the U.S. Congress has consistently acted to prevent its implementation, but there can be no assurance that it will continue to do so. The Trust received \$3,932 and \$4,277 in BABs subsidies for fiscal year 2023 and 2022, respectively.

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The following is a summary of bonds payable as of June 30, 2022 and 2021.

Bond issue	Program	Issue date	Final maturity	Balance June 30, 2021**	Additions	Reductions	Balance June 30, 2022**	Due within one year
Senior revenue bonds:								
Series 6	Pool Loan	11/8/2000	8/1/2023	\$ 2,650	—	925	1,725	885
Series 7	Pool Loan	7/26/2001	2/1/2023	790	—	400	390	390
Series 2002A	MWRA	10/31/2002	8/1/2032	4,870	—	700	4,170	635
Series 8	Pool Loan	11/26/2002	8/1/2026	4,165	—	575	3,590	310
Series 9	Pool Loan	11/6/2003	8/1/2027	6,390	—	905	5,485	685
Series 11	Pool Loan	11/16/2005	8/1/2025	16,600	—	310	16,290	15,130
Series 12	Pool Loan	12/14/2006	8/1/2026	22,830	—	—	22,830	—
Series 15B	Pool Loan	6/8/2010	8/1/2040	252,595	—	3,000	249,595	21,990
Series 17A and B	Pool Loan	5/22/2013	2/1/2033	139,460	—	8,935	130,525	9,285
Series 18	MTA	1/7/2015	2/1/2045	179,790	—	8,995	170,795	9,315
Series 19	MTA	2/11/2016	2/1/2046	166,265	—	9,300	156,965	9,665
Series 2017	MTA	4/13/2017	8/1/2029	96,280	—	25,750	70,530	10,820
Series 20	MTA	4/13/2017	2/1/2047	179,060	—	7,460	171,600	7,670
Series 21	MTA	9/12/2018	8/1/2038	150,985	—	6,570	144,415	6,785
Series 22	MTA	10/24/2019	8/1/2039	184,665	—	6,720	177,945	6,960
Series 2020	MTA	5/21/2020	8/1/2042	87,305	—	—	87,305	—
Series 23	MTA	5/11/2021	2/1/2041	351,440	—	13,010	338,430	12,175
Subordinated revenue refunding bonds*:								
Series 1999A	MWRA	11/3/1999	8/1/2029	3,845	—	—	3,845	—
Series 2004A	Pool Loan	9/9/2004	8/1/2027	42,400	—	12,975	29,425	11,415
Series 2006	Pool Loan	12/14/2006	8/1/2034	271,300	—	45,565	225,735	30,650
Series 2012A	Pool Loan	6/13/2012	8/1/2032	43,855	—	11,910	31,945	16,900
Series 2014	Pool Loan	6/12/2014	8/1/2028	322,725	—	46,880	275,845	48,120
Subtotal				2,530,265	—	210,885	2,319,380	219,785
Add unamortized bonds premium				278,644	—	39,474	239,170	—
Total bonds payable				<u>\$ 2,808,909</u>	<u>—</u>	<u>250,359</u>	<u>2,558,550</u>	<u>219,785</u>

*Subject to the prior pledge of revenues to the refunded bonds.

**As restated - refer to note 2 to the financial statements

Total bonds payable decreased \$250,359 during fiscal year 2022 due to scheduled debt service payments and premium amortization.

Debt service payments on the Trust's bonds are due semi-annually on February 1 and August 1. Accordingly, the Trust records in its statements of net position an accrued interest payable equal to 5/6ths of the interest paid on August 1 at fiscal year-end. On June 30, 2023 and 2022 accrued expenses and interest payable totaled \$52,543 and \$48,903, respectively.

MASSACHUSETTS CLEAN WATER TRUST
(A Component Unit of the Commonwealth of Massachusetts)

Notes to Financial Statements

Years ended June 30, 2023 and 2022

As of June 30, 2023, debt service requirements to maturity for principal and interest are as follows.

		<u>Total debt service</u>	<u>Principal</u>	<u>Interest</u>
Year ending June 30:				
	2024 \$	328,368	213,705	114,663
	2025	308,935	206,810	102,125
	2026	287,436	195,355	92,081
	2027	269,578	186,900	82,678
	2028	244,396	170,405	73,991
	2029–2033	926,519	663,340	263,179
	2034–2038	567,066	442,935	124,131
	2039–2043	284,442	250,800	33,642
	2044–2047	22,876	20,775	2,101
Total debt service requirements	\$	<u>3,239,616</u>	<u>2,351,025</u>	<u>888,591</u>

The Trust defeased certain bonds by purchasing securities from the proceeds of advance refunding bonds or from surplus program funds and placing them in irrevocable trusts to provide for all future debt service payments on the defeased bonds. The irrevocable trust's assets and the liabilities for the defeased bonds are not included in the Trust's financial statements. As of June 30, 2023, no such irrevocable defeasance trusts existed. The outstanding balance of bonds defeased in irrevocable trusts outstanding at June 30, 2022, was \$29,660 related to the Series 2012A Refunding Bonds that were redeemed on April 13, 2017 with a final escrow payment date of August 1, 2022.

When the Trust refunds its bonds, it calculates the difference between the reacquisition price and the net carrying amount of the bonds being refunded. The resulting accounting gain or loss is recorded as deferred outflow of resources on the statements of net position and is amortized generally over the life of the refunding bonds. The amortization is recorded as a component of interest expense on the statements of revenues, expenses, and changes in net position. The net accounting loss on debt refunding as of June 30, 2023 and 2022 is as follows.

Deferred Outflow of Resources

	<u>2023</u>	<u>2022*</u>
Beginning net accounting loss*	\$ 14,781	22,038
Amortization	(2,283)	(7,257)
Series 17 Defeasance	(7,219)	—
Ending net accounting loss	<u>\$ 5,279</u>	<u>14,781</u>

*As restated - refer to note 2 to the financial statements

MASSACHUSETTS CLEAN WATER TRUST
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Notes to Financial Statements

Years ended June 30, 2023 and 2022

(9) Other Commitments

The Trust acts as custodian for the Cape Cod and Islands Water Protection Fund (CCIWPF) that was created pursuant to Chapter 337 of the Acts of 2018 "Act Regulating and Insuring Short-Term Rentals." The legislation added a 2.75% local option excise tax on traditional lodging and short-term rentals for communities on Cape Cod and Islands. This 2.75% excise tax can only be collected by communities participating in the fund and may only be deposited to the fund. The fund is owned and managed by the CCIWPF Management Board which is comprised of representatives from each Cape Cod and Islands community.

Monies from the fund may be used to provide loan forgiveness to eligible CWSRF projects financed by the Trust or to pay for debt service for pre-existing debt incurred outside the Trust for certain Cape Cod and Islands communities. To date, the CCIWPF Management Board approved commitment amounts for \$205,417 of eligible project costs and \$52,105 for debt service for pre-existing debt incurred outside the Trust for certain Cape Cod and Islands communities. These commitment amounts for the pre-existing debt will be provided over a period of ten years while the other committed amounts will be paid over four years. In fiscal year 2023 and 2022, the Trust received instructions from the CCIWPF Management Board to transfer \$37,710 and \$1,303, respectively, from the fiduciary account to a designated account at the Trust. These funds will be disbursed to the respective projects as reimbursement requests are received; or used to reimburse the Trust for disbursements already made; or remain in the account until project disbursement requests are received. As of June 30, 2023, and 2022 the balance of committed but unexpended funds in this account was \$28,030 and \$6,303, respectively. For more information refer to note 3 for details of other restricted funds.

(10) Net Position

As of June 30, 2023 and 2022, the Trust has a restricted net position in the amount of \$2.78 billion and \$2.50 billion, respectively, and an unrestricted net position in the amount of \$721 and \$593 respectively. Restricted net position represents capitalization grants received cumulative to date from the EPA and corresponding matching amounts received from the Commonwealth, required to revolve back to the program totaling \$2.48 billion and \$2.35 billion, respectively. The capitalization grants are restricted to provide financial assistance to local communities and interstate agencies for the construction of wastewater treatment works, drinking water infrastructure improvements, and other related projects as described in note 1. Restricted net position also includes other restricted funds including additional contract assistance provided by the Commonwealth to the Trust to provide a higher rate of subsidy on certain priority projects and/or initiatives approved by the Board of Trustees, and the Commonwealth ARPA funds awarded to the Trust in fiscal year 2023. When both restricted and unrestricted resources are available for use, it is the Trust's policy to use restricted resources first, then unrestricted resources as they are needed. For more information refer to note 3 for details of other restricted funds.

(11) Commitment

As of June 30, 2023 and 2022, the Trust has agreed to provide interim financing loans to eligible borrowers amounting to approximately \$532,342 and \$490,282, respectively, excluding loan amounts already disbursed, which will be funded or collateralized with grant awards received by the Trust.

(12) Derivative Instrument Transactions

Objective of the Interest Rate Swap – As a means to lower its borrowings costs, when compared with fixed-rate bonds at the time of their issuance in November 2006, the Trust entered into an interest rate swap agreement in connection with its Pool Program Refunding Bonds, Series 2006 Bonds. The intention of the

MASSACHUSETTS CLEAN WATER TRUST
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Notes to Financial Statements

Years ended June 30, 2023 and 2022

swap agreement was to hedge the Trust's exposure to interest rate risk by effectively changing the Trust's variable rate bonds maturing in 2023 and 2022 to a synthetic fixed rate of 3.90%. The variable rate bonds are indexed to the Municipal Consumer Price Index (Muni-CPI).

Terms – Under the terms of the swap agreement, the Trust agrees to receive a variable rate, based on the Muni-CPI, equal to the amounts due on variable rate bonds issued by the Trust concurrently with the execution of the swap agreement. The Trust agrees to pay a fixed rate to the counterparty. Payments are made semiannually, due August 1 and February 1 of each year, on the same schedule as the variable rate bonds. The counterparty is JPMorgan Chase & Co. The terms of the swap agreement are summarized below:

	2023	2022
	Termination	Termination
Trade date	November 21, 2006	November 21, 2006
Effective date	December 14, 2006	December 14, 2006
Termination date	August 1, 2023	August 1, 2022
Notional amount	\$ 46,605	30,650
Fair value at June 30, 2023	254	--
Fair value at June 30, 2022	2,529	859
Variable rate bond coupon payments	Muni-CPI* rate +0.99%	Muni-CPI* rate +0.99%
Variable rate payment from counterparty	Muni-CPI* rate +0.99%	Muni-CPI* rate +0.99%
Fixed-rate payment to counterparty	3.90%	3.90%
Synthetic fixed rate on bonds	3.90%	3.90%

*Muni-CPI rate is equal to the quotient of (1) the Reference CPI-U for the current debt service payment date minus the prior Reference CPI-U divided by (2) the prior Reference CPI-U. Reference refers to 3 months preceding the debt service payment date. Reference period refers to 15 months preceding the debt service payment date.

Fair Value – Because the Muni-CPI rate increased in excess of the synthetic fixed rate, the swaps had positive fair values as of June 30, 2023 and 2022. This means that on the next debt service payment dates of August 1, 2022 and August 1, 2023 the Trust receives a payment from its swap counterparty. At June 30, 2023 and 2022, the fair value of these swaps is reflected as an asset from derivative instruments, in the amounts of \$254 and \$3,388, respectively, and is recorded as a component of other assets, and deferred inflow from derivative instruments in the accompanying financial statements.

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Notes to Financial Statements

Years ended June 30, 2023 and 2022

The fair value (Level 2) of the derivative instrument was estimated using the zero-coupon method. This method calculates the future net settlement payments/receipts required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement of the swap. Because the coupons on the Trust's variable rate bonds adjust to the changing Muni-CPI rates, the bonds do not have corresponding fair value increase or decrease.

Credit Risk – As of June 30, 2023 and 2022, the Trust is exposed to credit risk equal to the amount of the derivative instrument's fair value. The swap counterparty is JPMorgan Chase & Co. and is rated AA-/Aa1/AA- by S&P Global Ratings, Moody's Investors Service, and Fitch Ratings, respectively. To mitigate credit risk, the Trust has the right to terminate the swap upon a ratings downgrade by the counterparty's credit support provider below BBB-/Baa3 by S&P Global Ratings and Moody's Investors Service, respectively.

Termination Risk – The swap contract uses the International Swaps and Derivatives Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. In addition, the Trust may terminate upon a ratings downgrade by the counterparty, as described above. The Trust and the counterparty may terminate if either party fails to perform under the terms of the swap contract. If at the time of termination, the swap has a negative fair value, the Trust would be liable to the counterparty for a payment equal to the swap's fair value. Based on the terms and provisions of the swap agreement, an involuntary termination of the swaps due to an event of the Trust is remote.

Swap Payments and Hedged Debt – In accordance with the swap agreement, the variable rate is calculated using the preceding 3 months' Muni-CPI rate with settlement payments made on the debt service payment dates of February 1 and August 1. As of June 30, 2023, the variable rate was calculated using the May 31, 2023, Muni-CPI rate. As the Muni-CPI rate varies, the variable rate payment on the bond and the variable rate receipt from the swap are equal, and the net debt service will remain fixed. Assuming this rate remains the same, the debt service requirement of the variable rate debt and the net swap payment are presented in the table below.

	<u>Variable rate bonds¹</u>		<u>Net swap</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>payments²</u>	<u>debt service</u>
Years ending June 30:				
2024	46,605	1,164	(254)	47,515

¹ Calculated rate uses May 31, 2023 Muni-CPI rate to reflect debt service payment for August 1, 2023.

² A negative net swap payment requires a payment from the counterparty to the Trust.

The derivative instrument is not exposed to basis risk.

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Notes to Financial Statements

Years ended June 30, 2023 and 2022

(13) Fiduciary Activities

The Trust's fiduciary activities are the collection or receipt, and the subsequent accounting, investment, and disposition by the Trust of cash in which other entities have an ownership and controlling interest. Fiduciary assets are for the benefit of organizations or other government entities that are not part of the financial reporting entity. Furthermore, the assets are not derived from the Trust's own source revenues nor are they assets of the Trust and are therefore not recognized on the Trust's statements of net position.

The Trust acts as custodian for a separate fund established with expanded room occupancy excise tax on short-term rentals collected and held on behalf of the CCIWPF Management Board. The CCIWPF was established pursuant to Chapter 337 of the Acts of 2018 "An Act Regulating and Insuring Short-Term Rentals". The act expanded the application of the room occupancy excise tax in M.G.L. C. 64G to operators of short-term rentals as of July 1, 2019. The act also allowed for additional local option 2.75% excise tax for those cities and towns that are members of the CCIWPF. Revenues received from the 2.75% excise tax imposed will be credited to the CCIWPF, as well as any investment income earned on the fund's assets. Amounts credited to the fund shall be expended or applied only with the approval of the CCIWPF Management Board established under the act and in a manner determined by the CCIWPF Management Board. Any amounts remaining in the fund at the end of a fiscal year shall be carried forward into the following fiscal year and shall remain available for application and disbursement without further appropriation.

The Trust acts as servicer to the Executive Office of Energy and Environmental Affairs ("EOEEA") to provide loan servicing administration with respect to the Dam and Seawall Repair or Removal Program ("DSRRP"). The EOEEA administers and provides loans to qualified cities, towns, and municipalities under the DSRRP for projects that enhance, preserve, and protect the natural resources and the scenic, historic, and aesthetic qualities of the Commonwealth. Pursuant to M.G.L. C 40.4D the Trust performs routine duties in accordance with the loan servicing standards; invoicing borrowers for amounts due on the DSRRP loans, monitoring collection and receipt from the DSRRP borrowers, keeping proper books and records with respect to any DSRRP debt service payments, and providing EOEEA with summary reports. The Trust maintains a separate fund on behalf of EOEEA for receipts of DSRRP borrower loan repayments which are subsequently transferred to EOEEA's DSRRP fund. In consideration of the Trust's services, any investment earnings from amounts on deposit in this separate fund are transferred to the Trust on each debt service cycle.

MASSACHUSETTS CLEAN WATER TRUST

Combining Financial Statements and Schedules For the Year Ended June 30, 2022
(With Comparative Amounts as of June 30, 2021)

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Narrative

Federally Capitalized Clean Water State Revolving Fund – is used to account for amounts received and expended from the Federally Capitalized SRF, proposed by Title VI of the Clean Water Act, along with amounts received and expended from the required state matching of federal funding.

Federally Capitalized Safe Drinking Water State Revolving Fund - is used to account for amounts received and expended from the Federally Capitalized SRF, proposed by the Safe Drinking Water Act of 1996, along with amounts received and expended from the required state matching of federal funding.

Commonwealth of Massachusetts Capitalized State Revolving Fund – is used to account for amounts received and expended from the Commonwealth Capitalized SRF.

General Operations Fund – is used to account for amounts received and expended for the general and administrative costs not applicable to the other three funds.

Fiduciary Activity – is the collection or receipt, and subsequent accounting, investment, and disposition by the Trust of cash in which other entities have an ownership and controlling interest.

The following schedules contain information to help the reader understand how the Trust's financial data is broken down by the funds listed above and to provide information about the borrowers of the Trust's lending programs.

Schedules included are:

Combining Financial Statements and Schedules

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Massachusetts Clean Water Trust
Combining Statement of Net Position
June 30, 2023 (With Comparative Amounts as of June 30, 2022)
(in thousands)

	Federally Capitalized Clean Water State Revolving Fund Loan Program	Federally Capitalized Drinking Water State Revolving Fund Loan Program	Commonwealth of Massachusetts Capitalized State Revolving Fund Loan Program	Program for General Operations	Combined Totals 6/30/2023	Combined Totals 6/30/2022*
Assets and deferred outflows of resources:						
Current assets:						
Cash and cash equivalents	\$ 656,855	\$ 364,099	\$ 268,397	\$ 26,247	\$ 1,315,598	\$ 968,958
Short-term investments	175,276	11,877	-	24,181	211,334	197,748
Project fund deposits	30,287	8,719	-	-	39,006	19,246
Grants receivable - Environmental Protection Agency	85,955	140,210	-	-	226,165	40,965
Loans receivable, net	432,951	166,087	-	59	599,097	690,204
Accrued interest receivable	26,809	10,596	1,188	-	38,593	33,621
Total current assets	1,408,133	701,588	269,585	50,487	2,429,793	1,950,742
Noncurrent assets:						
Long-term investments	316,900	41,129	-	-	358,029	444,259
Loans receivable, long-term	2,563,996	928,506	-	155	3,492,657	3,347,650
Other assets	171	83	-	2,774	3,028	4,339
Total noncurrent assets	2,881,067	969,718	-	2,929	3,853,714	3,796,248
Total assets	4,289,200	1,671,306	269,585	53,416	6,283,507	5,746,990
Deferred outflows of resources	4,903	376	-	-	5,279	14,781
Total assets and deferred outflows of resources	4,294,103	1,671,682	269,585	53,416	6,288,786	5,761,771
Liabilities and deferred inflows of resources:						
Current liabilities:						
Accrued expenses and interest payable	35,275	16,517	-	751	52,543	48,903
Unearned revenue	27,278	54,001	-	-	81,279	30,552
Loan commitments and project funds payable	28,104	7,878	-	-	35,982	17,475
Long-term debt	146,986	66,719	-	-	213,705	219,785
Other commitment	28,030	-	-	-	28,030	6,303
Total current liabilities	265,673	145,115	-	751	411,539	323,018
Noncurrent liabilities:						
Long-term debt, net	1,637,974	738,447	-	-	2,376,421	2,338,765
Total noncurrent liabilities	1,637,974	738,447	-	-	2,376,421	2,338,765
Total liabilities	1,903,647	883,562	-	751	2,787,960	2,661,783
Deferred inflows of resources	171	83	-	-	254	3,388
Total liabilities and deferred inflows of resources	1,903,818	883,645	-	751	2,788,214	2,665,171
Net position:						
Restricted for program purposes	1,753,467	680,023	345,679	-	2,779,169	2,503,197
Unrestricted	636,818	108,014	(76,094)	52,665	721,403	593,403
Commitments	-	-	-	-	-	-
Total net position	2,390,285	788,037	269,585	52,665	3,500,572	3,096,600

See Independent Auditors' Report
*As restated - refer to note 2 to the financial statements

Massachusetts Clean Water Trust
Combining Statement of Revenues, Expenses and Changes in Net Position
June 30, 2023 (With Comparative Amounts as of June 30, 2022)
(in thousands)

	Federally Capitalized Clean Water State Revolving Fund Loan Program	Federally Capitalized Drinking Water State Revolving Fund Loan Program	Commonwealth of Massachusetts Capitalized State Revolving Fund Loan Program	Program for General Operations	Combined Totals 6/30/2023	Combined Totals 6/30/2022*
OPERATING REVENUES:						
Loan servicing fees	\$ -	\$ -	\$ -	5,260	\$ 5,260	\$ 5,473
Interest income	96,322	34,745	8,156	1,649	140,872	94,784
Unrealized (loss) gain on investments	(10,139)	(704)	-	-	(10,843)	(25,130)
Contract assistance from Commonwealth of Massachusetts	21,646	7,128	34,609	-	63,383	63,383
Total operating revenues	107,829	41,169	42,765	6,909	198,672	138,510
OPERATING EXPENSES:						
Commonwealth of Massachusetts:						
Department of Environmental Protection - programmatic support costs	2,562	5,618	-	3,708	11,888	12,381
Loan forgiveness	70,663	33,770	678	-	105,111	32,542
General and administrative	-	-	-	3,905	3,905	1,876
Arbitrage rebate payments	-	-	-	-	-	886
Interest expense	59,202	21,275	-	-	80,477	88,437
InterFund transfers	(61,948)	(50,291)	112,257	(18)	-	-
Total operating expenses	70,479	10,372	112,935	7,595	201,381	136,122
OPERATING (LOSS) INCOME	37,350	30,797	(70,170)	(686)	(2,709)	2,388
NONOPERATING REVENUE:						
Capitalization Grant Revenue:						
Environmental Protection Agency capitalization grants	86,350	97,139	-	-	183,489	79,709
Commonwealth of Massachusetts grants	13,900	7,427	201,865	-	223,192	15,894
Total nonoperating revenues	100,250	104,566	201,865	-	406,681	95,603
INCREASE IN NET POSITION	137,600	135,363	131,695	(686)	403,972	97,991
NET POSITION - BEGINNING OF YEAR, AS RESTATED	2,252,685	652,674	137,890	53,351	3,096,600	2,998,609
NET POSITION - END OF YEAR	2,390,285	788,037	269,585	52,665	3,500,572	3,096,600

See Independent Auditors' Report

*As restated - refer to note 2 to the financial statements

MASSACHUSETTS CLEAN WATER TRUST

Combining Statement of Fiduciary Net Position
Year ended June 30, 2023 (With Comparative Amounts as of June 30, 2022)
(In thousands)

	Cape Cod and Islands Water Protection Program	Dam and Seawall Repair or Removal Program	Combined Totals 6/30/2023	Combined Totals 6/30/2022
Assets and deferred outflows:				
Current assets:				
Cash and cash equivalents	\$ 10,822	\$ —	\$ 10,822	\$ 27,785
Accrued receivables	3,622	—	3,622	2,459
Total assets	14,444	—	14,444	30,244
Net Position				
Net position restricted for other governments	14,444	—	14,444	30,244
Total net position	\$ 14,444	\$ —	\$ 14,444	\$ 30,244

See Independent Auditors' Report

MASSACHUSETTS CLEAN WATER TRUST

Combining Statement of Changes in Fiduciary Net Position

Year ended June 30, 2023 (With Comparative Amounts as of June 30, 2022)

(In thousands)

	Cape Cod and Islands Water Protection Program	Dam and Seawall Repair or Removal Program	Combined Totals 6/30/2023	Combined Totals 6/30/2022
Additions:				
Taxes Collected	\$ 21,626	\$ —	\$ 21,626	\$ 20,266
DSRRP loan repayment receipts	—	920	920	784
Interest income	1,649	—	1,649	101
Total additions	23,275	920	24,195	21,151
Deductions:				
Payment of subsidy for loan forgiveness	39,013	—	39,013	1,303
Fiduciary reimburseable costs	62	920	982	962
Total deductions	39,075	920	39,995	2,265
Increase (decrease) in fiduciary net position	(15,800)	—	(15,800)	18,886
Net position – beginning of year	30,244	—	30,244	11,358
Net position – end of year	\$ 14,444	\$ —	\$ 14,444	\$ 30,244

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MASSACHUSETTS CLEAN WATER TRUST

Five Year Schedule of Fifteen Largest Borrowers
For fiscal years ending June 30, 2019 through June 30, 2023
(in thousands)

BORROWER NAME	June 30, 2023		June 30, 2022		June 30, 2021		June 30, 2020		June 30, 2019	
	Outstanding Loan Amount	% of Loans	Outstanding Loan Amount	% of Loans	Outstanding Loan Amount	% of Loans	Outstanding Loan Amount	% of Loans	Outstanding Loan Amount	% of Loans
Massachusetts Water Resources Authority	\$ 766,896	20.19%	\$ 822,049	22.53%	\$ 893,938	22.58%	\$ 912,802	24.27%	\$ 927,393	24.94%
Springfield Water & Sewer Commission	200,071	5.26%	134,357	3.68%	141,940	3.58%	93,225	2.48%	96,673	2.60%
City of Fall River	154,287	4.05%	158,159	4.33%	169,772	4.29%	146,067	3.88%	141,271	3.80%
City of New Bedford	120,927	3.18%	129,822	3.55%	142,549	3.60%	123,059	3.27%	102,875	2.77%
Upper Blackstone Clean Water	115,666	3.04%	122,449	3.35%	129,298	3.27%	135,782	3.61%	125,066	3.36%
City of Chicopee	107,933	2.84%	107,694	2.95%	113,482	2.87%	120,216	3.20%	126,481	3.40%
City of Revere	94,168	2.47%	76,775	2.10%	82,254	2.08%	73,682	1.96%	62,806	1.69%
City of Lowell	91,510	2.40%	93,355	2.56%	100,164	2.53%	90,348	2.40%	70,253	1.89%
City of Taunton	87,419	2.30%	75,504	2.07%	82,394	2.08%	79,046	2.10%	85,034	2.29%
City of Haverhill	72,941	1.92%	79,946	2.19%	84,553	2.14%	72,084	1.92%	43,968	1.18%
City of Lawrence	69,721	1.83%	68,409	1.87%	73,552	1.86%	54,969	1.46%	44,056	1.18%
Town of Eastham	69,114	1.82%	48,857	1.34%	50,228	1.27%	51,460	1.37%	39,476	1.06%
Town of Nantucket	68,871	1.81%	66,632	1.82%	71,326	1.80%	71,858	1.91%	67,420	1.81%
City of Pittsfield	65,782	1.73%	62,359	1.71%	64,194	1.62%	6,942	0.18%	7,416	0.19%
Town of Billerica	60,061	1.58%	54,944	1.50%	59,854	1.51%	41,312	1.10%	46,048	1.24%
Total all others	1,660,281	43.58%	1,551,579	42.45%	1,700,026	42.92%	1,688,491	44.89%	1,732,719	46.60%
TOTALS AS OF FISCAL YEAR END	\$ 3,805,648	100%	\$ 3,652,890	100%	\$ 3,959,524	100%	\$ 3,761,343	100%	\$ 3,718,955	100%

See Independent Auditors' Report

MASSACHUSETTS CLEAN WATER TRUST

Schedule of Loans Outstanding By Borrower June 30, 2023

Borrower Name	Loans Securing Prior Bonds	Loans Securing MTA Bonds	Loans Outstanding as of June 30, 2023	% of Total Loans Outstanding
Abington	\$ 1,888,679	\$ -	\$ 1,888,679	0.05%
Acton	8,808,580	-	8,808,580	0.23
Acushnet	861,593	218,321	1,079,914	0.03
Adams	395,040	-	395,040	0.01
Adams Fire District	741,470	1,014,224	1,755,694	0.05
Agawam	271,576	-	271,576	0.01
Amesbury	7,291,370	-	7,291,370	0.19
Andover	1,307,106	4,271,608	5,578,714	0.15
Aquarion Water Company of Massachusetts	220,000	-	220,000	0.01
Ashburnham	30,000	-	30,000	0.00
Athol	2,023,781	115,515	2,139,296	0.06
Attleboro	5,700,131	-	5,700,131	0.15
Auburn	118,340	-	118,340	0.00
Auburn Water District	572,807	3,241,218	3,814,025	0.10
Avon	-	360,000	360,000	0.01
Ayer	-	5,253,989	5,253,989	0.14
Barnstable	10,249,237	15,247,521	25,496,758	0.67
Barnstable County	7,950,000	5,379,470	13,329,470	0.35
Barnstable Fire District	-	1,362,187	1,362,187	0.04
Barre	-	41,512	41,512	0.00
Belchertown	1,080,697	-	1,080,697	0.03
Bellingham	295,750	10,002,969	10,298,719	0.27
Belmont	4,115,438	1,496,556	5,611,994	0.15
Beverly	49,785	-	49,785	0.00
Billerica	6,395,607	53,665,812	60,061,419	1.58
Blackstone	-	5,390,280	5,390,280	0.14
Boston	-	10,428,387	10,428,387	0.27
Bourne	39,417	3,341,513	3,380,930	0.09
Brewster	10,000	-	10,000	0.00
Bridgewater	890,783	14,811,746	15,702,529	0.41
Bristol County	605,653	-	605,653	0.02
Brockton	31,829,569	22,743,054	54,572,623	1.43
Burlington	1,908,262	-	1,908,262	0.05
Cambridge	-	7,377,190	7,377,190	0.19
Canton	1,679,889	-	1,679,889	0.04
Centerville-Osterville-Marstons Mills FireDistrict	1,068,596	-	1,068,596	0.03
Charles River Pollution Control District	1,747,699	15,767,406	17,515,105	0.46
Charlton	1,086,370	-	1,086,370	0.03
Chatham	6,741,762	27,007,707	33,749,469	0.89
Chelmsford	10,748,322	-	10,748,322	0.28
Chelmsford Water District	393,530	-	393,530	0.01
Chelsea	109,878	-	109,878	0.00
Cherry Valley & Rochdale Water District	-	361,497	361,497	0.01
Chesterfield	10,000	-	10,000	0.00
Chicopee	50,430,538	57,502,279	107,932,817	2.84
Clinton	567,690	26,107	593,797	0.02
Cohasset	10,203,706	137,732	10,341,438	0.27
Concord	3,278,098	905,156	4,183,254	0.11
Danvers	11,272,647	-	11,272,647	0.30
Dartmouth	6,706,789	9,491,920	16,198,709	0.43
Dedham-Westwood Water District	-	7,744,981	7,744,981	0.20

(Continued)

Borrower Name	Loans Securing		Loans	% of Total Loans
	Prior Bonds	MTA Bonds	Outstanding as of June 30, 2023	
Deerfield Fire District	\$ 265,740	\$ 688,291	\$ 954,031	0.03%
Dennis	40,000	-	40,000	0.00
Dennis Water District	2,345,197	-	2,345,197	0.06
Dighton	33,278	56,780	90,058	0.00
Dighton Water District	1,401,178	-	1,401,178	0.04
Dighton-Rehoboth Regional School District	257,348	-	257,348	0.01
Douglas	865,610	-	865,610	0.02
Dracut	12,547,377	9,410,162	21,957,539	0.58
Dracut Water Supply District	-	8,343,085	8,343,085	0.22
Dudley	-	4,922,861	4,922,861	0.13
Dunstable	-	2,353,002	2,353,002	0.06
Duxbury	1,076,704	-	1,076,704	0.03
East Bridgewater	5,735,962	-	5,735,962	0.15
East Brookfield	-	3,472,000	3,472,000	0.09
East Longmeadow	89,642	-	89,642	0.00
Eastham	30,000	69,083,653	69,113,653	1.82
Easthampton	1,392,137	810,281	2,202,418	0.06
Easton	3,450,516	16,007,306	19,457,822	0.51
Erving	1,542,052	-	1,542,052	0.04
Essex	2,743,981	-	2,743,981	0.07
Everett	1,684,323	833,507	2,517,830	0.07
Fairhaven	396,338	480,891	877,229	0.02
Fall River	81,201,091	73,085,791	154,286,882	4.05
Falmouth	4,377,837	52,918,581	57,296,418	1.51
Fitchburg	6,843,842	47,209,126	54,052,968	1.42
Foxborough	1,767,509	-	1,767,509	0.05
Framingham	25,767,950	5,440,491	31,208,441	0.82
Franklin	756,877	11,041,099	11,797,976	0.31
Gardner	540,528	8,928,035	9,468,563	0.25
Gloucester	22,318,857	20,414,525	42,733,382	1.12
Goshen	-	525,920	525,920	0.01
Grafton	-	33,984,235	33,984,235	0.89
Great Barrington	-	6,329,540	6,329,540	0.17
Greater Lawrence Sanitary District	8,863,261	31,075,597	39,938,858	1.05
Greenfield	8,115	-	8,115	0.00
Groton	903,372	-	903,372	0.02
Hadley	1,260,878	108,226	1,369,104	0.04
Halifax	30,000	-	30,000	0.00
Hanover	-	176,400	176,400	0.00
Hanson	415,000	865,000	1,280,000	0.03
Harvard	1,405,246	138,342	1,543,588	0.04
Harwich	6,121	17,400,721	17,406,842	0.46
Haverhill	12,854,334	60,087,167	72,941,501	1.92
Hillcrest Sewer District	220,113	-	220,113	0.01
Hingham	93,441	-	93,441	0.00
Hinsdale	940,000	-	940,000	0.02
Holbrook	3,994,074	-	3,994,074	0.10
Holden	1,219,576	366,291	1,585,867	0.04
Holliston	-	1,626,691	1,626,691	0.04
Holyoke	10,429,835	10,128,693	20,558,528	0.54
Hoosac Water Quality District	1,630,261	-	1,630,261	0.04
Hopedale	92,859	4,690,738	4,783,597	0.13
Hopkinton	4,899,257	80,000	4,979,257	0.13
Hudson	10,105,572	-	10,105,572	0.27
Hull	11,033	11,315,649	11,326,682	0.30
Ipswich	1,714,827	2,989,262	4,704,089	0.12
Kingston	15,125,181	26,877,233	42,002,414	1.10
Lakeville	25,896	960,000	985,896	0.03

(Continued)

Borrower Name	Loans Securing		Loans	% of Total Loans
	Prior Bonds	MTA Bonds	Outstanding as of June 30, 2023	
Lawrence	\$ 6,852,693	\$ 62,868,648.00	\$ 69,721,341	1.83%
Lee	4,885,309	-	4,885,309	0.13
Leicester	26,441	-	26,441	0.00
Leicester Water Supply District	69,708	-	69,708	0.00
Leominster	15,751,757	21,016,832	36,768,589	0.97
Leverett	-	1,182,752	1,182,752	0.03
Littleton	-	818,547	818,547	0.02
Longmeadow	915,521	-	915,521	0.02
Lowell	55,378,413	36,131,824	91,510,237	2.40
Ludlow	2,070,867	351,413	2,422,280	0.06
Lunenburg	628,646	829,655	1,458,301	0.04
Lunenburg Water District	1,363,945	-	1,363,945	0.04
Lynn Water and Sewer Commission	25,542,347	15,024,371	40,566,718	1.07
Lynnfield	198,894	-	198,894	0.01
Malden	5,442,395	7,879,590	13,321,985	0.35
Manchester - by - the - Sea	-	1,070,955	1,070,955	0.03
Mansfield	6,966,471	-	6,966,471	0.18
Marion	10,545,510	8,367,277	18,912,787	0.50
Marlborough	30,236,470	29,364,184	59,600,654	1.57
Marshfield	3,207,163	120,000	3,327,163	0.09
Mashpee	45,268	-	45,268	0.00
Massachusetts Development Finance Agency	5,621,201	-	5,621,201	0.15
Massachusetts Water Resources Authority	503,704,629	263,191,620	766,896,249	20.19
Mattapoisett	3,902,742	-	3,902,742	0.10
Mattapoisett River Valley Water District	3,673,930	-	3,673,930	0.10
Maynard	4,666,676	-	4,666,676	0.12
Medfield	566,316	-	566,316	0.01
Medway	3,599	2,372,242	2,375,841	0.06
Melrose	835,530	-	835,530	0.02
Merrimac	-	2,050,489	2,050,489	0.05
Methuen	7,495,923	-	7,495,923	0.20
MFN Regional Wastewater District	4,251,327	33,876,206	38,127,533	1.00
Middleborough	516,125	18,638,861	19,154,986	0.50
Middleton	5,000	-	5,000	0.00
Millbury	11,214,894	-	11,214,894	0.29
Millville	92,500	308,242	400,742	0.01
Monroe	-	102,648	102,648	0.00
Monson	613,427	-	613,427	0.02
Montague	1,352,348	1,318,431	2,670,779	0.07
Nahant	-	9,767,852	9,767,852	0.26
Nantucket	29,395,250	39,475,541	68,870,791	1.81
Natick	751,652	-	751,652	0.02
Needham	3,698,026	-	3,698,026	0.10
New Bedford	46,005,441	74,921,929	120,927,370	3.18
Newbury	3,925,264	-	3,925,264	0.10
Newburyport	25,048,530	192,848	25,241,378	0.66
Norfolk	41,815	-	41,815	0.00
North Adams	27,594	-	27,594	0.00
North Andover	1,599,282	-	1,599,282	0.04
North Attleboro	12,254,925	8,005,894	20,260,819	0.53
North Raynham Water District	1,461,180	-	1,461,180	0.04
North Reading	50,000	-	50,000	0.00
North Sagamore Water District	149,784	-	149,784	0.00
Northampton	6,763,080	52,983	6,816,063	0.18
Norton	143,468	15,649,928	15,793,396	0.41
Norwell	26,270	-	26,270	0.00
Norwood	2,089,637	3,835,654	5,925,291	0.16

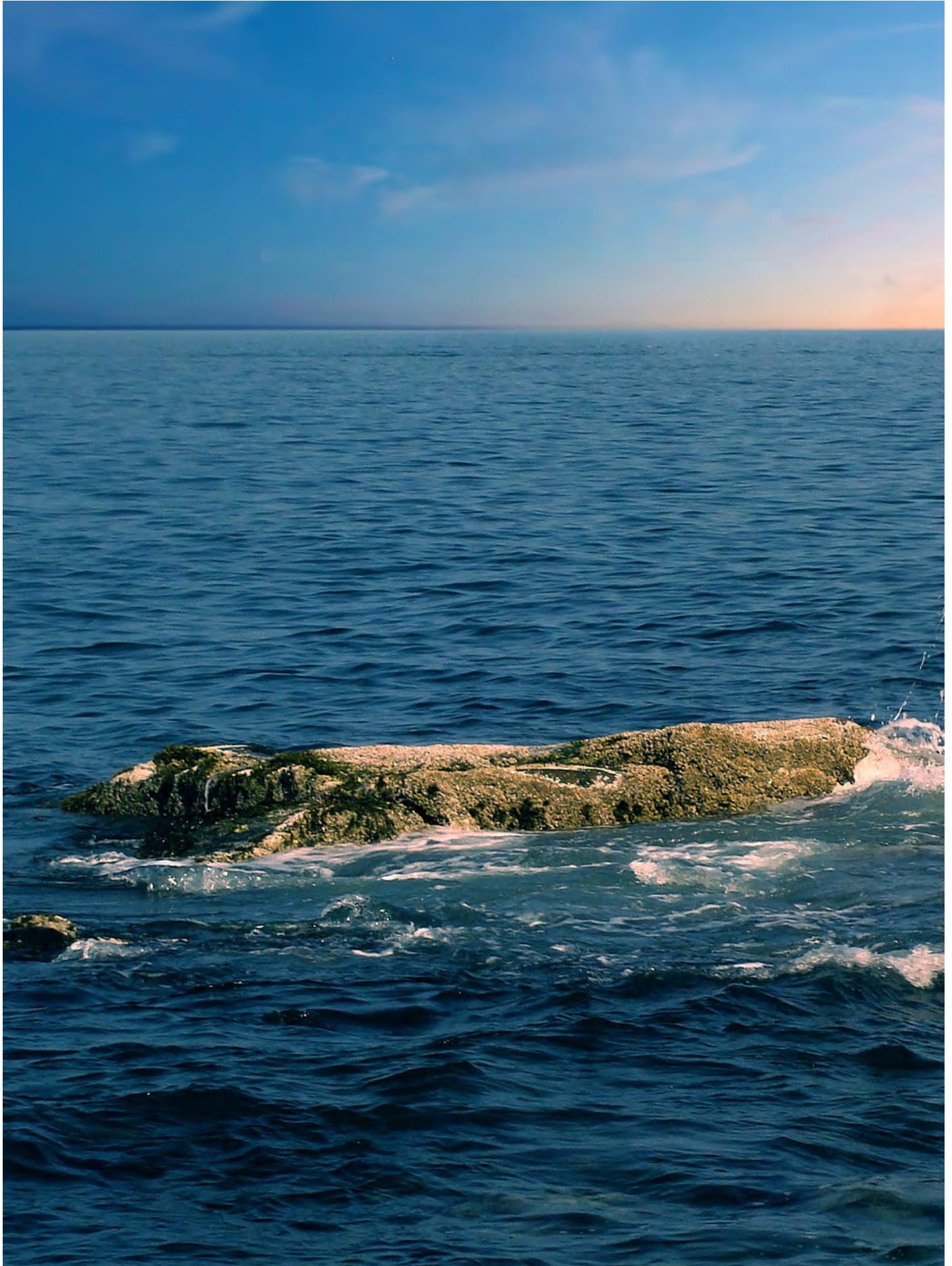
(Continued)

Borrower Name	Loans Securing		Loans	% of Total Loans
	Prior Bonds	MTA Bonds	Outstanding as of June 30, 2023	
Oak Bluffs	\$ 835,018	\$ -	\$ 835,018	0.02%
Orange	193,689	-	193,689	0.01
Orleans	15,000	14,852,300	14,867,300	0.39
Palmer	2,339,275	4,042,801	6,382,076	0.17
Paxton	-	955,845	955,845	0.03
Peabody	-	26,572,599	26,572,599	0.70
Pembroke	1,778,488	510,575	2,289,063	0.06
Pepperell	635,000	11,227,110	11,862,110	0.31
Pittsfield	2,789,805	62,991,830	65,781,635	1.73
Plainville	1,537,304	267,980	1,805,284	0.05
Plymouth	391,183	23,203,343	23,594,526	0.62
Provincetown	2,318,484	-	2,318,484	0.06
Quincy	4,340,085	10,949,398	15,289,483	0.40
Randolph	6,125,411	1,249,717	7,375,128	0.19
Raynham	436,250	-	436,250	0.01
Revere	7,307,761	86,860,074	94,167,835	2.47
Richmond	1,498,079	-	1,498,079	0.04
Rockland	1,614,532	-	1,614,532	0.04
Rowley	6,386,885	230,530	6,617,415	0.17
Russell	10,769	-	10,769	0.00
Rutland	5,914	-	5,914	0.00
Salem	544,455	-	544,455	0.01
Salisbury	1,073,168	-	1,073,168	0.03
Sandwich	10,000	-	10,000	0.00
Saugus	5,177,907	8,532,598	13,710,505	0.36
Scituate	4,487,074	6,769,316	11,256,390	0.30
Seekonk	539,191	-	539,191	0.01
Seekonk Water District	26,608	-	26,608	0.00
Shirley	39,495	44,133	83,628	0.00
Shrewsbury	498,189	12,090,623	12,588,812	0.33
Shutesbury	44,148	-	44,148	0.00
Somerset	1,562,165	-	1,562,165	0.04
South Essex Sewerage District	990,064	4,775,588	5,765,652	0.15
South Grafton Water District	810,749	-	810,749	0.02
South Hadley	1,390,689	-	1,390,689	0.04
South Hadley Fire District #1	189,223	-	189,223	0.00
Southampton	35,000	1,588,128	1,623,128	0.04
Southborough	207,481	-	207,481	0.01
Southbridge	4,663,317	1,402,592	6,065,909	0.16
Spencer	3,016,384	1,634,348	4,650,732	0.12
Springfield Water & Sewer Commission	30,295,681	169,775,012	200,070,693	5.26
Sterling	233,214	-	233,214	0.01
Stockbridge	1,116,173	1,314,739	2,430,912	0.06
Stoughton	255,000	597,897	852,897	0.02
Stow	56,296	-	56,296	0.00
Sturbridge	7,674,620	-	7,674,620	0.20
Sudbury	-	500,000	500,000	0.01
Sutton	1,074,322	-	1,074,322	0.03
Swampscott	117,005	-	117,005	0.00
Swansea	58,519	-	58,519	0.00
Swansea Water District	6,663,538	-	6,663,538	0.18
Taunton	34,641,339	52,777,515	87,418,854	2.30
Templeton	962,560	-	962,560	0.03
Tewksbury	1,679,768	-	1,679,768	0.04
The Greens Condominium Trust	-	60,233	60,233	0.00
Tisbury	458,528	56,867	515,395	0.01
Townsend	407,756	-	407,756	0.01

(Continued)

Borrower Name	Loans Securing Prior Bonds	Loans Securing MTA Bonds	Loans Outstanding as of June 30, 2023	% of Total Loans Outstanding
Turners Falls Fire District	\$ -	\$ 543,843	\$ 543,843	0.01%
Tyngsborough	94,756	19,839,004	19,933,760	0.52
Upper Blackstone Clean Water	94,666,867	20,998,728	115,665,595	3.04
Uxbridge	-	39,009,231	39,009,231	1.03
Wakefield	23,223	-	23,223	0.00
Walpole	5,140	-	5,140	0.00
Waltham	844,475	-	844,475	0.02
Wareham	7,688,620	8,472,688	16,161,308	0.42
Wareham Fire District	-	11,986,652	11,986,652	0.31
Water Supply District of Acton	-	20,561,206	20,561,206	0.54
Wayland	-	595,000	595,000	0.02
Webster	4,383,009	11,546,796	15,929,805	0.42
Wellfleet	90,000	130,136	220,136	0.01
West Boylston	3,736,150	-	3,736,150	0.10
West Boylston Water District of West Boylston	259,727	9,009,502	9,269,229	0.24
West Bridgewater	141,870	377,904	519,774	0.01
West Groton Water Supply District	346,192	-	346,192	0.01
West Newbury	20,728	-	20,728	0.00
West Springfield	4,745,209	23,799,459	28,544,668	0.75
Westborough	23,878,211	256,776	24,134,987	0.63
Westfield	330,277	1,529,670	1,859,947	0.05
Westford	944,495	-	944,495	0.02
Westminster	-	240,000	240,000	0.01
Westport	-	993,210	993,210	0.03
Weymouth	16,285,416	-	16,285,416	0.43
Whately	-	366,819	366,819	0.01
Whitman	242,838	12,388	255,226	0.01
Wilbraham	1,557,128	-	1,557,128	0.04
Wilmington	50,000	-	50,000	0.00
Winchendon	286,844	-	286,844	0.01
Winthrop	-	7,272,545	7,272,545	0.19
Woburn	5,670,741	-	5,670,741	0.15
Woodvale Condominium Trust	-	62,118	62,118	0.00
Worcester	2,848,033	3,019,247	5,867,280	0.15
Wrentham	280,432	-	280,432	0.01
Total	\$ 1,630,470,433	\$ 2,175,177,058	\$ 3,805,647,491	100%
Clean Water Program			\$ 2,788,472,544	
Drinking Water Program			\$ 1,017,174,947	

See Independent Auditors' Report





MASSACHUSETTS
CLEAN WATER TRUST

Massachusetts Clean Water Trust

A Component Unit of the Commonwealth of Massachusetts

III. Statistical Section

Annual Comprehensive Financial Report as of and for the Years Ended June 30, 2023 and June 30, 2022 and
Independent Auditors' Report

STATISTICAL SECTION – TABLE OF CONTENTS

(unaudited)

Financial Trends

These schedules contain trend information to help the reader understand how the Trust's financial performance and fiscal health have changed over time. Schedules included are:

Ten Year Schedule of Changes in Net Position	1
Ten Year Schedule of Net Position Components	2

Revenue Capacity

This schedule contains information to help the reader assess the factors affecting the Trust's ability to provide interim loans and general operations. Schedule included is:

Ten Year Combined Schedule of Operating Revenues by Source	3
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Debt Capacity

These schedules present information to help the reader assess the affordability of the Trust's current level of outstanding debt and Trust's ability to issue additional debt in the future. Schedules included are:

Ten Year Debt Schedule	4
Ten Year Schedule of Pledged Revenue Coverage	5
Ten Year Combined Schedule of Operating Expenses	6

Operating Information

This schedule contains information to help the reader assess the factors affecting the Trust's ability to provide interim loans and general operations. Schedule included is:

Ten Year Schedule of Full Time Equivalent Employees by Program and Agency	7
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Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment which the Trust's financial activities take place and the aid provided by the Commonwealth to the Trust. Schedules included are:

Ten Year Schedule of Contract Assistance Provided by the Commonwealth of Massachusetts, Massachusetts Population and Per Capita Contract Assistance	8
Ten Year Schedule of Annual Civilian Labor Force, Unemployment and Unemployment Rates for Massachusetts and the United States	9
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Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial report for the relevant year.

MASSACHUSETTS CLEAN WATER TRUST

Ten Year Schedule of Changes in Net Position

For fiscal years ending June 30, 2014 through June 30, 2023

(in thousands)

Fiscal Year	Operating Revenues ⁽¹⁾	Operating Expenses ⁽²⁾	Operating Income (Loss)	Nonoperating Revenue	Changes in Net Position ^{(1) (2)}
2023	\$ 198,672 ⁽³⁾	\$ 201,381 ⁽⁴⁾	\$ (2,709)	\$ 406,681 ⁽⁵⁾	\$ 403,972
2022	138,510	136,122	2,388	95,603	97,991
2021	155,579	143,153	12,426	99,151	111,577
2020	203,185	53,691	149,494	135,141	284,635
2019	190,071	125,151	64,920	91,339	156,259
2018	139,646	142,579	(2,933)	72,520	69,587
2017	124,574	158,306	(33,732)	73,697	39,965
2016	170,273	149,662	20,611	76,519	97,130
2015	184,909	148,939	35,970	76,099	112,069
2014	164,121	160,970	3,151	74,155	77,306

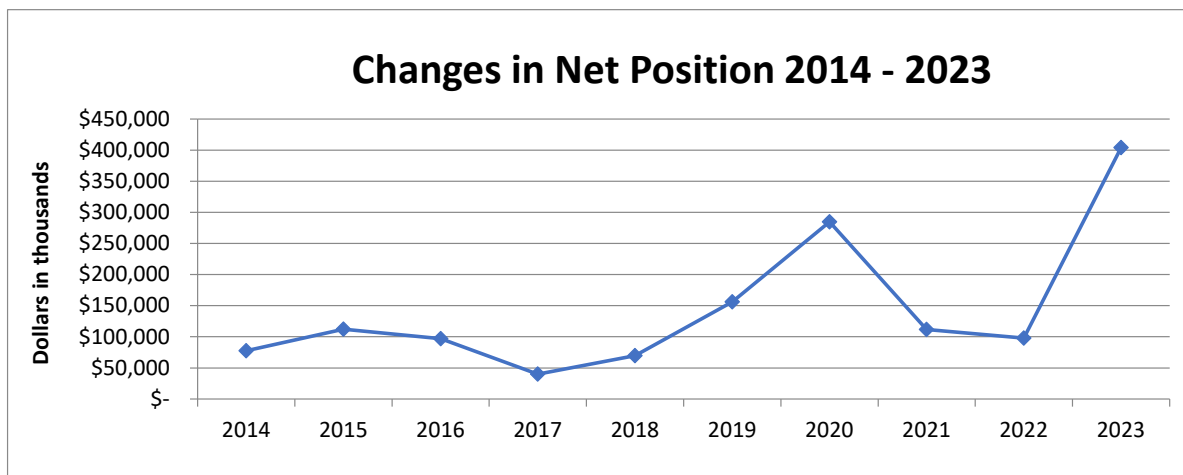
(1) Effective with fiscal year 2022's reporting, the Trust has restated prior years' net position and changes in net position beginning in fiscal year 2019 to recognize nonexchange revenues of unallocated contract assistance from the Commonwealth of Massachusetts in accordance with GASB 33, Accounting and Financial Reporting for Nonexchange Transactions, and GASB 65, Items Previously Reported as Assets and Liabilities.

(2) Effective with fiscal year 2023's reporting, the Trust has restated prior years' beginning net position beginning in fiscal year 2020 to reflect the change in the amortization method of bond premiums from the straight-line method to the effective interest method. The change to the effective interest method of amortization also resulted in the restatement of deferred outflows of resources.

(3) Includes \$46.9 million increase in interest income primarily due to the higher average yield on Massachusetts Municipal Depository Trust funds in fiscal 2023 of 4.00% compared to 0.38% in fiscal 2022.

(4) Includes a \$72.6 million increase in loan forgiveness provided to the Trust's borrowers made possible by the ARPA grant awards received from the Commonwealth.

(5) Includes \$103.8 million increase in nonoperating revenues from the EPA federal grants, and \$201.9 million in ARPA grant awards received from the Commonwealth.



MASSACHUSETTS CLEAN WATER TRUST

Ten Year Schedule of Net Position Components

For fiscal years ending June 30, 2014 through June 30, 2023

(in thousands)

Year	Restricted Clean Water	Restricted Drinking Water	Restricted State Revolving Fund	Total Restricted	Unrestricted	Total Net Position
	(4)	(4)	(1) (5)	(2) (3)		
2023	\$ 1,753,467	\$ 680,023	\$ 345,679	\$ 2,779,169	\$ 721,403	\$ 3,500,572
2022	1,689,104	620,293	193,800	2,503,197	593,403	3,096,600
2021	1,640,855	561,354	75,157	2,277,366	721,243	2,998,609
2020	1,622,527	502,739	54,781	2,180,047	706,985	2,887,032
2019	1,574,201	475,674	71	2,049,946	552,451	2,602,397
2018	1,525,377	446,807	-	1,972,184	473,954	2,446,138
2017	1,490,110	409,456	-	1,899,566	476,986	2,376,552
2016	1,445,703	392,748	-	1,838,451	498,135	2,336,586
2015	1,396,156	380,671	-	1,776,827	462,629	2,239,456
2014	1,342,846	375,206	-	1,718,052	409,335	2,127,387

(1) Effective with fiscal year 2022's reporting, the Trust's restricted State net position includes other restricted funds including additional contract assistance provided by the Commonwealth.

(2) Effective with fiscal year 2023's reporting, the Trust has restated prior years' net position and changes in net position beginning in 2020 to recognize the change in methodology of amortizing unearned bonds premiums and deferred outflows of resources.

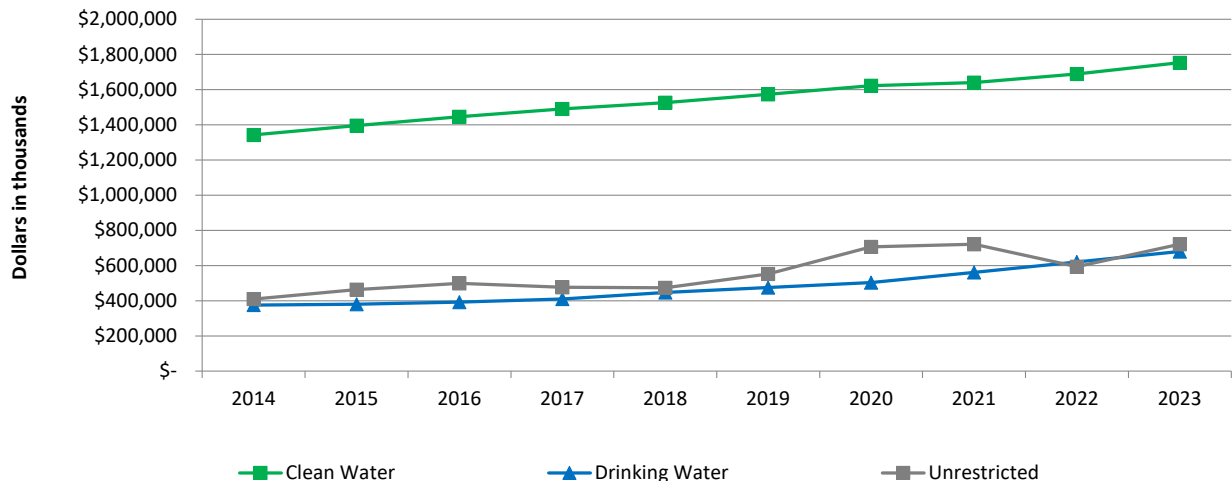
(3) Effective with fiscal year 2022's reporting, the Trust has restated prior years' net position and changes in net position beginning in 2019 to recognize nonexchange revenues of unallocated contract assistance from the Commonwealth of Massachusetts in accordance with GASB 33, Accounting and Financial Reporting for Nonexchange Transactions, and GASB 65, Items Previously Reported as Assets and Liabilities.

(4) Fiscal year 2023's restricted net position includes the Trust's annual federal SRF base grants plus new federal grants including BIL grants totaling \$86.4 for Clean Water and \$97.1 for Drinking Water grants.

(5) Fiscal year 2023's restricted State net position includes \$201.9 million in ARPA grant awards received from the Commonwealth.

Schedule of Net Position Components* 2014 - 2023

*Chart does not reflect State Revolving Fund Restricted Net Position



MASSACHUSETTS CLEAN WATER TRUST

Ten Year Combined Schedule of Operating Revenues by Source

For fiscal years ending June 30, 2014 through June 30, 2023

(in thousands)

Fiscal Year	Loan Servicing Fees	Loan Origination Fees	Interest Income ⁽¹⁾	Commonwealth Contract Assistance ⁽¹⁾	Unrealized Gain (Loss) on Investments ⁽²⁾	Total Operating Revenues
2023	\$ 5,260	\$ -	\$ 140,872 ⁽³⁾	\$ 63,383	\$ (10,843)	\$ 198,672
2022	5,473	-	94,784	63,383	(25,130)	138,510
2021	5,280	-	94,803	63,383	(7,887)	155,579
2020	5,454	83	113,451	63,383	20,814	203,185
2019	5,479	1,542	94,673	73,383	14,994	190,071
2018	5,615	-	85,401	55,452	(6,822)	139,646
2017	5,608	1,821	77,903 ⁽⁴⁾	51,179	(11,937)	124,574
2016	5,515	1,926	85,150	57,379	20,303	170,273
2015	5,315	2,150	81,493	61,802	34,149	184,909
2014	5,137	19	96,475	62,490	-	164,121

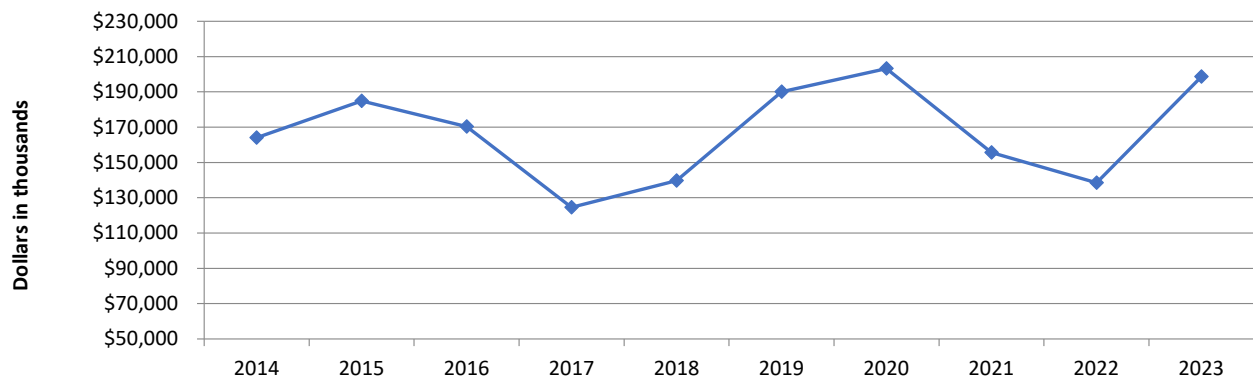
(1) Effective with fiscal year 2022's reporting, the Trust has restated prior years' net position and changes in net position beginning in 2019 to recognize nonexchange revenues of unallocated contract assistance from the Commonwealth of Massachusetts in accordance with GASB 33, Accounting and Financial Reporting for Nonexchange Transactions, and GASB 65, Items Previously Reported as Assets and Liabilities.

(2) Implemented GASB 72, Fair Value Measurement and Application in Fiscal Year 2016

(3) Includes \$46.9 million increase in interest income primarily due to the higher average yield on Massachusetts Municipal Depository Trust funds in fiscal 2023 of 4.00% compared to 0.38% in fiscal 2022.

(4) Includes a \$10.0 million payment of refunding savings to the Commonwealth and \$12.3 million in arbitrage rebate payments to the U.S. Treasury.

Operating Revenues 2014 - 2023



MASSACHUSETTS CLEAN WATER TRUST

Ten Year Debt Schedule

For fiscal years ending June 30, 2014 through June 30, 2023
(in thousands)

Senior Revenue Bonds:

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Massachusetts Water Resources Authority Loan Program	\$ 3,535	\$ 4,170	\$ 4,870	\$ 5,625	\$ 6,430	\$ 7,280	\$ 8,170	\$ 9,100	\$ 10,060	\$ 11,365
South Essex Sewerage District Loan Program	-	-	-	-	-	-	-	285	890	1,855
New Bedford Loan Program	-	-	-	-	-	-	-	-	270	785
Pool Loan Program	260,515	430,430	445,480	491,275	668,690	836,630	892,585	1,037,980	1,134,240	1,328,845
Master Trust Agreement	1,642,310	1,317,985	1,395,790	1,082,575	833,915	693,950	717,030	428,720	228,155	-
Subtotal Senior Revenue Bonds	1,906,360	1,752,585	1,846,140	1,579,475	1,509,035	1,537,860	1,617,785	1,476,085	1,373,615	1,342,850

Subordinated Revenue Refunding Bonds:

Massachusetts Water Resources Authority Loan Program	3,845	3,845	3,845	3,845	19,845	36,595	54,040	54,040	54,040	63,620
Pool Loan Program	440,820	562,950	680,280	811,555	927,760	1,044,890	1,296,575	1,462,805	1,583,935	1,678,245
Subtotal Subordinated Revenue Refunding Bonds	444,665	566,795	684,125	815,400	947,605	1,081,485	1,350,615	1,516,845	1,637,975	1,741,865

Total Bonds Payable

	2,351,025	2,319,380	2,530,265	2,394,875	2,456,640	2,619,345	2,968,400	2,992,930	3,011,590	3,084,715
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Unamortized amounts:

Bond Premium	239,101	239,170	278,644	213,128	305,552	313,333	347,809	335,272	320,762	304,295
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Total Bonds Payable, net

	\$ 2,590,126	\$ 2,558,550	\$ 2,808,909	\$ 2,608,003	\$ 2,762,192	\$ 2,932,678	\$ 3,316,209	\$ 3,328,202	\$ 3,332,352	\$ 3,389,010
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(1) Effective with fiscal year 2023's reporting, the Trust has restated prior years' net debt beginning in fiscal year 2020 to reflect the change in the amortization method of bond premiums from the straight-line method to the effective interest method.

MASSACHUSETTS CLEAN WATER TRUST

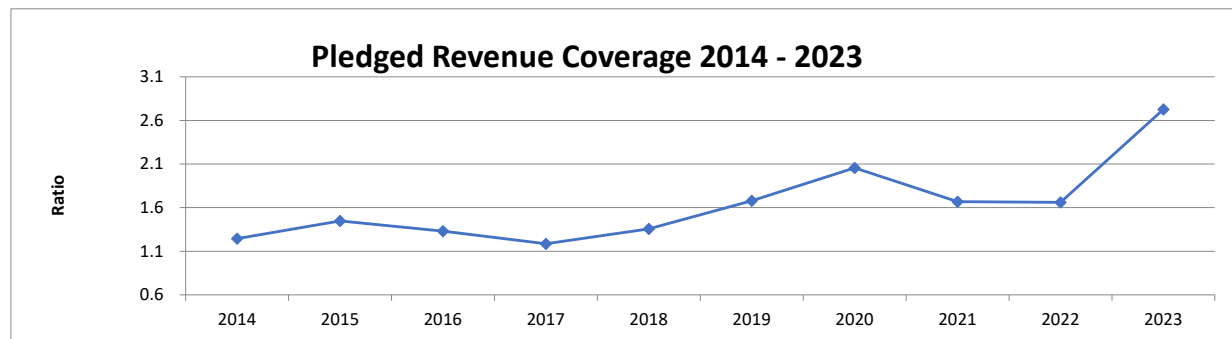
Ten Year Schedule of Pledged Revenue Coverage For fiscal years ending June 30, 2014 through June 30, 2023 (in thousands)

Fiscal Year	Changes in Net Position ^{(1) (2)}	Commonwealth Contract Assistance ⁽¹⁾	Principal and Interest Received from Borrowers ⁽²⁾	Total Receivable and Revenue	Debt Service Requirements			Coverage ratio
					Principal	Interest	Total Debt Service	
2023	\$ 403,972 ⁽³⁾	\$ 63,383	\$ 419,519	\$ 886,874	\$ 219,785	\$ 105,543	\$ 325,328	2.73
2022	97,991	63,383	380,288	541,662	210,885	115,299	326,184	1.66
2021	111,577	63,383	368,037	542,997	213,180	112,170	325,350	1.67
2020	284,635	63,383	371,729	719,747	232,395	117,860	350,255	2.05
2019	156,259	73,383	369,159	598,801	230,280	126,609	356,889	1.68
2018	69,587	55,452	375,557	500,596	231,485	137,460	368,945	1.36
2017	39,965	51,179	343,632	434,776	225,895	140,716	366,611	1.19
2016	97,130	57,379	334,873	489,382	226,465	141,504	367,969	1.33
2015	112,069	61,802	318,080	491,951	205,540	134,400	339,940	1.45
2014	77,306	62,490	332,531	472,327	215,753	163,928	379,681	1.24

(1) Effective with fiscal year 2022's reporting, the Trust has restated prior years' net position and changes in net position beginning in fiscal year 2019 to recognize nonexchange revenues of unallocated contract assistance from the Commonwealth of Massachusetts in accordance with GASB 33, Accounting and Financial Reporting for Nonexchange Transactions, and GASB 65, Items Previously Reported as Assets and Liabilities.

(2) Effective with fiscal year 2023's reporting, the Trust has restated prior years' beginning net position beginning in fiscal year 2020 to reflect the change in the amortization method of bond premiums from the straight-line method to the effective interest method. The change to the effective interest method of amortization also resulted in the restatement of deferred outflows of resources.

(3) Includes \$103.8 million increase in nonoperating revenues from the EPA federal grants, and \$201.9 million in ARPA grant awards received from the Commonwealth, in addition to \$46.9 million increase in interest income primarily due to the higher average yield on Massachusetts Municipal Depository Trust funds in fiscal 2023 of 4.00% compared to 0.38% in fiscal 2022.



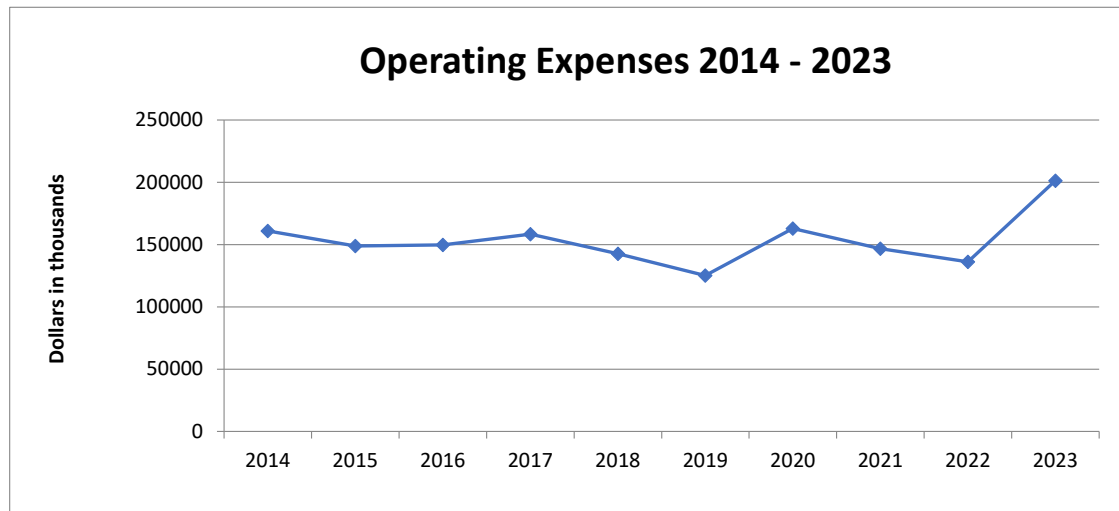
MASSACHUSETTS CLEAN WATER TRUST
Ten Year Combined Schedule of Operating Expenses
For fiscal years ending June 30, 2014 through June 30, 2023
(in thousands)

Fiscal Year	DEP Programmatic Support Costs	Loan Forgiveness ⁽¹⁾	General and Adminstrative	Arbitrage Rebate Payments	Interest Expense ⁽²⁾	Total Operating Expenses
2023	\$ 11,888	\$ 105,111 ⁽³⁾	\$ 3,905	\$ -	\$ 80,477	\$ 201,381
2022	12,381	32,542	1,876	886	88,437	136,122
2021	9,399	37,353	3,318	4,240	88,843	143,153
2020	9,374	43,252	3,263	12,242	(14,440)	53,691
2019	8,731	7,698	2,693	1,468	104,561	125,151
2018	7,583	7,372	2,331	-	125,293	142,579
2017	8,545	5,672	5,210	12,328	126,551	158,306
2016	8,421	6,117	4,092	3,785	127,247	149,662
2015	5,793	4,797	5,923	1,538	130,888	148,939
2014	7,418	7,567	7,860	166	137,959	160,970

(1) Reflects the additional subsidization provided pursuant to the federal capitalization and Bipartisan Infrastructure Law (BIL) grant awards received from EPA, in addition to contract assistance funded by the Commonwealth of Massachusetts and restricted SRF program equity funds.

(2) Effective with fiscal year 2023's reporting, the Trust has restated prior years' beginning net position beginning in fiscal year 2020 to reflect the change in the amortization method of bond premiums from the straight-line method to the effective interest method. The change to the effective interest method of amortization also resulted in the restatement of deferred outflows of resources.

(3) Includes \$87.4 million in additional subsidization made possible by the ARPA grant awards received from the Commonwealth



MASSACHUSETTS CLEAN WATER TRUST

Ten Year Schedule of Full Time Equivalent Employees

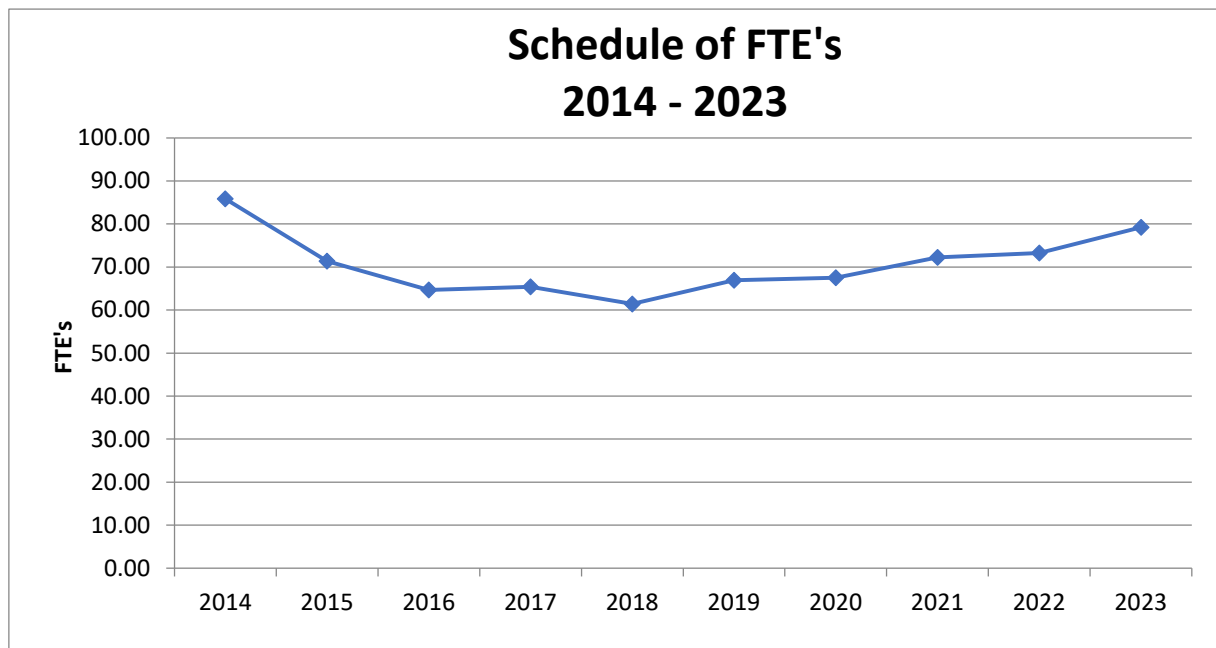
By Program and Agency

For fiscal years ending June 30, 2014 through June 30, 2023

Year	MCWT - Administrative	DEP - Clean Water Program	DEP - Drinking Water Program	DEP - Admin Expendable Trust	Total
2023	14.00	14.50	39.75	11.00	79.25
2022	11.58	11.75	41.20	8.75	73.28
2021	11.00	13.25	41.00	7.00	72.25
2020	10.92	12.00	36.10	8.50	67.52
2019	11.17	13.25	35.75	6.75	66.92
2018	10.13	19.05	29.35	2.90	61.43
2017	8.76	19.15	33.30	4.20	65.41
2016	9.00	19.60	31.85	4.20	64.65
2015	8.83	17.50	32.08	12.98	71.39
2014	9.25	21.66	45.01	9.92	85.84

MCWT - Massachusetts Clean Water Trust

DEP - Department of Environmental Protection



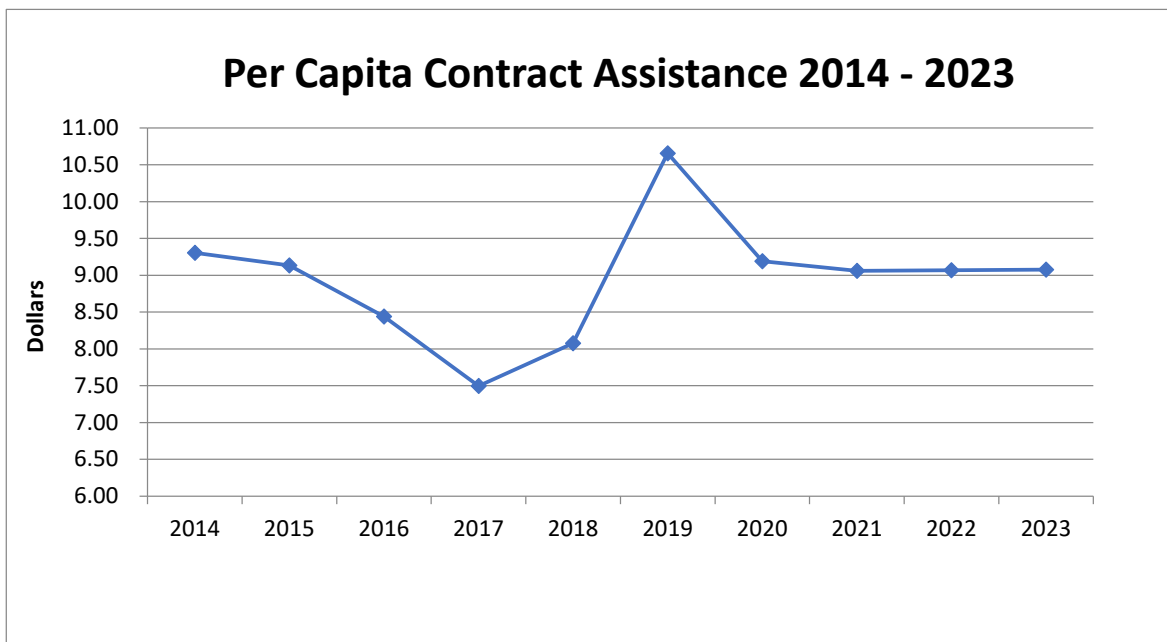
MASSACHUSETTS CLEAN WATER TRUST

Ten Year Schedule of Contract Assistance Provided by the Commonwealth of Massachusetts, Massachusetts Population, and Per Capita Contract Assistance For fiscal years ending June 30, 2014 through June 30, 2023 (in thousands)

Fiscal Year ending June 30		Contract Assistance provided ⁽¹⁾		Population estimates ⁽²⁾		Per Capita Contract Assistance
2023	\$	63,383		6,982	\$	9.08
2022		63,383		6,990		9.07
2021		63,383		6,996		9.06
2020		63,383		6,895		9.19
2019		73,383		6,886		10.66
2018		55,452		6,864		8.08
2017		51,179		6,827		7.50
2016		57,379		6,797		8.44
2015		61,802		6,765		9.14
2014		62,490		6,715		9.31

(1) Effective with fiscal year 2022's reporting, the Trust has restated prior years' net position and changes in net position beginning in 2019 to recognize nonexchange revenues of unallocated contract assistance from the Commonwealth of Massachusetts in accordance with GASB 33, Accounting and Financial Reporting for Nonexchange Transactions, and GASB 65, Items Previously Reported as Assets and Liabilities.

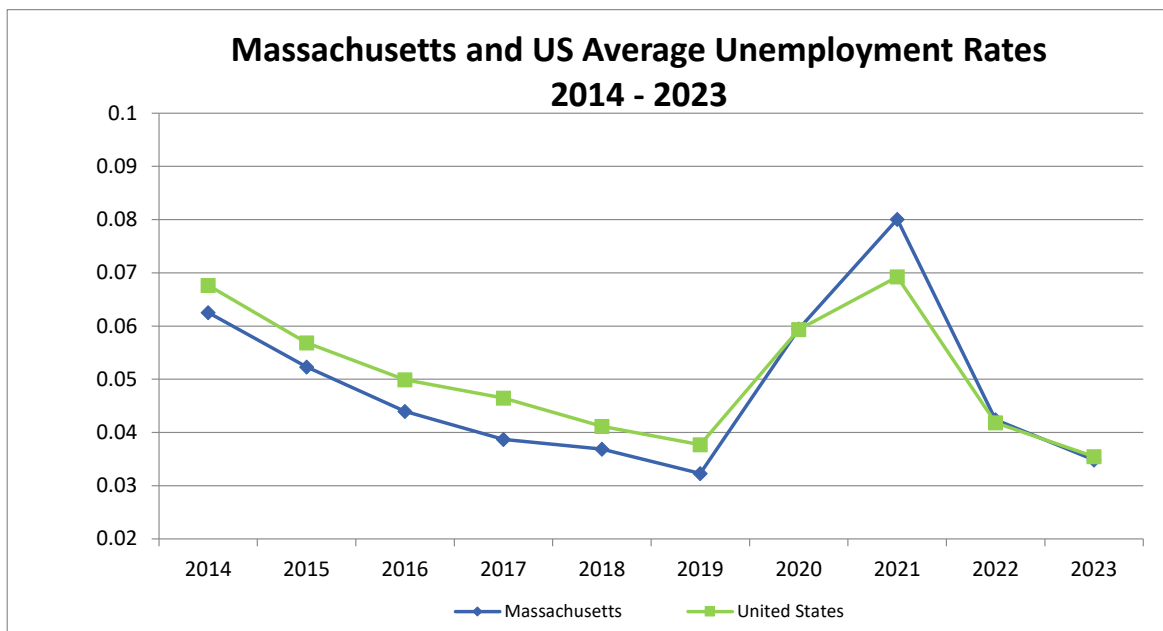
(2) Population estimates have been restated to most current United States Census Bureau Data. Population data is reported as of July 1 of the previous year and has been restated to most recent United States Census Bureau Data.



MASSACHUSETTS CLEAN WATER TRUST
Ten Year Schedule of Fiscal Year Annual Average Civilian Labor Force,
Unemployment and Unemployment Rates
For Massachusetts and the United States
For fiscal years ending June 30, 2014 through June 30, 2023
(in thousands)

Fiscal Year	<u>Massachusetts</u>			<u>United States</u>			Massachusetts Rate as % of U.S. Rate
	Labor Force	Unemployment	Unemployment Rate %	Labor Force	Unemployment	Unemployment Rate %	
2023	3,733	130	3.5%	165,561	5,872	3.5%	100.0%
2022	3,748	159	4.2%	162,921	6,817	4.2%	100.0%
2021	3,759	301	8.0%	160,579	11,120	6.9%	115.6%
2020	3,783	225	5.9%	162,565	9,651	5.9%	100.2%
2019	3,839	124	3.2%	162,674	6,136	3.8%	85.6%
2018	3,771	139	3.7%	161,152	6,632	4.1%	89.6%
2017	3,671	142	3.9%	159,790	7,429	4.6%	83.2%
2016	3,594	158	4.4%	158,047	7,887	5.0%	88.1%
2015	3,594	188	5.2%	156,626	8,908	5.7%	92.0%
2014	3,533	221	6.3%	155,470	10,514	6.8%	92.5%

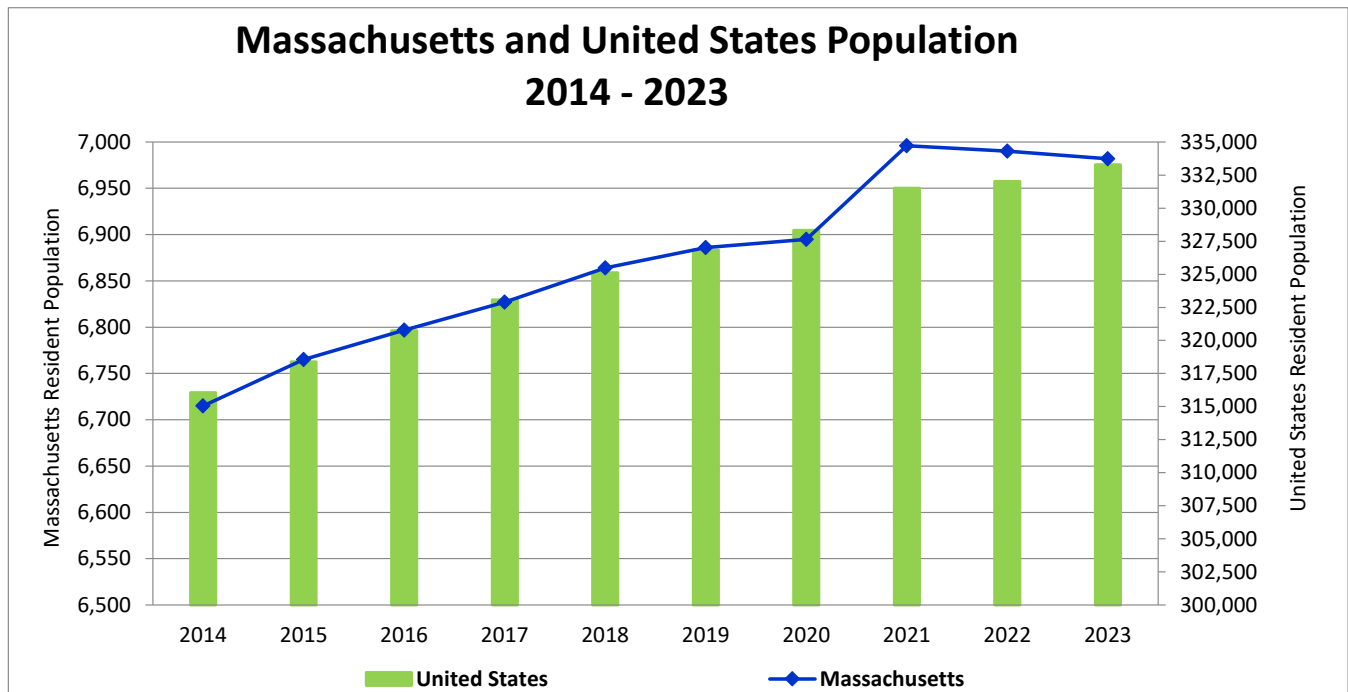
Source: Federal Bureau of Labor Statistics, July 2023. Seasonally adjusted. Previous data has been updated by the Federal Bureau of Labor Statistics



MASSACHUSETTS CLEAN WATER TRUST
Ten Year Schedule of Massachusetts and United States Resident Population
For fiscal years ending June 30, 2014 through June 30, 2023
(in thousands)

Beginning of Fiscal Year	Massachusetts Resident Population ⁽¹⁾	% Change	United States Resident Population ⁽¹⁾	% Change	Massachusetts as % of U.S.
2023	6,982	(0.1)%	333,288	0.4%	2.1%
2022	6,990	(0.1)%	332,032	0.2%	2.1%
2021	6,996	1.5%	331,512	1.0%	2.1%
2020	6,895	0.1%	328,330	0.5%	2.1%
2019	6,886	0.3%	326,838	0.5%	2.1%
2018	6,864	0.5%	325,122	0.6%	2.1%
2017	6,827	0.4%	323,072	0.7%	2.1%
2016	6,797	0.5%	320,739	0.7%	2.1%
2015	6,765	0.7%	318,386	0.7%	2.1%
2014	6,715	0.8%	316,060	0.7%	2.1%

⁽¹⁾ Population estimates have been restated using the most current United States Census Bureau data. Population data is reported as of July 1 of the previous year and has been restated to most recent United States Census Bureau Data.



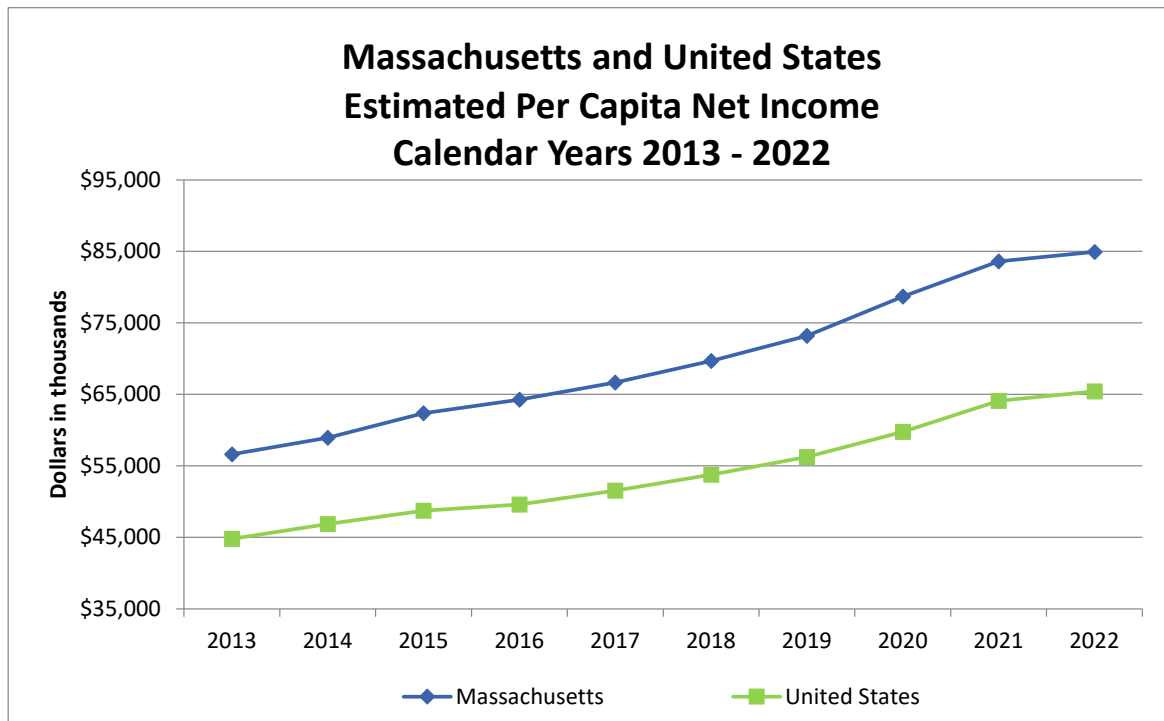
MASSACHUSETTS CLEAN WATER TRUST

Ten Year Schedule of Massachusetts and United States Resident Per Capita Net Income Calendar Years 2013 - 2022

(in thousands)

Calendar Year	Massachusetts ⁽¹⁾		% Change	United States ⁽¹⁾		% Change	Massachusetts as % of U.S.
2022	\$	84,945	1.6%	\$	65,423	2.0%	129.8%
2021		83,593	6.2%		64,117	7.3%	130.4%
2020		78,685	7.5%		59,763	6.2%	131.7%
2019		73,213	5.1%		56,250	4.6%	130.2%
2018		69,693	4.5%		53,786	4.3%	129.6%
2017		66,679	3.7%		51,550	3.9%	129.3%
2016		64,295	3.1%		49,613	1.8%	129.6%
2015		62,376	5.9%		48,725	3.9%	128.0%
2014		58,924	4.1%		46,887	4.7%	125.7%
2013		56,628	-0.1%		44,798	0.6%	126.4%

⁽¹⁾ Source: Bureau of Economic Analysis, US Department of Commerce. Prior years restated due to revised estimates updated on March 31, 2023



MASSACHUSETTS CLEAN WATER TRUST

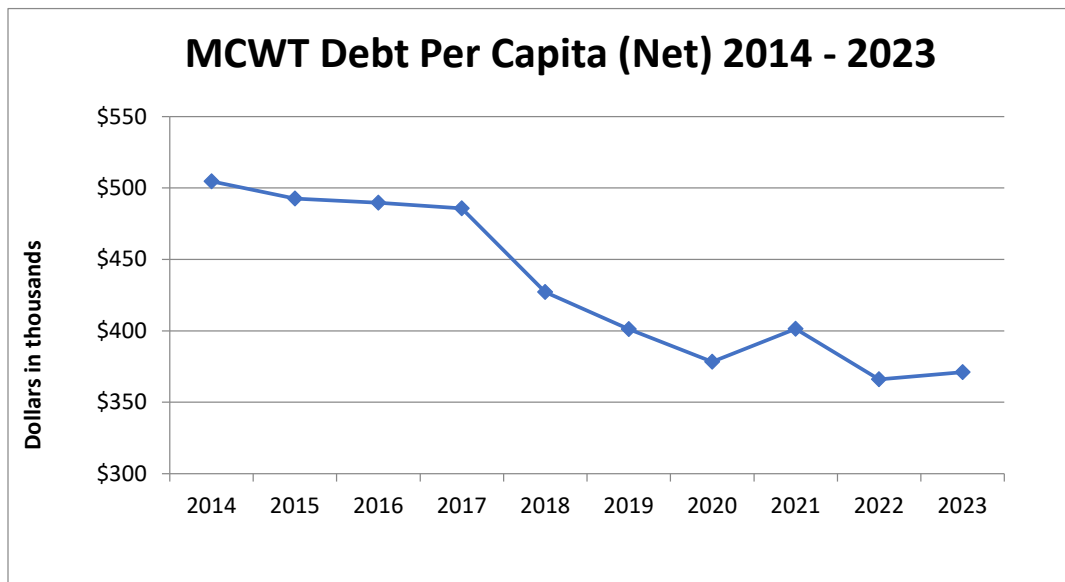
Ten Year Schedule of MCWT Debt Per Capita (Net) For fiscal years ending June 30, 2014 through June 30, 2023

(in thousands)

Fiscal Year ending June 30	Total MCWT Debt ⁽¹⁾	Massachusetts Resident Population ⁽²⁾	Debt Per Capita (Net)
2023	\$ 2,590,126	6,982	\$ 371
2022	2,558,550	6,990	366
2021	2,808,909	6,996	402
2020	2,608,003	6,895	378
2019	2,762,192	6,886	401
2018	2,932,678	6,864	427
2017	3,316,209	6,827	486
2016	3,328,202	6,797	490
2015	3,332,352	6,765	493
2014	3,389,010	6,715	505

(1) Effective with fiscal year 2023's reporting, the Trust has restated prior years' net debt beginning in fiscal year 2020 to reflect the change in the amortization method of bond premiums from the straight-line method to the effective interest method.

(2) Population estimates have been restated using most current United States Census Bureau Data. Population data is reported as of July 1 of the previous year and has been restated to most recent United States Census Bureau Data.



MASSACHUSETTS CLEAN WATER TRUST
Largest Private Sector Massachusetts Employers 2023 and 2014
(Alphabetical Order)

2023				2014			
Employer	Headquarters	Product or Service	Employer	Headquarters	Product or Service	Employer	Product or Service
Bay State Medical Center, Inc.	Springfield	Hospital	Bay State Medical Center, Inc.	Springfield	Hospital	Bay State Medical Center, Inc.	Hospital
Beth Israel Deaconess Medical Center	Boston	Hospital	Beth Israel Deaconess Medical Center	Boston	Hospital	Beth Israel Deaconess Medical Center	Hospital
Boston Medical Center Corporation	Boston	Hospital	Boston Medical Center Corporation	Boston	Hospital	Boston Medical Center Corporation	Hospital
Boston University	Boston	University	Boston University	Boston	University	Boston University	University
Brigham and Women's Hospital, Inc.	Boston	Hospital	Brigham and Women's Hospital, Inc.	Boston	Hospital	Brigham and Women's Hospital, Inc.	Hospital
Dana-Farber Cancer Institute, Inc.	Boston	Hospital	DeMoulas Supermarkets, Inc.	Tewksbury	Supermarket	DeMoulas Supermarkets, Inc.	Supermarket
DeMoulas Supermarkets, Inc.	Tewksbury	Supermarket	EMC Corporation	Hopkinton	Computer Storage & Peripherals	EMC Corporation	Computer Storage & Peripherals
General Hospital Corporation	Boston	Hospital	General Hospital Corporation	Boston	Hospital	General Hospital Corporation	Hospital
Harvard University	Cambridge	University	Harvard University	Cambridge	University	Harvard University	University
Massachusetts Institute of Technology	Cambridge	University	Massachusetts Institute of Technology	Cambridge	University	Massachusetts Institute of Technology	University
New England Medical Center Hospital	Boston	Hospital	Partners Healthcare Systems, Inc.	Boston	Hospital	Partners Healthcare Systems, Inc.	Hospital
Northeastern University	Boston	University	Raytheon Company	Lexington	Electronics / Defense	Raytheon Company	Electronics / Defense
Partners Healthcare Systems, Inc.	Boston	HQ for Health Plan	Shaw's Supermarkets, Inc.	West Bridgewater	Supermarket	Shaw's Supermarkets, Inc.	Supermarket
Shaw's Supermarkets, Inc.	West Bridgewater	Supermarket	Southcoast Hospitals Group	New Bedford	Hospital	Southcoast Hospitals Group	Hospital
State Street Bank and Trust Company	Boston	Banking	State Street Bank and Trust Company	Boston	Banking	State Street Bank and Trust Company	Banking
The Children's Hospital Corporation	Boston	Hospital	The Children's Hospital Corporation	Boston	Hospital	The Children's Hospital Corporation	Hospital
The Stop & Shop Supermarkets Company	Quincy	Supermarket	The Stop & Shop Supermarkets Company	Quincy	Supermarket	The Stop & Shop Supermarkets Company	Supermarket
The TJX Companies, Inc.	Framingham	Retail	Tufts University	Somerville	University	Tufts University	University
Tufts University	Somerville	University	UMASS Memorial Medical Center, Inc.	Worcester	Hospital	UMASS Memorial Medical Center, Inc.	Hospital
UMASS Memorial Medical Center, Inc.	Worcester	Hospital					

Source: - Massachusetts Executive Office of Labor and Workforce Development, Division of Unemployment Assistance. In addition, Amazon.Com Services, Inc., CVS Pharmacy, Inc., Home Depot U.S.A., Inc., Target Corp., United Parcel Services, Inc., and Wal-Mart Associates, Inc. are all large Massachusetts employers, but are headquartered outside of Massachusetts. The information is based on the October 2023 employment for employers as registered for unemployment insurance. The list may not include those employers who do business in Massachusetts under multiple legal corporations and those who register each store, facility or franchisee as a separate employer.



MASSACHUSETTS
CLEAN WATER TRUST

Massachusetts Clean Water Trust

A Component Unit of the Commonwealth of Massachusetts

1 Center Plaza, Suite 430 | Boston, MA 02108

www.mass.gov/orgs/the-massachusetts-clean-water-trust

