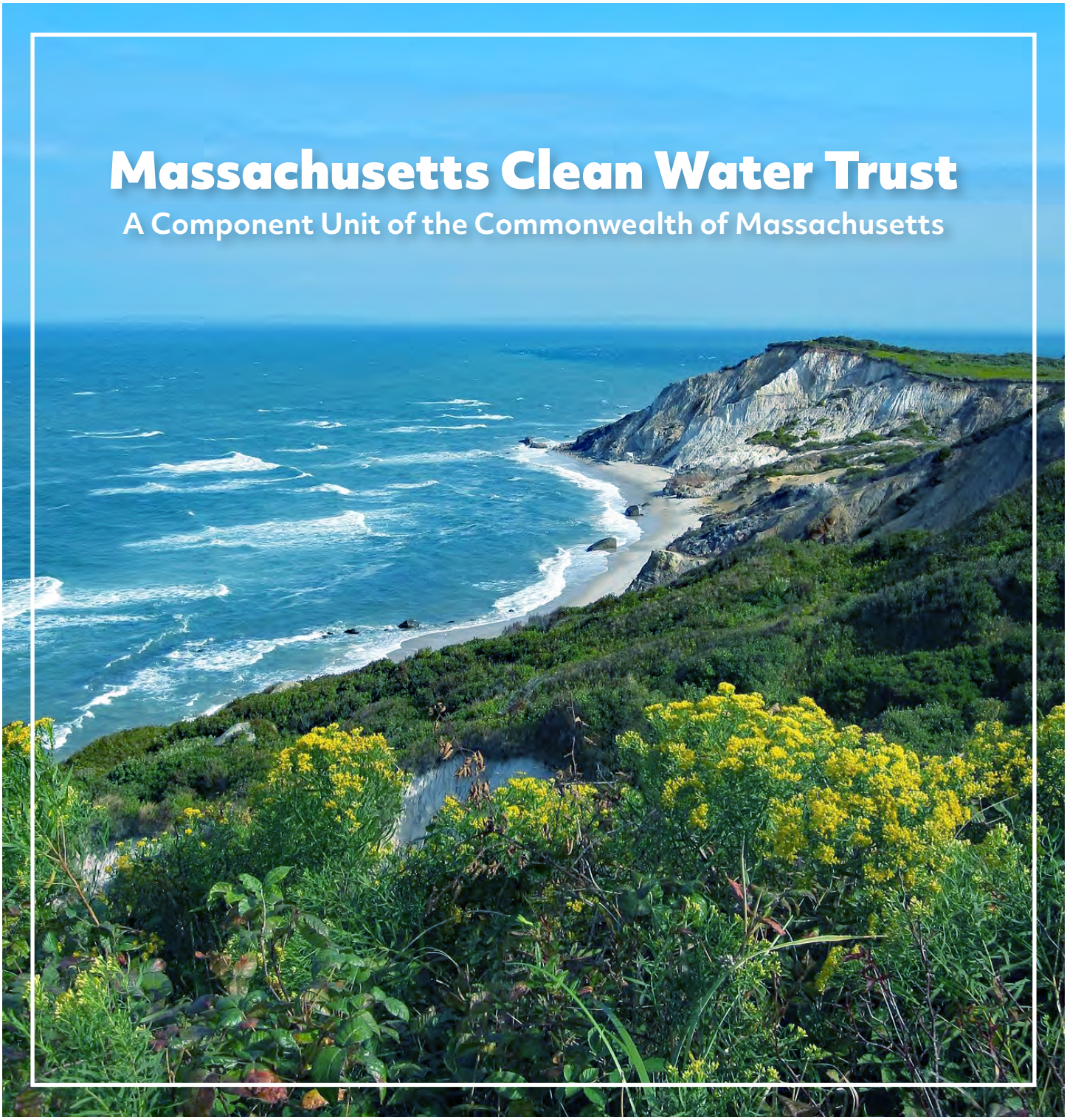

Massachusetts Clean Water Trust

A Component Unit of the Commonwealth of Massachusetts

MASSACHUSETTS
CLEAN WATER TRUST

Annual Comprehensive **Financial Report**

As of and for the Years Ended June 30, 2021 and June 30, 2020
and Independent Auditors' Report

Prepared by the Management of the Massachusetts Clean Water Trust

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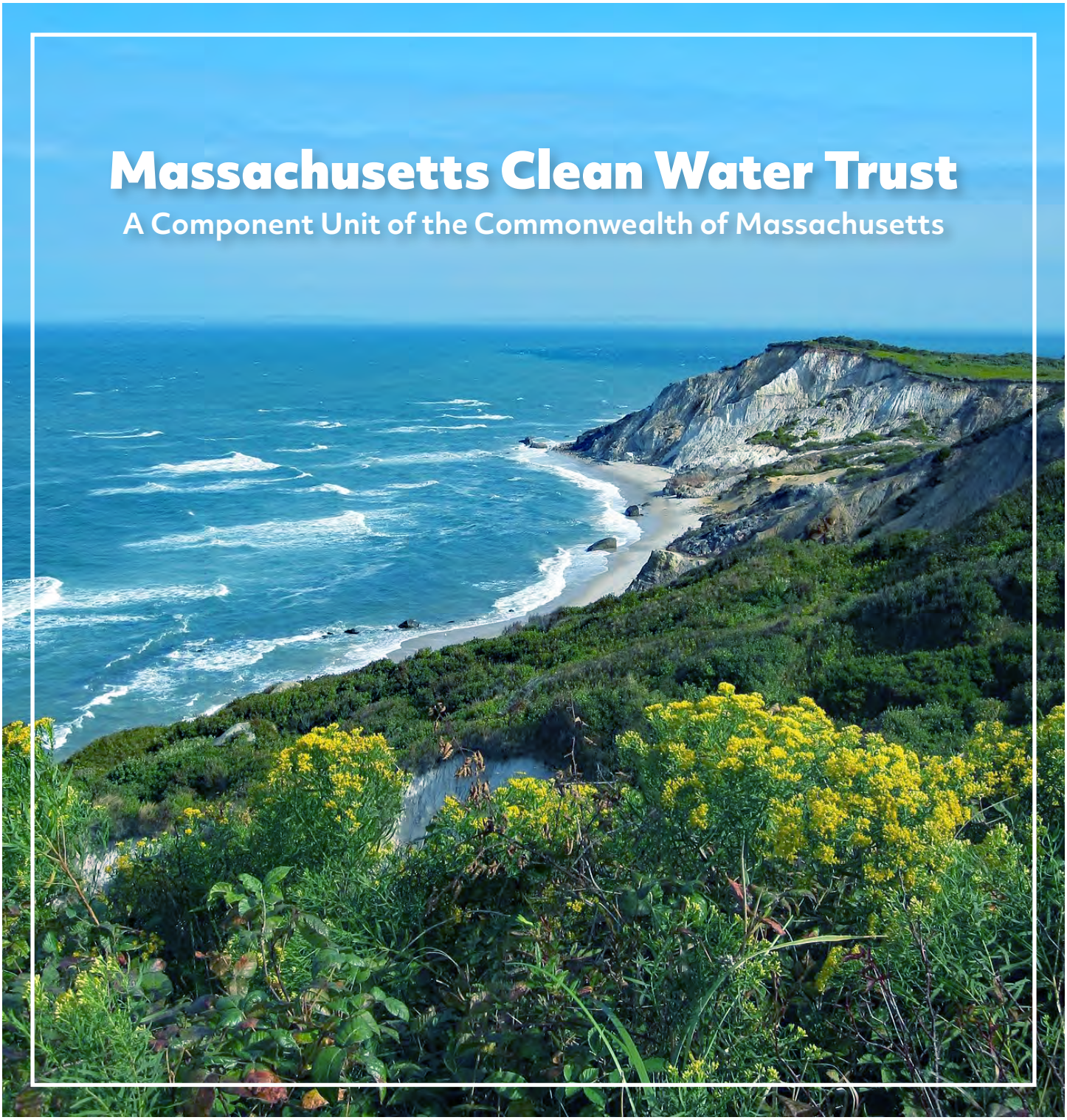

I. Introductory Section

Annual Comprehensive Financial Report as of and for the Years Ended June 30, 2021 and June 30, 2020 and Independent Auditors' Report

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Massachusetts Clean Water Trust

Annual Comprehensive Financial Report as of and for the Years Ended
June 30, 2021 and June 30, 2020 and Independent Auditors' Report

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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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MESSAGE FROM THE CHAIR

The Massachusetts Clean Water Trust (the Trust) is pleased to submit our Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. The Trust's loan program is a collaborative effort between the State Treasurer's Office, the Executive Office for Administration and Finance, the Massachusetts Department of Environmental Protection (MassDEP) and communities across the Commonwealth.

With its AAA credit rating, the Trust finances vital infrastructure projects that enhance ground and surface water resources, ensures the safety of drinking water, protects public health, and develops resilient communities. Access to below-market rate financing and the nearly $288.2 million of loan forgiveness provided makes improvements to water infrastructure more feasible while reducing the overall budgetary impact on communities and ratepayers. To date, approximately $2.7 billion in federal grants and state matching funds have supported over $8.1 billion in water infrastructure planning and construction projects through a leveraged financing program. During fiscal year 2021, the Trust provided communities approximately $402.1 million in commitments for low interest rate loans on 76 projects, which will support an estimated 2,413 construction and engineering jobs.

During fiscal year 2021, the Trust completed the second round of its Asset Management Planning (AMP) grant program. The 20 AMP projects, resulting in nearly $1.8 million in grants supporting $2.9 million in total project costs, assist communities in creating plans for asset repairs, replacements, or rehabilitation. This investment by the Trust helps communities continue to deliver the required level of service, while making informed decisions on where to make vital infrastructure investments.

Following on fiscal year 2020, the Trust is wrapping up the pilot round of the School Water Improvement Grant (SWIG) program. SWIG provides grants to schools to replace water fountains that contain detectable lead. The pilot round provided grants to 37 school districts for 128 schools serving over 69,000 students in the Commonwealth. A total of $954,000 was disbursed to install 318 bottle filling stations. SWIG will continue into the next fiscal year with expanded grant funding from the United States Environmental Protection Agency (EPA).

The Trust's Board of Trustees renewed its commitment to assisting communities with needs for Per- and polyfluoroalkyl substances (PFAS) remediation by making the Zero Percent Interest PFAS Mitigation Loans pilot program permanent. As of fiscal year 2021, the program has committed funding to 9 projects, saving communities an estimated $9.4 million in loan interest beyond the already below-market rate offered for all projects.

To provide more flexibility to our local partners dealing with COVID-19, MassDEP and the Trust extended the deadline for Loan Forgiveness. Due to this flexibility, the Trust is currently unable to report the Loan Forgiveness numbers for fiscal year 2021 but expects to commit approximately $25.5 million to eligible projects in the upcoming fiscal year.

Finally, I would like to sincerely express my appreciation for the EPA Region 1 staff for their efforts during fiscal year 2021, and congratulations to the Trust and MassDEP for a job well done. To communities in the Commonwealth, thank you for your commitment to this vital mission while also facing the challenges of COVID-19. Without your dedication, our program would not be a success.

I look forward to continuing this critical work together.

Thank you,

Deborah B. Goldberg
Chair Massachusetts Clean Water Trust
www.mass.gov/treasury

LETTER OF TRANSMITTAL

MASSACHUSETTS CLEAN WATER TRUST

December 28, 2021

To 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, 2021. This year's ACFR is presented on a comparative basis with the fiscal year ended June 30, 2020, 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, Deborah B. Goldberg. The Secretary of the Executive Office for Administration and Finance, Michael Heffernan, and Commissioner of the Department of Environmental Protection (MassDEP), Martin Suuberg, serve as members of the Board. 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 other eligible borrowers through the Massachusetts' Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) programs. The SRF programs are partnerships between the United States Environmental Protection Agency (EPA) and the Trust. SRFs function like an environmental infrastructure bank by financing water infrastructure projects at a subsidized rate to the communities.

The Trust and MassDEP administer the two SRF programs: the CWSRF was established in 1987 under Title VI of the federal Clean Water Act, as amended from time to time, and 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 oversight.

The Trust receives funding from the EPA in the form of annual capitalization grants, supplemented by 20% state matching grants 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 has received total combined support of over $2.7 billion in federal grants and state matching funds to date which has provided funding for approximately $8.1 billion in water infrastructure projects.

Federal Capitalization Grant and State Matching Funds		
	Fiscal Year 2021	**Fiscal Year 2020**
Annual Grant Awards		
Federal SRF Grant	$79,503,000	$79,479,000
State Matching Funds	15,894,400	15,900,600
Total Annual Grant Awards	**$95,397,400**	**$95,379,600**
Program to Date Grant Awards		
Federal SRF Grant	$2,713,820,173	$2,196,524,861
State Matching Funds	434,794,712	418,150,912
Total Program to Date Grant Awards	**$2,713,820,173**	**$2,614,675,773**

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 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 the Community Septic Management Programs.

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.

Under state law, loans made by the Trust are required to provide for subsidies or other financial assistance to reduce the debt service expense on the loans. Most of the Trust's loans are subsidized to offer a 2% interest rate set by statute. Other loans made by the Trust may bear interest at lower rates, including a zero rate of interest, and a portion of the principal of certain loans has also been subsidized by the Trust. The CWSRF and DWSRF programs provide additional subsidies to designated Disadvantaged Communities. The Trust and MassDEP perform outreach activities to help communities realize opportunities to implement energy efficiencies and alternative energy projects. These activities are balanced with the promotion of cost-effective projects that maximize the protection on the environment and public health. To provide for a portion of the subsidy on most of its loans, the Trust receives contract assistance from the Commonwealth.

The following loan programs work to further various program or state goals by incentivizing projects to move forward by providing a higher rate of subsidy.

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 cause a reduction in the shellfish population. The decrease in water quality is both an environmental and economic issue for coastal communities. This CWSRF nutrient enrichment reduction loan program provides 0% interest rate loans to qualified projects to encourage communities to move such projects forward.

0% Interest Rate PFAS Remediation Loans

PFAS are a family of chemicals used to manufacture firefighting, stain-resistant, water-resistant, and non-stick products. PFAS do not break down easily and will stay in the environment a long time, which is why they are sometimes called "forever chemicals." They can seep into surface soils and leach into ground and surface water which can contaminate drinking water. When ingested, PFAS may lead to negative health effects. In January 2020, the Trust launched a 0% interest rate pilot program for projects that remediate PFAS in public water supplies for the 2020 calendar year. The program was made permanent in July 2020. These 0% interest loans will help communities that have identified PFAS in their drinking water to expedite and complete the remediation projects that are vital to providing clean drinking water to residents.

Lead Abatement Loan Forgiveness Program

Lead has been a long-standing public health issue, especially given the severe health risk lead poses to infants and small children. The Trust is furthering the Commonwealth's commitment to providing lead-free drinking water by committing $30 million for loan forgiveness to DWSRF projects that remediate lead in drinking water or planning projects that identify sources of lead for remediation.

0.50% Housing Choice Community Loan Reduction

The Administration of Governor Baker and Lieutenant Governor Polito have focused on creating affordable housing in the Commonwealth. The Trust has joined other state agencies in providing incentives to communities to participate in the Housing Choice Initiative by providing a .50% interest rate reduction to both Clean Water and Drinking Water loans. Loans cannot have less than 0% interest rate.

Interim Loan Program

The Trust recognizes the need for construction funds to be available to communities throughout the year. 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 loan funded through bond proceeds ("leveraged loan") or a direct loan. The interim construction financing is offered to communities at a zero percent interest rate with no fees.

During fiscal years 2021 and 2020, the Trust disbursed the following amounts for projects to borrowers through program project funds and interim loans.

Program Disbursements	Fiscal Year 2021	Number of Projects	Fiscal Year 2020	Number of Projects
Program Project Fund	$41,559,726	81	$57,817,129	75
Interim Loan	230,377,703	142	279,412,942	141
Total Program Disbursements	**$271,937,429**	**223**	**$337,230,071**	**216**

TRUST'S FINANCING MODEL

Leveraged Financing Model

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 finance loans to local cities, towns, and other eligible borrowers for water infrastructure project costs.

The leveraged structure of the Trust's program permits the Trust to substantially increase the amounts available to finance eligible project costs. Each federal grant and associated state matching grant dollar 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, which 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, interest earnings on debt service reserve funds pledged to secure such bonds, and subsidy payments provided by the Commonwealth, known as contract assistance.

Sources of Repayment				
	Fiscal Year 2021		Fiscal Year 2020	
Borrower Loan Repayments	$314,059,354	84%	$307,595,377	82%
Contract Assistance	35,626,355	10%	42,513,865	11%
Reserve Earnings	23,351,554	6%	26,924,985	7%
Total	**$377,034,227**	**100%**	**$377,034,227**	**100%**

Borrower Loan 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 higher than 2%. Series 23 which closed May 2021, had a subsidized interest rate of 2.2% for extended term financing loans.

The Trust uses its SRF Program Funds rather than bond proceeds to finance certain loans to borrowers. These direct loans are pledged as additional security to SRF Bonds. As the direct 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 Direct Loan approach. As of June 30, 2021, the Trust has $621.6 million in pledged direct loans outstanding.

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 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.

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.

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 Equity Fund and are then available to be disbursed to new loans, thus assuring the perpetual nature of the revolving fund.

GRANT PROGRAMS OF THE TRUST

Federal Capitalization Grants and State Matching Funds

In order to provide security to its bonds, the Trust pledges federal and state capitalization grant funds. The Trust has received significant federal and Commonwealth support. The Trust has received total combined support of over $2.7 billion in federal grants and state matching funds to date which has provided funding for approximately $8.1 billion in water infrastructure projects.

Additional Subsidy

Additional subsidy 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 the 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, which was approved by EPA Region 1, considers the per capita income, population trend from 2000-2010 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 Trust percentage of loan forgiveness is fixed for communities in each tier and program. 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.

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 of ≥80% but <100% of the Commonwealth APCI	3.3%	6.6%
Tier 2	APCI of ≥60% but <80% of the Commonwealth APCI	6.6%	13.2%
Tier 3	APCI <60% of the Commonwealth APCI	9.9%	19.8%

The Trust's loan forgiveness program regularly exceeds the required minimum required by the federal grants, and funding is augmented with Commonwealth contract assistance. For fiscal year 2021, the Trust's Board of Trustees approved $20.9 million of additional subsidy, $12 million funded from federal grants while $8.9 million was funded with Commonwealth contract assistance. For fiscal year 2020, the Trust's Board of Trustees approved $21.4 million of additional subsidy, $10.6 million funded from federal grants while $10.8 million was funded with Commonwealth contract assistance.

Grant and Incentive Programs

Asset Management Planning Grant 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.

Approved by the Board of Trustees in June 2018, the Asset Management Planning Grant (AMP Grant) program has provided up to $2 million annually beginning with the 2019 IUP. 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.

AMP grants applications were requested through the annual SRF project solicitation, and the Trust offered 20 Grants totaling nearly $1.77 million in the 2020 IUP. Of these, the Trust executed 19 agreements totaling approximately $1.64 million in grants which helped to fund $2.77 million in asset management project activities. The Trust has continued this program in its 2021 IUP, offering 18 Grants totaling nearly $1.7 million.

School Water Improvement Grants Program

In April 2016, Governor Baker and State Treasurer Goldberg launched the Assistance Program for Lead in School Drinking Water. This first-in-the nation program was highly successful and resulted in a total of 67,913 samples collected at 991 public schools and group-based early education and childcare facilities. The results showed 65% of the participating facilities had lead detected above 15 parts per billion (ppb) and over 95% had at least one detection above 1 ppb. The Assistance Program was implemented by MassDEP with $2.75 million in funding from the Trust.

On January 8, 2020, the Trust's Board of Trustees approved the first 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 schools 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 ppb.

SWIG provides $3,000 per eligible fixture that tests positive for lead. This funding covers the purchase of bottle filling stations, installation, and post installation testing of the unit, and allows the school district to use the remaining funds for future operation and maintenance cost. The Trust solicited applications for the SWIG pilot funding round from February 3 to March 6, 2020.

As of the end of SFY 2021, the Trust has completed the award process of the pilot round and provided a total of $954,000 to 128 schools serving over 69,000 students. The Trust continues to work with school districts on completing grant requirements and is working to open a new round in SFY 2022.

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. If federal funding declines, 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 stress. 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. For 2021, the MassDEP received applications for over $701 million in new Clean Water projects and approved approximately $575 million. MassDEP also received applications for over $288 million of new Drinking Water projects and approved approximately $166 million. Demand is expected to remain strong as communities work to meet tightening environmental standards and maintain an aging infrastructure. The current record low interest rate environment has somewhat reduced the value of the subsidization resulting from the below market rate being provided to the Trust's borrowers. However, 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.

COVID-19

COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including throughout the United States and in Massachusetts. On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. In response to the pandemic, international, federal, state, and local governments, as well as private organizations, have implemented numerous measures intended to mitigate the spread and effects of COVID-19. Individuals and businesses have altered their behavior to adapt to such measures and to respond to the spread of COVID-19, resulting in changed water and wastewater usage patterns. The continued spread of COVID-19, the mitigation measures implemented, and these behavioral adaptations have caused, and are expected to continue to cause, severe disruption in global, national, and local economies, as well as global financial markets, and significant volatility in the U.S. stock and bond markets.

On March 10, 2020, Governor Baker declared a state of emergency for the Commonwealth of Massachusetts to respond to COVID-19. Though the official state of emergency terminated on June 15, 2021, the Commonwealth has extended many of the state of emergency provisions with the passage of Chapter 20 of the Acts of 2021. To provide flexibility to our local partners dealing with COVID-19 state and local health restrictions, MassDEP and the Trust extended the application deadline for qualifying projects beyond the traditional June 30th deadline.

Despite the challenges created by COVID-19, the Trust has been able to smoothly transition its operations to the remote work environment and has continued to provide construction loans (Interim Loans) and permanent loans to borrowers as requested. The Trust has significant reserves and has offered to make loan accommodations to its borrowers, if necessary, to address the impact of COVID-19. As of the June 30, 2021, the Trust had not entered into any such accommodations. Additionally, the Trust has not experienced any disruption in its receipt of contract assistance from the Commonwealth. The Trust performs ongoing loan surveillance, including monitoring credit ratings of the borrowers, which will provide the Trust time to address any borrower difficulties that may arise in the future.

Performance Indicator

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

Clean Water State Revolving Fund Performance Indicators*
Ranked by State for Fiscal Years 2019-2021

2019		2020		2021**	
Total Loan Assistance Provided (Millions of dollars)					
1 New York	$ 17,209	1 New York	$ 17,763	1 New York	$ 18,650
2 California	10,997	2 California	11,833	2 California	12,150
3 Ohio	9,828	3 Ohio	9,875	3 Ohio	10,591
4 Texas	7,748	4 Texas	8,732	4 Texas	9,093
5 Massachusetts	**6,355**	**5 Massachusetts**	**6,641**	**5 Massachusetts**	**6,899**
National average:	2,715	*National average:*	2,852	*National average:*	3,012
SRF Assistance Provided as a Percent of Federal Capitalization Grants					
1 Rhode Island	610%	1 Rhode Island	593%	1 Rhode Island	573%
2 Arizona	506%	2 Arizona	495%	2 Arizona	486%
3 Connecticut	454%	3 Connecticut	457%	3 Iowa	489%
4 Iowa	449%	4 Iowa	446%	4 Oklahoma	451%
5 Massachusetts	**406%**	**5 Massachusetts**	**410%**	**5 Massachusetts**	**412%**
National average:	306%	*National average:*	311%	*National average:*	321%
SRF Project Disbursements (Millions of dollars)					
1 New York	$ 16,302	1 New York	$ 16,968	1 New York	$ 17,521
2 California	8,825	2 California	9,490	2 California	9,920
3 Ohio	7,957	3 Texas	8,610	3 Ohio	9,162
4 Texas	7,683	4 Ohio	8,592	4 Texas	8,971
5 Massachusetts	**5,876**	**5 Massachusetts**	**6,118**	**5 Massachusetts**	**6,276**
National average:	2,399	*National average:*	2,560	*National average:*	2,684
Total Loan Assistance Provided for Combined Sewer Overflow Projects (Millions of dollars)					
1 Ohio	$ 2,918	1 Ohio	$ 2,958	1 Ohio	$ 3,305
2 Michigan	1,952	2 New York	1,936	2 New York	2,004
3 New York	1,865	3 Michigan	1,890	3 Michigan	1,894
4 Indiana	1,470	4 Illinois	1,741	4 Indiana	1,870
5 Massachusetts	**1,424**	**5 Massachusetts**	**1,480**	**5 Massachusetts**	**1,512**
National average:	298	*National average:*	308	*National average:*	331
Total Loan Assistance Provided for Secondary Treatment Projects (Millions of dollars)					
1 New York	$ 10,502	1 New York	$ 10,894	1 New York	$ 11,472
2 California	4,168	2 California	4,493	2 California	4,606
3 Ohio	2,751	3 Ohio	2,755	3 Ohio	2,821
4 Illinois	2,582	4 Illinois	2,652	4 Illinois	2,768
5 Massachusetts	**1,855**	**5 Massachusetts**	**1,903**	**5 Massachusetts**	**1,965**
National average:	921	*National average:*	967	*National average:*	1,007
Total Loan Assistance Provided for New Collector System Projects (Millions of dollars)					
1 Florida	$ 925	1 Florida	$ 940	1 Florida	$ 984
2 Massachusetts	**765**	**2 Massachusetts**	**806**	**2 Massachusetts**	**828**
3 Pennsylvania	763	3 Pennsylvania	788	3 Pennsylvania	826
4 New York	677	4 New York	707	4 New York	716
5 Arizona	437	5 Arizona	437	5 Ohio	465
National average:	164	*National average:*	169	*National average:*	180
Total Loan Assistance Provided for Storm Water Projects (Millions of dollars)					
1 New Jersey	$ 317	1 New Jersey	$ 400	1 New Jersey	$ 414
2 New York	276	2 New York	283	2 New York	293
3 Florida	224	3 Florida	229	3 Illinois	247
4 Illinois	217	4 Illinois	225	4 Florida	243
5 Massachusetts	**107**	**5 Massachusetts**	**112**	**5 Massachusetts**	**112**
National average:	43	*National average:*	51	*National average:*	55

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

* All amounts in table are cumulative from July 1, 1987.

**Preliminary and subject to EPA finalizing the 2021 Clean Water NIMS Data collection.

Independent Audit

The Trust's independent auditors, KPMG LLP, have performed an independent audit of the Trust for the fiscal year ended June 30, 2021. 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, 2020. This was the twenty-fourth 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

MICHAEL HEFFERNAN	DEBORAH B. GOLDBERG, CHAIR	MARTIN SUUBERG
Secretary of the Massachusetts Executive Office for Administration and Finance	Massachusetts Treasurer and Receiver General	Commissioner of the Massachusetts Department of Environmental Protection

TIMUR YONTAR	JAMES A. MACDONALD	MARIA PINAUD
Designee of the Secretary of the Massachusetts Executive Office for Administration and Finance	First Deputy Treasurer, Designee of the Massachusetts Treasurer and Receiver General	Designee of the Commissioner of the Massachusetts Department of Environmental Protection

EXECUTIVE COMMITTEE

TIMUR YONTAR	SUSAN E. PEREZ	MARIA PINAUD
Senior Director of Capital, Massachusetts Executive Office for Administration and Finance	Executive Director, Massachusetts Clean Water Trust	Division Director of Municipal Services, Massachusetts Department of Environmental Protection

TRUST STAFF

EXECUTIVE DIRECTOR	DEPUTY DIRECTOR	CONTROLLER
Communications Specialist and Graphic Designer	Trust Treasurer Treasury Specialist Policy Analyst Program Associate	General Ledger Accountant Staff Accountant Staff Accountant

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Massachusetts Clean Water Trust

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

Executive Director/CEO

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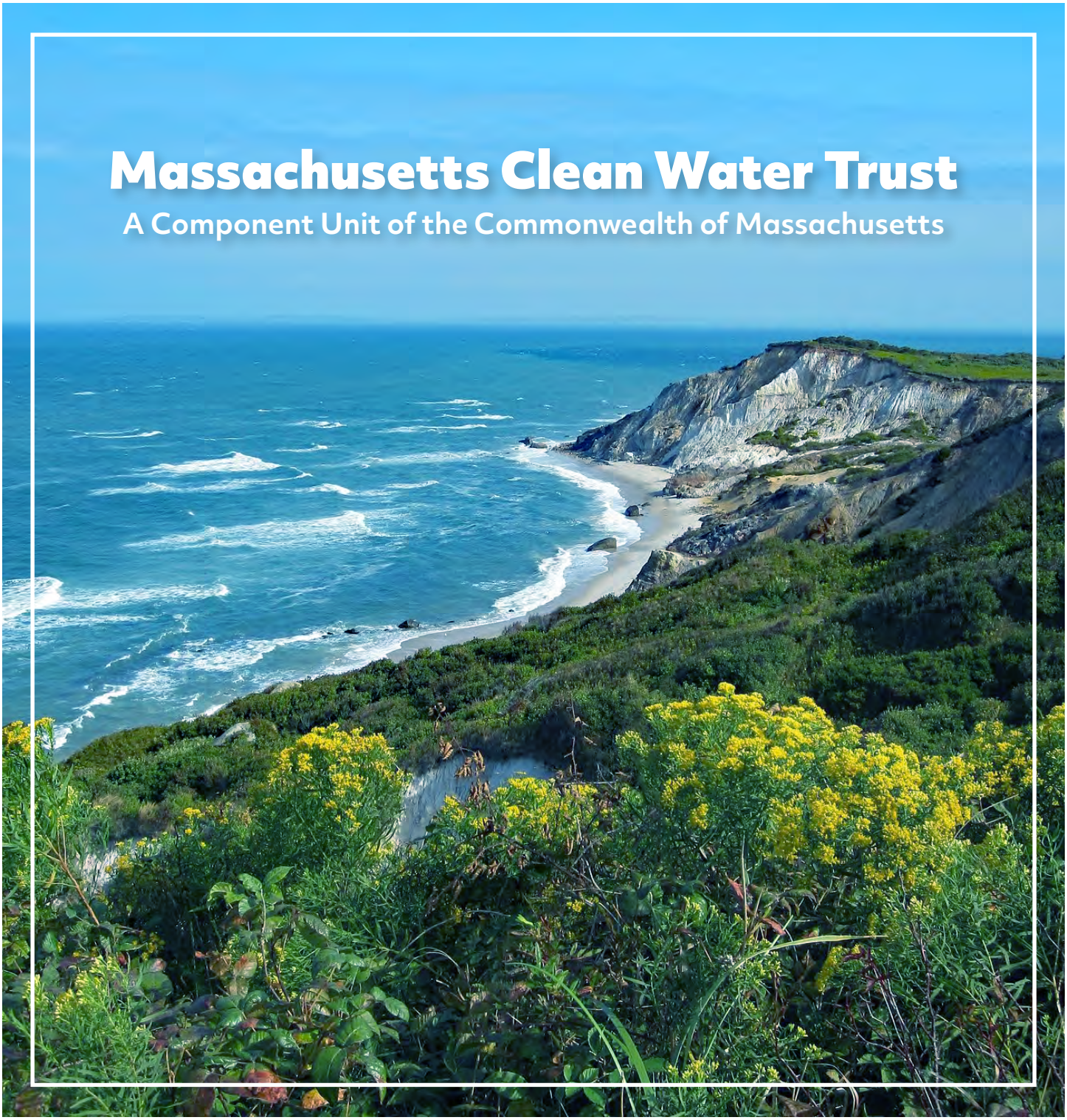

II. Financial Section

Annual Comprehensive Financial Report as of and for the Years Ended June 30, 2021 and June 30, 2020 and Independent Auditors' Report

KPMG LLP
Two Financial Center
60 South Street
Boston, MA 02111

Independent Auditors' Report

The Board of Trustees
Massachusetts Clean Water Trust:

Report on the Financial Statements

We have audited the accompanying basic 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, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and fiduciary activities of the Massachusetts Clean Water Trust as of June 30, 2021 and 2020, and the respective changes in financial position, and where applicable, cash flow for the years then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in note 2(k) to the financial statements, in 2021, the Trust adopted Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities. Our opinion is not modified with respect to this matter.

KPMG LLP, a Delaware limited liability partnership and a member firm of
the KPMG global organization of independent member firms affiliated with
KPMG International Limited, a private English company limited by guarantee.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, 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 audit 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 and Other Information

Our audit was conducted for the purpose of forming an opinion on the Trust's basic financial statements. The Introductory, Combining Financial Statements and Schedules, and the Statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Financial Statements and Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit 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 auditing standards generally accepted in the United States of America. In our opinion, the Combining Financial Statements and Schedules, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2021 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.

KPMG LLP

Boston, Massachusetts
October 13, 2021

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. 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 other eligible borrowers through the Massachusetts' Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) programs. The SRF programs are partnerships between the United States Environmental Protection Agency (EPA) and the Trust. SRFs function like an environmental infrastructure bank by financing water infrastructure projects at a subsidized rate to the communities.

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 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 oversight.

The Trust receives funding from the EPA in the form of annual capitalization grants, supplemented by 20% state matching grants 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 is guided by an annual list of projects the Trust commits to finance called the Intended Use Plan (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, 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 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

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 separate statements of fiduciary net position and statements of changes in fiduciary net position.

Condensed Financial Information and Financial Analysis

Massachusetts Clean Water Trust's Net Position
(In thousands)

	June 30			Percentage change	
	2021	2020	2019	2021–2020	2020–2019
Cash and cash equivalents	$ 1,058,177	646,082	489,850	63.8 %	31.9 %
Investments	635,944	710,614	759,702	(10.5)	(6.5)
Project fund deposits	81,753	42,430	38,988	92.7	8.8
Grants receivable, EPA	40,983	41,663	46,926	(1.6)	(11.2)
Loans receivable	4,084,090	4,089,717	4,055,490	(0.1)	0.8
Accrued interest receivable	45,153	48,478	50,603	(6.9)	(4.2)
Other assets	1,354	—	—	100.0	—
Total assets	5,947,454	5,578,984	5,441,559	6.6	2.5
Deferred outflows of resources	32,121	42,459	60,883	(24.3)	(30.3)
Total assets and deferred outflows of resources	$ 5,979,575	5,621,443	5,502,442	6.4 %	2.2 %
Accrued expenses and interest payable	$ 47,870	48,290	50,132	(0.9)%	(3.7)%
Unearned revenue	15,894	15,901	35,963	—	(55.8)
Loan commitments and project funds payable	79,746	39,576	37,844	101.5	4.6
Long-term debt	2,931,745	2,724,344	2,762,192	7.6	(1.4)
Other commitments	9,880	626	—	1,478.3	100.0
Liability for derivative instruments	—	4,644	3,516	(100.0)	32.1
Total liabilities	3,085,135	2,833,381	2,889,647	8.9	(1.9)
Deferred inflows of resources	64,042	45,391	34,499	41.1	31.6
Total liabilities and deferred inflows of resources	$ 3,149,177	2,878,772	2,924,146	9.4 %	(1.6)%
Net position:					
Restricted	$ 2,191,908	2,144,965	2,049,875	2.2 %	4.6 %
Unrestricted	638,490	597,706	528,421	6.8	13.1
Total net position	$ 2,830,398	2,742,671	2,578,296	3.2 %	6.4 %

The Trust's net position as of June 30, 2021 and 2020 increased $87,727, or 3.2%, to $2.83 billion from $2.74 billion, respectively. This increase was primarily attributed to an increase in cash and cash equivalents of $412,095 offset by a decrease in investments of $74,670 primarily due to scheduled maturities and a $207,401 increase in long-term debt. On May 11, 2021, the Trust issued Series 23A Green Bonds and Series 23B Sustainability Bonds (Series 23 Bonds) in the par amount of $351,440 with a premium of $101,348. Proceeds from the Series 23 Bonds replenished SRF Program Equity Funds used to fund the construction phase of financed projects in the amount of $367,143, and $85,641 in bond proceeds were applied to fund loan project fund accounts. In connection with the issuance of the Series 23 Bonds, the Trust made $44,815 in pledged loans including funding $2,936 in pledged project fund accounts with SRF Program Equity Funds.

The Trust's net position as of June 30, 2020 and 2019 increased $164,375, or 6.4%, to $2.74 billion from $2.58 billion, respectively. This increase reflects the receipt of $199,547 in bond proceeds from the issuance of the Trust's Series 22 Bonds that replenished SRF Program Equity Funds used to fund the construction phase of the projects financed. SRF Program Equity Funds in the amount of $27,533 were used to fund loan project fund accounts pledged to the Series 22 Bonds. Unearned revenue decreased $20,062 as the availability of the EPA grant funds changed allowing the full amount of the federal fiscal year 2019 grant to be recorded in the state's current fiscal year. In addition, the Trust received $19,700 in additional state grant funds to subsidize per-and polyfluoroalkyl substances (PFAS) remediation projects as well as increase program capacity. Offsetting these increases were a $49,088 reduction of debt service reserve funds, primarily driven by $75,375 in scheduled maturities net of $20,814 unrealized gain on investments.

Long-term Debt/Bonds Payable

The following is a summary of bonds payable at June 30, 2021, 2020 and 2019 (in thousands). More detailed information can be found in note 8 to the financial statements.

	Summary of bonds payable at June 30,		
	2021	**2020**	**2019**
State Revolving Fund Revenue Bonds:			
Master Trust Agreement	$ 1,212,205	898,990	737,635
Pool Loan Program	445,480	491,275	668,690
Single Obligor Bonds – MWRA	4,870	5,625	6,430
Subtotal revenue bonds	1,662,555	1,395,890	1,412,755
Subordinated Revenue Refunding Bonds:			
Master Trust Agreement	183,585	183,585	96,280
Pool Loan Program	680,280	811,555	927,760
Single Obligor Bonds – MWRA	3,845	3,845	19,845
Subtotal revenue refunding bonds	867,710	998,985	1,043,885
Total bonds	2,530,265	2,394,875	2,456,640
Add unamortized bond premium	401,480	329,469	305,552
Total bonds payable, net	$ 2,931,745	2,724,344	2,762,192

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, 2021 is $433,730 in reserve funds and $627,461 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.

In connection with the issuance of its Series 18 Bonds in early 2015, the Trust entered into the Master Trust Agreement (MTA). The MTA replaced the Trust's older Program Resolution and simplified the security framework for new Trust SRF Bonds. The Series 18 Bonds and all other 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 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, 2021, and 2020, 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.

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	
	2021	2020	2019	2021–2020	2020–2019
Loan servicing fees	$ 5,280	5,454	5,479	(3.2)%	(0.5)%
Loan origination fees	—	83	1,542	(100.0)	(94.6)
Interest income	95,552	111,526	119,554	(14.3)	(6.7)
Unrealized gain (loss) on investments	(7,887)	20,814	14,994	(137.9)	38.8
Contract assistance	26,571	32,172	24,401	(17.4)	31.8
Total operating revenues	119,516	170,049	165,970	(29.7)	2.5
DEP programmatic support costs	9,399	9,374	8,731	0.3	7.4
Principal forgiveness	21,666	21,097	7,698	2.7	174.1
General and administrative	3,318	3,263	2,693	1.7	21.2
Arbitrage rebate payments	4,240	12,242	1,468	(65.4)	733.9
Interest expense	92,317	94,839	104,561	(2.7)	(9.3)
Total operating expenses	130,940	140,815	125,151	(7.0)	12.5
Operating (loss) income	(11,424)	29,234	40,819	139.1	28.4
EPA capitalization grants	82,501	99,545	75,285	(17.1)	32.2
State matching grants	16,650	35,596	16,054	(53.2)	121.7
Total nonoperating revenues	99,151	135,141	91,339	(26.6)	48.0
Increase in net position	87,727	164,375	132,158	(46.6)	24.4
Net position, beginning of year	2,742,671	2,578,296	2,446,138	6.4	5.4
Net position, end of year	$ 2,830,398	2,742,671	2,578,296	3.2 %	6.4 %

Results of Operations

For fiscal year 2021, the Trust recorded operating loss of ($11,424) as compared to operating income of $29,234 in fiscal year 2020. Excluding the unrealized loss on investments of $7,887 for fiscal year 2021 and the unrealized gain on investments of $20,814 in fiscal year 2020, the Trust recorded an operating loss of $3,537 and operating income of $8,420 for fiscal year 2021 and 2020, respectively. This $11,957 decrease in the Trust's operating income was primarily attributable to a $15,974 decrease in interest income and a $5,601 decrease in contract assistance offset by a $8,002 decrease in arbitrage rebate payments and a $2,522 decrease in debt interest expense.

The Trust's operating income is negatively impacted by the inclusion of expenses such as DEP programmatic support costs of $9,399, $9,374, and $8,731, for fiscal years 2021, 2020 and 2019, respectively, and federal loan forgiveness, funded by the capitalization grant revenue which is classified as nonoperating revenue.

Nonoperating revenues from the EPA federal grants totaled $82,501 for fiscal year 2021 and represents the Trust's annual federal 2020 capitalization grants for CWSRF, $53,954, and DWSRF, $25,549. Additionally, the Trust was awarded a $2,998 Massachusetts Expanded School Water Improvement Grant to develop and implement improvement investments through projects that will reduce lead exposure in drinking water by replacing thousands of water fountains that have tested positive for lead with filtered water fountains and bottle filling stations in hundreds of schools and childcare facilities.

Nonoperating revenues from the EPA federal grants totaled $99,545 for fiscal year 2020 and represents the Trust's annual federal 2019 capitalization grants for CWSRF, $53,946, and DWSRF, $25,533, as well as one quarter of the 2018 federal capitalization grants. Prior to the 2019 federal capitalization grants, grant funds were made available on a quarterly basis. The Trust records grant revenue based on availability of grant funds which resulted in $20,066, the fourth quarter installment of the 2018 federal capitalization grants to also be recorded in fiscal year 2020.

Nonoperating revenues from state grants totaled $16,650, for fiscal year 2021 as compared to $35,596 in fiscal year 2020. Fiscal year 2020 included an additional $19,700 state grant funds received from the Commonwealth to fund PFAS remediation projects as well as increase program capacity. Refer to footnote 6 for additional information.

Interest Income

The $15,974 decrease in interest income was primarily due to a decrease in average monthly Massachusetts Municipal Depository Trust (MMDT) yields from 1.66% in fiscal year 2020 to 0.19% in fiscal year 2021. Additionally, investment income from debt service reserve funds invested in GICs and USTs declined due to scheduled maturities.

Contract Assistance and Loan Forgiveness

Under state law, loans made by the Trust are required to provide for subsidies or other financial assistance to reduce the debt service expense on the loans. Most of the Trust's loans are subsidized to a 2% interest rate set by statute. Other loans made by the Trust may bear interest at lower rates, including a zero rate of interest, and a portion of the principal of certain loans has also been subsidized by the Trust. To provide for a portion of the subsidy on most of its loans, the Trust receives contract assistance payments from the Commonwealth. 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 receive a higher rate of subsidy. The following loan programs work to further support various programs or state goals by providing a higher rate of subsidy. For fiscal year 2021 and 2020, contract assistance subsidies for these various programs totaled $19,233 and $21,899, respectively.

0% Interest Rate Nutrient Enrichment Reduction 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 cause a reduction in the shellfish population. This CWSRF nutrient enrichment reduction loan program provides 0% interest rate loans to qualified projects to encourage communities to move such projects forward.

0% PFAS Remediation Loans. PFAS are a family of chemicals used to manufacture firefighting, stain-resistant, water-resistant, and non-stick products. PFAS do not break down easily and will stay in the environment a long time, which is why they are sometimes called "forever chemicals." They can seep into surface soils and leach into ground and surface water which can contaminate drinking water. When ingested, PFAS may lead to negative health effects. In January 2020, the Trust launched a 0% interest rate pilot loan program for projects that remediate PFAS in public water supplies for the 2020 calendar year. The program was made permanent in July 2020. These 0% interest loans will help communities that have identified PFAS in their drinking water to expedite and complete the remediation projects that are vital to providing clean drinking water to residents.

Lead Abatement Loan Forgiveness Program. Lead has been a long-standing public health issue, especially given the severe health risk lead poses to infants and small children, The Trust is furthering the Commonwealth's commitment to providing lead-free drinking water by committing $30 million for loan forgiveness to DWSRF projects that remediate lead in drinking water or planning projects that identify sources of lead for remediation.

0.5% Loan Interest Rate Reduction for Housing Choice Designation. Inadequate housing production is one of the core challenges facing the Commonwealth's families and economy. The Commonwealth has developed a multi-pronged effort (the Housing Choice Initiative) to help communities seeking assistance in increasing their housing supply. A crucial part of Housing Choice Initiative is the Housing Choice designation and grant program. The Trust has joined other state agencies in providing incentives to communities who achieve the designation by providing a 0.5% interest rate reduction to both CWSRF and DWSRF loans.

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 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. 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 table below shows how the tiers are designated and the corresponding loan forgiveness percentage by program. For more information regarding the annual affordability calculation, see https://www.mass.gov/service-details/the-affordability-calculation.

Disadvantaged Community Tier Designation		Loan Forgiveness Percentage	
		CWSRF	DWSRF
Tier 1	APCI of ≥80% but <100% of the Commonwealth APCI	3.3%	6.6%
Tier 2	APCI of ≥60% but <80% of the Commonwealth APCI	6.6%	13.2%
Tier 3	APCI <60% of the Commonwealth APCI	9.9%	19.8%

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.

The additional subsidy is calculated based on construction contracts that are executed by June 30 of the year following the IUP year and is approved by the Trust's Board of Trustees in the fall. For fiscal year 2021, the Trust's Board of Trustees approved $20,937 of additional affordability subsidy based on the 2019 IUP executed construction contracts by June 30, 2020. The 2019 federal grants provided funding for $12,033 and the Commonwealth contract assistance will provide the remaining $8,904 of subsidy. For fiscal year 2020, the Trust's Board of Trustees approved $21,387 of additional affordability subsidy based on the 2018 IUP executed construction contracts by June 30, 2019. The 2018 federal grants provided funding for $10,604 and the Commonwealth contract assistance will provide the remaining $10,783 of subsidy.

Loan forgiveness is recorded as an operating expense 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 a loan receiving loan forgiveness, the first loan disbursements are deemed to be provided first from the federal grants and then from contract assistance until the full amount of committed loan forgiveness has been disbursed. For fiscal year 2021 and 2020, total loan forgiveness disbursed from contract assistance totaled $7,338 and $10,273, respectively.

For fiscal year 2020, the Trust recorded operating income of $29,234 as compared to $40,819 in fiscal year 2019. This $11,585 decrease in the Trust's operating income for fiscal year 2020 resulted from an $13,399 increase in loan forgiveness as the Trust, through an increase in contract assistance from the Commonwealth, has been able to provide additional subsidy to assist communities with their water infrastructure projects. It also reflects an $9,884 reduction in investment income as the Trust's debt service reserve funds steadily decrease and an increase in arbitrage rebate payments made to the IRS in the amount of $10,774. Additionally, the Trust did not charge its borrowers loan origination fees for its fiscal year 2020 borrowing resulting in a $1,459 reduction in fee revenue. Offsetting these decreases was a $5,820 increase in the unrealized gain on the investment portfolio, specifically the US Treasuries and Agencies and a $9,722 reduction in interest expense resulting from the steady decrease in outstanding debt driven by cash defeasances and the reduction in the size of new debt issuances.

Nonoperating revenues from the EPA federal grants totaled $99,545 for fiscal year 2020 as compared to $75,285 in fiscal year 2019, reflecting a $24,260 increase as the availability of the EPA grant funds changed allowing the full amount of the federal fiscal year 2020 grant to be recorded in the state's current fiscal year. Nonoperating

revenues from state grants totaled $35,596 for fiscal year 2020 as compared to $16,054 in fiscal year 2019. The $19,542 increase reflects $19,700 in additional state grant funds received from the Commonwealth to fund PFAS remediation projects as well as increase program capacity.

Fiduciary Activity

Effective for 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 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.

Future Economic Factors

In August 2018, the Commonwealth enacted *An Act Promoting Climate Change Adaptation, Environmental and Natural Resource Protection, and Investment in Recreational Assets and Opportunity,* which provided for $60,333 in matching capitalization funds to the CWSRF and DWSRF programs. This amount combined with the $30,552 balance remaining as of June 30, 2021, the Trust estimates will be sufficient to meet its clean water and drinking water matching needs through FY 2022, assuming current federal funding levels are maintained.

COVID-19

COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including throughout the United States and in Massachusetts. On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. In response to the pandemic, international, federal, state, and local governments, as well as private organizations, have implemented numerous measures intended to mitigate the spread and effects of COVID-19. Individuals and businesses have altered their behavior to adapt to such measures and to respond to the spread of COVID-19, resulting in changed water and wastewater usage patterns. The continued spread of COVID-19, the mitigation measures implemented, and these behavioral adaptations have caused, and are expected to continue to cause, severe disruption in global, national, and local economies, as well as global financial markets, and significant volatility in the U.S. stock and bond markets.

Despite the challenges created by COVID-19, the Trust has been able to smoothly transition its operations to the remote work environment and has continued to provide construction loans (Interim Loans) and permanent loans to borrowers as requested. The Trust has significant reserves and has offered to make loan accommodations to its borrowers, if necessary, to address the impact of COVID-19. As of the June 30, 2021, the Trust had not entered into any such accommodations. Additionally, the Trust has not experienced any disruption in its receipt of contract assistance from the Commonwealth. The Trust performs ongoing loan surveillance, including monitoring credit ratings of the borrowers, which will provide the Trust time to address any borrower difficulties that may arise in the future.

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, 2021 and 2020

(In thousands)

	2021	2020
Assets and deferred outflows:		
Current assets:		
Cash and cash equivalents (note 3)	$ 1,058,177	646,082
Short-term investments (note 5)	208,331	206,298
Project fund deposits (note 4)	81,753	42,430
Grants receivable - Environmental Protection Agency (note 6)	40,983	41,663
Loans receivable, net (note 7)	423,408	620,814
Accrued interest receivable	45,153	48,478
Total current assets	1,857,805	1,605,765
Noncurrent assets:		
Long-term investments (note 5)	427,613	504,316
Loans receivable, long-term (note 7)	3,660,682	3,468,903
Other assets (note 12)	1,354	—
Total noncurrent assets	4,089,649	3,973,219
Total assets	5,947,454	5,578,984
Deferred outflows of resources (note 13)	32,121	42,459
Total assets and deferred outflows of resources	5,979,575	5,621,443
Liabilities and deferred inflows:		
Current liabilities:		
Accrued expenses and interest payable	47,870	48,290
Unearned revenue (note 6)	15,894	15,901
Loan commitments and project funds payable	79,746	39,576
Current portion long-term debt (note 8)	210,885	213,180
Other commitment (note 9)	9,880	626
Total current liabilities	364,275	317,573
Noncurrent liabilities:		
Liability for derivative instruments (note 12)	—	4,644
Long-term debt, net (note 8)	2,720,860	2,511,164
Total noncurrent liabilities	2,720,860	2,515,808
Total liabilities	3,085,135	2,833,381
Deferred inflows of resources (note 2)	64,042	45,391
Total liabilities and deferred inflows of resources	3,149,177	2,878,772
Net position:		
Restricted for program purposes (note 10)	2,191,908	2,144,965
Unrestricted (note 10)	638,490	597,706
Commitments (note 11)	—	—
Total net position	$ 2,830,398	2,742,671

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, 2021 and 2020

(In thousands)

		2021	2020
Operating revenues:			
Loan servicing fees	$	5,280	5,454
Loan origination fees		—	83
Interest income		95,552	111,526
Unrealized (loss) gain on investments		(7,887)	20,814
Contract assistance from Commonwealth of Massachusetts		26,571	32,172
Total operating revenues		119,516	170,049
Operating expenses:			
Commonwealth of Massachusetts:			
Department of Environmental Protection – programmatic support costs		9,399	9,374
Loan forgiveness		21,666	21,097
General and administrative		3,318	3,263
Arbitrage rebate payments		4,240	12,242
Interest expense		92,317	94,839
Total operating expenses		130,940	140,815
Operating (loss) income		(11,424)	29,234
Nonoperating revenue:			
Grant revenue:			
Environmental Protection Agency capitalization grants (note 6)		82,501	99,545
Commonwealth of Massachusetts grants (note 6)		16,650	35,596
Total nonoperating revenue		99,151	135,141
Increase in net position		87,727	164,375
Net position – beginning of year		2,742,671	2,578,296
Net position – end of year	$	2,830,398	2,742,671

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, 2021 and 2020

(In thousands)

		2021	2020
Cash flows from operating activities:			
Other cash received from borrowers	$	5,280	5,537
Cash paid to vendors		(17,041)	(24,754)
Net cash used in operating activities		(11,761)	(19,217)
Cash flows from noncapital financing activities:			
Bond proceeds		452,788	348,595
Cash used in debt refunding		(2,901)	(110,259)
Repayment of bonds		(213,180)	(232,395)
Interest paid		(112,170)	(117,860)
Proceeds from Environmental Protection Agency capitalization grants		83,181	84,742
Proceeds from Commonwealth of Massachusetts grants		15,894	35,601
Proceeds received from Cape Cod and Islands Water Protection Fund (note 1)		13,709	—
Net cash provided by noncapital financing activities		237,321	8,424
Cash flows from investing activities:			
Loans disbursed to recipients		(313,591)	(340,174)
Cash received from borrowers		272,787	262,899
Contract assistance received – principal		42,520	39,928
Interest received		95,250	108,830
Contract assistance received – interest		20,863	23,456
Purchases of investments		(3,425)	(3,290)
Sales/maturities of investments, net		72,131	75,376
Net cash provided by investing activities		186,535	167,025
Net increase in cash and cash equivalents		412,095	156,232
Cash and cash equivalents, beginning of year		646,082	489,850
Cash and cash equivalents, end of year	$	1,058,177	646,082
Reconciliation of operating income to net cash used in operating activities:			
Operating (loss) income	$	(11,424)	29,234
Adjustments to reconcile operating income to net cash used in operating activities:			
Reclassification of:			
Interest income		(95,552)	(111,526)
Unrealized (loss) gain on investments		7,887	(20,814)
Contract assistance		(26,571)	(32,172)
Interest expense		92,317	94,839
Loan forgiveness		21,666	21,097
Changes in operating assets and liabilities:			
Other assets and liabilities, net		(84)	125
Net cash used in operating activities	$	(11,761)	(19,217)

See accompanying notes to financial statements.

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

Statements of Fiduciary Net Position

June 30, 2021 and 2020

(In thousands)

		2021	2020
Assets:			
Current assets:			
Cash and cash equivalents (note 14)	$	9,341	9,193
Accrued receivables		2,017	228
Total assets		11,358	9,421
Net position:			
Net position restricted for other governments (note 14)	$	11,358	9,421
Commitments (note 14)		—	—
		11,358	9,421

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, 2021 and 2020

(In thousands)

		2021	2020
Additions:			
Contributions	$	15,620	9,360
Interest income		26	61
Total additions		15,646	9,421
Deductions:			
Payment of subsidy for loan forgiveness		13,709	—
Total deductions		13,709	—
Increase in fiduciary net position		1,937	9,421
Net position – beginning of year		9,421	—
Net position – end of year	$	11,358	9,421

See accompanying notes to financial statements.

(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 Agreement between the United States Environmental Protection Agency (EPA), the Massachusetts Department of Environmental Protection (MassDEP), and the Trust, executed in 1993 and subsequently amended, 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.

(b) Description of Business

The Trust administers two SRF programs: the CWSRF was 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. MassDEP evaluates projects, manages project development and oversight, while the Trust manages the flow of funds to borrowers. The Trust, in collaboration with the 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 other eligible borrowers through the Massachusetts State Revolving Funds (SRF) programs. The SRF programs are partnerships between the EPA and the Trust. SRFs function like an environmental infrastructure bank by financing water infrastructure projects.

The Trust receives funding from the EPA in the form of annual capitalization grants, supplemented by 20% state matching grants and the repayment of loans. When loans to borrowers are repaid, 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 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 reserves funded by SRF Program Equity Funds. The proceeds from the bonds are used to provide capital for new below market rate loans to borrowers for water infrastructure. This model has allowed the Trust to leverage nearly $2.7 billion in federal capitalization grants and Commonwealth matching grants to finance approximately $7.6 billion in water infrastructure loans.

The Trust's loan process is guided by an annual list of projects the Trust commits to finance called the Intended Use Plan (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 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 the 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. The remaining funds are classified as unrestricted on the statements of net position; however, the use of these funds is governed by laws and regulations of the EPA and the Commonwealth.

(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 for 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 borrowers within the Commonwealth. Operating expenses include interest expense related to the Trust's outstanding debt as well as programmatic and administrative expenses.

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.

The Trust's federal capitalization grants require a portion of the grant funds be provided as additional subsidization in the form of loan forgiveness, grants, or negative interest loans. The Trust provides the

additional subsidization in the form of loan forgiveness, which is recorded as an operating expense when the funds are disbursed to borrowers.

(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 MMDT is valued at the share value of $1.00 and carried at fair value. The Short-Term Bond Portfolio investments are 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 receivables 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 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.

(f) Loan Origination Fees and Costs of Issuance

The Trust may charge loan origination fees from borrowers. 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. Cost of issuance related to the bonds is 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 a straight-line basis, which approximates the effective interest basis, over the life of the associated bond issue.

(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. For fiscal year 2021, the Trust has reported deferred inflows of resources that represent the funds received from the Commonwealth in the amount of $62,688 that will be used to provide future additional subsidies in addition to $1,354 due from JP Morgan for the positive valuation of its hedging derivative instruments for the period ending June 30, 2021. For fiscal year 2020, the Trust has reported deferred outflows of resources pertaining to its hedging derivative instruments and to the accounting losses on its debt refunding transactions. Refer to note 8 and note 12.

(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 and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(k) Recent Accounting Pronouncements and Reclassifications

Certain reclassifications have been made to the FY 2020 balances to conform to the presentation used in FY 2021. Adopting the new standard GASB Statement No. 84, *Fiduciary Activities* in fiscal year 2021, certain items, specific to the fiduciary activities held by the Trust for the benefit of organizations outside of the Trust's reporting entity, have been reclassified. Refer to notes 9 and 14.

(3) Cash and Cash Equivalents

Cash and cash equivalents for the years ended June 30, 2021 and 2020 are as follows.

		2021	2020
Program equity funds	$	889,481	481,476
Additional subsidy funds		104,248	79,425
Administrative funds		29,639	32,024
State match funds		17,775	17,011
Rebate funds		5,871	9,283
Revenue funds		5,644	25,029
Debt service funds		4,822	842
Other cash funds		697	992
Total cash and cash equivalents	$	1,058,177	646,082

SRF Program Equity Funds. The Trust receives funding from the EPA in the form of annual capitalization grants, supplemented by 20% state matching grants and the repayment of loans (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 interest earnings on investments or deposits of amounts held in the program equity accounts; proportional amounts released from the pledged assets available as a result 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 May 11, 2021, the Trust issued Series 23A Green Bonds and Series 23B Sustainability Bonds (Series 23 Bonds) in the par amount of $351,440. Proceeds from the Series 23 Bonds replenished SRF Program Equity Funds used to fund the construction phase of financed projects in the amount of $367,143.

Additional Subsidy Funds. Recent legislative changes have allowed the Trust to identify priority projects and/or initiatives to provide additional subsidy. The balances in these funds reflect the committed and unexpended or unallocated balance as of June 30, 2021 and 2020. 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 schools 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 ppb. SWIG was launched in concert with MassDEP’s expanded version of the lead testing program using funds from the EPA’s Lead Testing in School and Child Care Program Drinking Water Grant.

SWIG provides $3 thousand per eligible fixture that tests positive for lead. The funding covers the purchase of bottle filling stations, installation, and post installation testing of the unit, and allows the school district to use the remaining funds for future operation and maintenance cost. The Trust committed $5,000 to date to this program. The balance as of June 30, 2020, was $5,024 and that balance as of June 30, 2021, was $3,330 which reflects the completion of the pilot round that provided a total of $954 to 128 schools serving over 69,000 students. The ending balance also reflects the use of $749 provided as a state matching grant to the $2,998 Expanded School Water Improvement Grant (ESWIG) the Trust was awarded by the EPA in fiscal year 2021. The goal of ESWIG is to reduce children's exposure to lead in drinking water in schools and childcare facilities located in communities which are categorized by lower incomes and housing stock and with higher numbers of children with elevated blood lead levels.

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. In June 2018, the Trust's Board of Trustees approved the AMP Grant program to provide up to $2 million annually beginning with the 2019 IUP 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. Grant funds are provided to eligible applicants as reimbursement of expenses incurred. The committed but unexpended balance as of June 30, 2021, and 2020 was $3,571 and $4,818, respectively.

Additional Subsidy – Affordability Criteria. 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 construction needed for 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 APCI metric. Pursuant to EPA guidance, the criteria must be based upon income, unemployment data, population trends, and other data determined relevant by the states. 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.

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 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.

The additional subsidy is calculated based on construction contracts that are executed by June 30 of the year following the IUP year and is approved by the Trust's Board of Trustees in the fall. For fiscal year 2021, the Trust's Board of Trustees approved $20,937 of additional affordability subsidy based on the

2019 IUP executed construction contracts by June 30, 2020. The 2019 federal grants provided funding for $12,033 and the Commonwealth contract assistance will provide the remaining $8,904 of subsidy. For fiscal year 2020, the Trust's Board of Trustees approved $21,387 of additional affordability subsidy based on the 2018 IUP executed construction contracts by June 30, 2019. The 2018 federal grants provided funding for $10,604 and the Commonwealth contract assistance will provide the remaining $10,783 of subsidy.

The contract assistance committed but unexpended balance as of June 30, 2021, and 2020 was $2,075 and $626, respectively. The unallocated contract assistance balance as of June 30, 2021, and 2020 was $87,469 and $68,957, respectively. The Trust's Board of Trustees are expected to approve approximately $25,500 of additional affordability subsidy based on the 2020 IUP executed construction contracts by June 30, 2021. The 2020 federal grants provided funding for $10,505 and the Commonwealth will commit contract assistance for the remaining $14,995 of subsidy.

Cape Cod and Islands Water Protection Fund (CCIWPF). The CCIWPF was created pursuant to Chapter 337 of the Acts of 2018 "An 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. 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 community. The Trust acts as custodian for this fund as described in note 14.

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 communities. At the CCIWPF Management Board meeting held in April 2021, the CCIWPF Management Board approved final commitment amounts for eligible projects from the 2018 and 2019 IUPs as well as approved contingent commitments for eligible projects from the 2020 and 2021 IUPs for a total of $54,835. These commitment amounts will be provided over a period of four years. The Trust received instructions from the CCIWPF Management Board to transfer one-quarter of the committed amounts, or $13,709. 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, 2021, the balance of committed but unexpended funds in this account was $7,805.

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 $2,384 decrease primarily reflects the Trust's use of its administrative funds to pay $1,518 of costs of issuance related to the Series 23 Bond issuance, rather than charging borrowers an origination fee.

State Match Funds. The Trust receives the 20% matching grant from the Commonwealth capital budget. The Trust is required to obtain the matching grant prior to receiving its federal CWSRF and DWSRF annual grants. The balance as of June 30, 2021, represents the Commonwealth 20% matching grant for its 2021 CWSRF and DWSRF grants received in August 2021 and accumulated interest earnings. The balance as of June 30, 2020, represents the Commonwealth 20% matching grant for its 2020 CWSRF and DWSRF grants received in August 2020 and accumulated interest earnings.

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.

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.

Debt Service Funds. These funds accumulate the amounts required to pay principal and interest due on debt service payment dates. The balance at June 30, 2021 and June 30, 2020 reflect 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 fair value.

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 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 at June 30, 2021 and 2020.

(4) Project Fund Deposits

The project fund deposits are held by the Trustee and disbursed in accordance with executed loan agreements. 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 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 principal. Project fund deposits are invested as part of the MMDT Cash Portfolio. As of June 30, 2021 and 2020, the Trust held $81,753 and $42,430, respectively, in project fund deposits related to executed loan agreements for SRF Bonds.

(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 table below provides details of the Trust's debt service reserve funds as of June 30, 2021 and 2020.

Debt Service Reserve Funds

Provider	Bond Series		2021	2020
GICs:				
Mass Mutual Financial Group	Series 9, MWRA 1999A Ref	$	93,033	106,402
FSA Capital Management Services	Series 6, 11, 2004A Ref, 2014 Ref		77,609	93,033
Natixis Funding Corporation	Series 6, 7, 8, MWRA 2002A Ref		69,610	80,912
Citigroup Global Markets Inc.	Series 12, 2006 Ref		52,484	60,627
	Total GICs		292,736	340,974
U.S. Treasuries and Agencies	Series 6, 7, 8, 9, 12, 15, 2014 Ref		140,994	157,798
	Total debt service reserve fund investments	$	433,730	498,772

A portion of the Trust's program equity funds are invested as follows.

		2021	2020
MMDT Short-term Bond Portfolio	$	102,293	100,370
U.S. Treasuries and Agencies		99,451	110,929
Citigroup Global Markets Inc. GIC		470	543
Total program equity fund investments	$	202,214	211,842

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 following list sets forth the GIC providers with which the Trust's investments exceed 5% of the Trust's total investment balance.

Provider	2021		2020	
Mass Mutual Financial Group	$ 93,033	15 %	$ 106,402	15 %
FSA Capital Management Services	77,609	12	93,033	13
Natixis Funding Corp.	69,610	11	80,912	11
Citigroup Global Markets Inc.	52,954	8	61,170	9

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. MMDT 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 was structured in its principal and interest return to support debt service on the related bonds.

For the years ended June 30, 2021 and 2020 the Trust's total investment portfolio matures as follows.

	June 30, 2021			
	GICs	U.S. Treasuries and Agencies	MMDT Short-term Bond Portfolio	Total investments
Less than 1 year	$ 80,876	25,162	102,293	208,331
One to five years	156,045	76,673	—	232,718
Six to ten years	42,338	85,553	—	127,891
More than ten years	13,947	53,057	—	67,004
	$ 293,206	240,445	102,293	635,944

	June 30, 2020			
	GICs	U.S. Treasuries and Agencies	MMDT Short-term Bond Portfolio	Total investments
Less than 1 year	$ 85,237	20,691	100,370	206,298
One to five years	181,703	89,840	—	271,543
Six to ten years	53,682	95,482	—	149,164
More than ten years	20,895	62,714	—	83,609
	$ 341,517	268,727	100,370	710,614

(6) Capitalization Grants

The CWSRF and DWSRF programs were established in each state by capitalization grants from the EPA. These capitalization grants have been available to states annually, typically received in August or September before the beginning of each federal fiscal year. 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. States are required to provide an amount equal to 20 percent of the capitalization grant as state matching funds in order to receive a grant.

These grants require that the Trust enter into binding commitments with local government units within one year of the receipt of each federal grant award to provide assistance in an amount equal to 120% (including 20% state matching grant) of each grant award. The CWSRF grant contains a 4% administrative allowance. The DWSRF grant provides the Trust with set asides to provide a 4% administrative allowance, a 15% local assistance set-aside to support the public water system supervision programs, and a 2% small system technical assistance set-aside.

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 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.

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 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.

Each state may opt to transfer a portion of its CWSRF capitalization grant, not to exceed 33 percent of its DWSRF capitalization grant, to the DWSRF program. The Trust has taken advantage of this option in each year beginning with its 2013 clean water capitalization grant to provide additional capacity to its drinking water program.

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, not to exceed 12 quarters from the date of allotment of grant funds. The Trust draws on its federal grants based on the amount of incurred costs for certain eligible projects or activities.

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

	EPA Grants Receivable		
	Clean Water	**Drinking Water**	**Total Program**
Grants receivable at June 30, 2019	$ 43,754	3,172	46,926
Project grant award/match – FFY 2019	51,788	20,171	71,959
Admin/Set asides grant – FFY 2019	2,158	5,362	7,520
Total grant award/match	53,946	25,533	79,479
Grant funds drawn	(65,072)	(19,670)	(84,742)
Grants receivable at June 30, 2020	32,628	9,035	41,663
Project grant award/match – FFY 2020	51,796	20,184	71,980
Admin/Set asides grant – FFY 2020	2,158	5,365	7,523
Expanded school water improvement grant FFY2020	—	2,998	2,998
Total grant award/match	53,954	28,547	82,501
Grant funds drawn	(58,610)	(24,571)	(83,181)
Grants receivable at June 30, 2021	$ 27,972	13,011	40,983

Federal grant revenue is recognized in accordance with the funding schedules contained within the individual grant agreements. The state matching grant, typically drawn prior to fiscal year end, revenue is unearned until the Federal grant is awarded, typically in August, at which time state matching revenue is recognized. The unearned balances as of June 30, 2021 and 2020 are $15,894 and $15,901, respectively.

EPA federal grant revenue totaled $82,501 for fiscal year 2021 and represents the Trust's annual federal 2020 capitalization grants for CWSRF, $53,954, and DWSRF, $25,549. Additionally, the Trust was awarded a $2,998 from the EPA to create the Massachusetts Expanded School Water Improvement Grant (ESWIG) program. The goal of the ESWIG program is to develop and implement improvement investments through projects that will reduce lead exposure in drinking water by replacing thousands of lead service lines and/or removing potential sources of lead in hundreds of schools and childcare facilities.

EPA federal grant revenue totaled $99,545 for fiscal year 2020 and represents the Trust's annual federal 2019 capitalization grants for CWSRF, $53,946, and DWSRF, $25,533. Prior to the 2019 federal capitalization grants, grant funds were made available on a quarterly basis. Since the Trust records grant revenue based on availability of grant funds, $20,066, the fourth quarter installment of the 2018 federal capitalization grants, was also recorded in fiscal year 2020.

The following table depicts the Trust's federal and state grant revenue by grant.

	Clean Water Program		Drinking Water Program		Total Programs	
	2021	2020	2021	2020	2021	2020
Federal FY 2020 grant	$ 53,954	—	25,549	—	79,503	—
Federal ESWIG FY 2020 grant	—	—	2,998	—	2,998	—
Federal FY 2019 grant	—	53,946	—	25,533	—	79,479
Federal FY 2018 grant	—	13,623	—	6,443	—	20,066
Total grant revenue – EPA	$ 53,954	67,569	28,547	31,976	82,501	99,545
State grant – FY 2020	$ 10,791	—	5,110	19,700	15,901	19,700
State match – FY 2020 ESWIG grant	—	—	749	—	749	—
State match – FY 2019 grant	—	10,789	—	5,107	—	15,896
Total grant revenue – State	$ 10,791	10,789	5,859	24,807	16,650	35,596

State grant revenue totaled $16,650, for fiscal year 2021 as compared to $35,596 in fiscal year 2020. Fiscal year 2020 included an additional $19,700 state grant funds pursuant to Chapter 142 of the Acts of 2019, providing a $10,650 operating transfer from the Commonwealth to support drinking water programs to remediate PFAS contamination of public water supplies, including, but not limited to no-interest loans, plus an additional $9,050 to support the Trust's purposes as set forth in Chapter 29C of the General Laws, including to increase project capacity.

(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 annual 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, 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 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 in 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, 2021 and 2020 is as follows.

		2021	2020
Leveraged loans	$	3,332,063	3,147,216
Direct loans pledged for bond debt service		621,571	607,616
Other direct loans		5,890	6,511
Total permanently financed loans receivable		3,959,524	3,761,343
Interim loans		189,675	381,839
Loan forgiveness		(65,109)	(53,465)
Total loans receivable		4,084,090	4,089,717
Less current portion loans receivable		423,408	620,814
Long-term portion – loans receivable	$	3,660,682	3,468,903

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. The interim loan receivable balances were $189,675 and $381,839 as of June 30, 2021 and 2020, respectively.

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, 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 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. 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 agencies on a cost reimbursement basis up to the amount of the awarded loan forgiveness. The amount of interim loan balances for which a subsidy was provided in the form of loan forgiveness was $65,109 and $53,465, as of June 30, 2021 and 2020, respectively. The subsidized interim loan amounts will be legally forgiven as the applicable projects are completed. Loan agreements require repayment of the forgiven loan if all program requirements are not met.

On May 11, 2021, the Trust issued Series 23 Bonds in the par amount of $351,440 with a premium of $101,348. Proceeds from the Series 23 Bonds replenished SRF Program Equity Funds applied to fund the construction phase of financed projects in the amount of $367,143, and an additional $85,641 of bond proceeds were deposited to project funds for the remaining project expenses for these leveraged loans. In connection with the issuance of the Series 23 Bonds, the Trust pledged $44,815 of its direct loans to the MTA Bonds. Program Equity Funds were used to permanently finance interim loans totaling $41,879 as direct loans, and an additional $2,936 of Program Equity Funds were deposited to project funds for the remaining project expenses for these direct loans. The interest collected on these pledged loans will be applied to pay a portion of the debt service on the Series 23 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 Series 23 Bonds are the eighth series of Trust SRF bonds to use this approach. As of June 30, 2021, the Trust has $627,461 in direct loans pledged for the purpose of paying debt service on Trust bonds.

Aggregate principal maturities on loans receivable or bonds purchased are as follows.

	Leveraged loans	Direct loans pledged for bond debt service	Other direct loans	Total permanently financed loans receivable
Years ending June 30:				
2022	268,374	29,841	629	298,844
2023	274,674	30,421	629	305,724
2024	263,311	31,014	629	294,954
2025	248,832	31,620	630	281,082
2026	238,057	30,726	630	269,413
2027–2031	968,911	161,131	2,743	1,132,785
2032–2036	645,590	138,691	—	784,281
2037–2041	330,226	81,422	—	411,648
2042–2046	66,621	59,742	—	126,363
2047–2051	27,467	26,963	—	54,430
Total $	3,332,063	621,571	5,890	3,959,524

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.

(8) Bonds Payable

The Trust issues special obligation bonds under its SRF programs to provide low-cost financing to cities, towns, and other eligible borrowers primarily for the construction and improvement of drinking water and wastewater infrastructure. Coupons on the bonds range from approximately 2.0% to 5.3% and each series is payable semiannually with the latest maturity occurring in FY 2047. Bond proceeds are used to provide financial assistance through leveraged loans from the Trust to the borrowers as described in note 7.

In connection with the issuance of its Series 18 Bonds in early 2015, the Trust entered into the Master Trust Agreement (MTA). The MTA replaced the Trust's older Program Resolution and simplified the security framework for new Trust SRF Bonds. The Series 18 Bonds and all other 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 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, 2021, and 2020, 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 Master Trust Agreement. MTA Bonds are payable solely from the funds pledged 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. Debt service is paid semi-annually, with principal and interest payments due February 1 and August 1.

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 $172,549 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

On May 11, 2021, the Trust issued State Revolving Fund Bonds Series 23 (Green Bonds and Sustainability Bonds) in the par amount of $351,440 with a premium of $101,348. The $141,945 Series 23A 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. Series 23A was the Trust's sixth Green Bond issuance, continuing a program that was launched in 2014, for a total of $1.14 billion in total Green Bond issuance. The $209,495 Series 23B were designated by the Trust as "Sustainability Bonds" providing both environmental and social benefits. The Series 23B Bonds were the first issuance of Sustainability Bonds for the Trust and for any SRF program in the country and provided investors an opportunity to support Massachusetts communities identified as the most economically disadvantaged.

Series 23 Bond proceeds were applied to fund $452,784 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 23 Bonds, the Trust pledged $44,815 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 following is a summary of bonds payable as of June 30, 2021 and 2020.

Bond issue	Program	Issue date	Final maturity	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Due within one year
Senior revenue bonds:								
Series 6	Pool Loan	11/8/2000	8/1/2023	$ 2,905	—	255	2,650	925
Series 7	Pool Loan	7/26/2001	2/1/2023	1,040	—	250	790	400
Series 2002A	MWRA	10/31/2002	8/1/2032	5,625	—	755	4,870	700
Series 8	Pool Loan	11/26/2002	8/1/2026	4,980	—	815	4,165	575
Series 9	Pool Loan	11/6/2003	8/1/2027	7,500	—	1,110	6,390	905
Series 11	Pool Loan	11/16/2005	8/1/2025	17,150	—	550	16,600	310
Series 12	Pool Loan	12/14/2006	8/1/2026	22,830	—	—	22,830	—
Series 15B	Pool Loan	6/8/2010	8/1/2040	273,105	—	20,510	252,595	3,000
Series 16A and B	Pool Loan	6/13/2012	8/1/2025	13,705	—	13,705	—	—
Series 17A and B	Pool Loan	5/22/2013	2/1/2043	148,060	—	8,600	139,460	8,935
Series 18	MTA	1/7/2015	2/1/2045	188,505	—	8,715	179,790	8,995
Series 19	MTA	2/11/2016	2/1/2046	175,250	—	8,985	166,265	9,300
Series 20	MTA	4/13/2017	2/1/2047	186,265	—	7,205	179,060	7,460
Series 21	MTA	9/12/2018	8/1/2038	157,360	—	6,375	150,985	6,570
Series 22	MTA	10/24/2019	8/1/2039	191,610	—	6,945	184,665	6,720
Series 23	MTA	5/11/2021	2/1/2041	—	351,440	—	351,440	13,010
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	77,020	—	34,620	42,400	12,975
Series 2006	Pool Loan	12/14/2006	8/1/2034	313,020	—	41,720	271,300	45,565
Series 2012A	Pool Loan	6/13/2012	8/1/2032	43,855	—	—	43,855	11,910
Series 2014	Pool Loan	6/12/2014	8/1/2028	377,660	—	54,935	322,725	46,880
Series 2017	MTA	4/13/2017	8/1/2029	96,280	—	—	96,280	25,750
Series 2020	MTA	5/21/2020	8/1/2042	87,305	—	—	87,305	—
Subtotal				2,394,875	351,440	216,050	2,530,265	210,885
Add unamortized bond premiums				329,469	101,348	29,337	401,480	—
Total bonds payable				$ 2,724,344	452,788	245,387	2,931,745	210,885

The Trust designated its Series 15B Bonds as “Build America Bonds” (BABs) for purposes of the American Recovery and Reinvestment Act of 2009 (ARRA) and is thereby entitled to receive cash subsidy payments from the United States Treasury (Federal Subsidy Payments) equal to 35% of the interest payable on the Series 15B Bonds provided it makes certain required filings in accordance with applicable federal rules pertaining to the Federal Subsidy Payments. Receipt of Federal Subsidy Payments by the Trust 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 2020 and 2021, such payments were subject to reductions of 5.9% and 5.7%, respectively.

On October 19, 2020, the Trust used $2,901 of its program equity to defease a portion of the Series 16 SRF Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements. The total debt defeased through this transaction was $2,870, resulting in a cash flow savings of $402.

On October 24, 2019, the Trust issued State Revolving Fund Bonds Series 22 (Green Bonds) in the amount of $191,610 with a premium of $46,273. The Trust has designated the Series 22 Bonds 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. Series 22 Bond proceeds were applied to fund $237,881 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 22 Bonds, the Trust pledged $95,044 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 following is a summary of bonds payable as of June 30, 2020 and 2019.

Bond issue	Program	Issue date	Final maturity	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Due within one year
Senior revenue bonds:								
Series 6	Pool Loan	11/8/2000	8/1/2023	$ 3,165	—	260	2,905	255
Series 7	Pool Loan	7/26/2001	2/1/2023	1,285	—	245	1,040	250
Series 2002A	MWRA	10/31/2002	8/1/2032	6,430	—	805	5,625	755
Series 8	Pool Loan	11/26/2002	8/1/2026	6,025	—	1,045	4,980	815
Series 9	Pool Loan	11/6/2003	8/1/2027	8,795	—	1,295	7,500	1,110
Series 11	Pool Loan	11/16/2005	8/1/2025	29,065	—	11,915	17,150	550
Series 12	Pool Loan	12/14/2006	8/1/2026	22,830	—	—	22,830	—
Series 14	Pool Loan	3/18/2009	8/1/2019	15,965	—	15,965	—	—
Series 15B	Pool Loan	6/8/2010	8/1/2040	292,790	—	19,685	273,105	20,510
Series 16A and B	Pool Loan	6/13/2012	8/1/2025	132,430	—	118,725	13,705	10,835
Series 17A and B	Pool Loan	5/22/2013	2/1/2043	156,340	—	8,280	148,060	8,600
Series 18	MTA	1/7/2015	2/1/2045	196,945	—	8,440	188,505	8,715
Series 19	MTA	2/11/2016	2/1/2046	183,890	—	8,640	175,250	8,985
Series 20	MTA	4/13/2017	2/1/2047	193,340	—	7,075	186,265	7,205
Series 21	MTA	9/12/2018	8/1/2038	163,460	—	6,100	157,360	6,375
Series 22	MTA	10/24/2019	8/1/2039	—	191,610	—	191,610	6,945
Subordinated revenue refunding bonds:								
Series 1999A	MWRA	11/3/1999	8/1/2029	19,845	—	16,000	3,845	—
Series 2004A	Pool Loan	9/9/2004	8/1/2027	119,890	—	42,870	77,020	34,620
Series 2006	Pool Loan	12/14/2006	8/1/2034	339,355	—	26,335	313,020	41,720
Series 2009A	Pool Loan	8/11/2009	8/1/2019	18,275	—	18,275	—	—
Series 2010A	Pool Loan	6/8/2010	2/1/2020	2,520	—	2,520	—	—
Series 2012A	Pool Loan	6/13/2012	8/1/2032	43,855	—	—	43,855	—
Series 2014	Pool Loan	6/12/2014	8/1/2028	403,865	—	26,205	377,660	54,935
Series 2017	MTA	4/13/2017	8/1/2029	96,280	—	—	96,280	—
Series 2020	MTA	5/21/2020	8/1/2042	—	87,305	—	87,305	—
Subtotal				2,456,640	278,915	340,680	2,394,875	213,180
Add unamortized bond premiums				305,552	69,680	45,763	329,469	—
Total bonds payable				$ 2,762,192	348,595	386,443	2,724,344	213,180

As of June 30, 2021, debt service requirements to maturity for principal and interest are as follows.

	Total debt service	Principal	Interest
Year ending June 30:			
2022	326,184	210,885	115,299
2023	329,342	219,785	109,557
2024	304,165	204,605	99,560
2025	286,033	196,030	90,003
2026	264,592	184,090	80,502
2027–2031	1,008,524	723,680	284,844
2032–2036	610,815	473,705	137,110
2037–2041	320,932	276,375	44,557
2042–2046	43,795	38,525	5,270
2047–2051	2,714	2,585	129
Total debt service requirements	$ 3,497,096	2,530,265	966,831

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. The balance of bonds defeased in irrevocable trusts outstanding as of June 30, 2021, are as follows.

	Redemption date	Final escrow payment date	Outstanding principal amount	
			2021	2020
Series 15A	4/13/2017	8/1/2020	—	18,320
Series 16	4/13/2017	8/1/2020	—	54,285
Series 2012	4/13/2017	8/1/2022	29,660	29,660
Series 16	5/21/2020	8/1/2020	—	108,285

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 net accounting loss on debt refunding as of June 30, 2021 is as follows.

	2021	2020
Beginning net accounting loss	$ 37,815	57,367
Gain on Series 16 Refunding	—	(12,010)
Amortization	(5,694)	(7,542)
Ending net accounting loss	$ 32,121	37,815

(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. 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 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 communities. At the CCIWPF Management Board meeting held in April 2021, the CCIWPF Management Board approved final commitment amounts for eligible projects from the 2018 and 2019 IUPs as well as approved contingent commitments for eligible projects from the 2020 and 2021 IUPs for a total of $54,835. These commitment amounts will be provided over a period of four years. The Trust received instructions from the CCIWPF Management Board to transfer one-quarter of the committed amounts, or $13,709. 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, 2021, the balance of committed but unexpended funds in this account was $7,805.

The Trust provides additional subsidization to communities that are in need of additional subsidization to afford the costs of construction needed for water infrastructure projects. 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. The contract assistance committed but unexpended balance of the as of June 30, 2021, and 2020 was $2,075 and $626, respectively as described in note 3.

(10) Net Position

As of June 30, 2021 and 2020, the Trust has a restricted net position in the amount of $2.19 billion and $2.14 billion, respectively, and an unrestricted net position in the amount of $638 and $598 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. The capitalization grants are restricted to provide financial assistance, but not grants, 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.

(11) Commitment

As of June 30, 2021 and 2020, the Trust has agreed to provide interim financing loans to eligible borrowers amounting to approximately $217,584 and $299,233, respectively, excluding loan amounts already disbursed, which will be funded or collateralized with grant awards received by the Trust.

(12) Derivative Transactions

Interest Rate Swap Agreements – $77,255 dated November 21, 2006.

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 two interest rate swap agreements in connection with its Pool Program Refunding Bonds, Series 2006 Bonds. The intention of the swaps was to hedge the Trust's exposure to interest rate risk by effectively changing the Trust's variable rate bonds maturing in 2022 and 2023 to a synthetic fixed rate of 3.88% and 3.90%, respectively. The Series 2006 carry an interest rate indexed to the Municipal Consumer Price Index (Muni-CPI).

Terms – Under the terms of these swaps, 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 fixed rate bonds issued in December 2006. The counterparty is JPMorgan Chase & Co. The terms of each swap agreement are summarized below:

	2022 Termination	2023 Termination
Trade date	November 21, 2006	November 21, 2006
Effective date	December 14, 2006	December 14, 2006
Termination date	August 1, 2022	August 1, 2023
Notional amount	$ 30,650	46,605
Fair value at June 30, 2021	631	723
Fair value at June 30, 2020	(1,559)	(3,085)
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	3.88%	3.90%
Synthetic fixed rate on bonds	3.88%	3.90%

* Muni-CPI rate is equal to the quotient of (1) the Reference CPI-U for the current debt service payment data 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. Prior 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, 2021. This means that for the next debt service payment date of August 1, 2021, the Trust will receive a payment of $1,354 from its swap counterparty for the positive valuation of its hedging derivative instruments. At June 30, 2021, the fair value of these swaps is reflected as an asset from derivative instruments, a component of other assets, and deferred inflow from derivative instruments in the accompanying financial statements. The swaps had an aggregate negative fair value as of June 30, 2020, which means on the August 1, 2020 debt service payment date the Trust made a payment to the swap counterparty. At June 30, 2020, the fair values of these swaps are reflected as a liability for derivative instruments and deferred outflows in the accompanying financial statements.

The fair value of the derivative 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, 2021, the Trust is exposed to credit risk equal to the amount of the derivative's fair value. As of June 30, 2020, the Trust was not exposed to credit risk because the swaps had a negative 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. The source of funds for this payment is from "legally available funds." Legally available funds is defined as, "funds held in the Trust's Federal Clean Water State Revolving Fund or Drinking Water State Revolving Fund…only to the extent that Congress passes a law or EPA adopts a regulation or issues an opinion or other notice…making such amounts legally available to pay settlement amounts."

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, 2021, the variable rate was calculated using the May 31, 2021, Muni-CPI rate. As the Muni-CPI rate varies, the variable rate payments on the bonds and the variable rate receipts from the swap are equal, and the net debt service will remain fixed. Assuming this rate remains the same, the debt service requirements of the variable rate debt and the net swap payments are presented in the table below.

	Variable rate bonds[1]		Net swap	Total
	Principal	Interest	payments[2]	debt service
Years ending June 30:				
2022	—	4,584	(1,577)	3,007
2023	30,650	3,674	(1,262)	33,062
2024	46,605	1,383	(474)	47,514

[1] Calculated rate uses May 31, 2021 Muni-CPI rate to reflect debt service payment for August 1, 2021.
[2] A negative net swap payment requires a payment from the counterparty to the Trust.

(13) Deferred Outflows of Resources

The following is a summary of deferred outflows of resources as of June 30, 2021 and 2020.

		2021	2020
Deferred outflows of resources:			
Derivative instruments (note 12)	$	—	4,644
Excess of reacquisition price over net carrying value of defeased bonds (note 8)		32,121	37,815
	$	32,121	42,459

(14) 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, monitor collection and receipt from the DSRRP borrowers, keep proper books and records with respect to any DSRRP debt service payments, and provide EOEEA with a summary report. 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. As of June 30, 2021, the Trust had received loan repayments in the amount of $63 in advance of the July 15, 2021 repayment date.

MASSACHUSETTS CLEAN WATER TRUST

Combining Financial Statements and Schedules For the Year Ended June 30, 2021
(With Comparative Amounts as of June 30, 2020)

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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 Loan 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:

Supplemental Schedules

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Massachusetts Clean Water Trust
Combining Schedule of Net Position
June 30, 2021 (With Comparative Amounts as of June 30, 2020)
(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 6/30/2021	Combined Totals 6/30/2020
Assets and deferred outflows:						
Current assets:						
Cash and cash equivalents	$ 611,815	$ 311,440	$ 105,268	$ 29,654	$ 1,058,177	$ 646,082
Short-term investments	170,821	14,282	-	23,228	208,331	206,298
Project fund deposits	54,833	26,920	-	-	81,753	42,430
Grants receivable - Envrionmental Protection Agency	27,972	13,011	-	-	40,983	41,663
Loans receivable, net	308,710	114,641	-	57	423,408	620,814
Accrued interest receivable	35,041	10,103	9	-	45,153	48,478
Total current assets	1,209,192	490,397	105,277	52,939	1,857,805	1,605,765
Noncurrent assets:						
Long-term investments	355,869	71,744	-	-	427,613	504,316
Loans receivable, long-term	2,699,777	960,633	-	272	3,660,682	3,468,903
Other assets	894	460	-	-	1,354	-
Total noncurrent assets	3,056,540	1,032,837	-	272	4,089,649	3,973,219
Total assets	4,265,732	1,523,234	105,277	53,211	5,947,454	5,578,984
Deferred outflows of resources	25,818	6,303	-	-	32,121	42,459
Total assets and deferred outflows of resources	4,291,550	1,529,537	105,277	53,211	5,979,575	5,621,443
Liabilities:						
Current liabilities:						
Accrued expenses and interest payable	33,525	14,219	-	126	47,870	48,290
Unearned revenue	10,789	5,105	-	-	15,894	15,901
Loan commitments and project funds payable	53,513	26,233	-	-	79,746	39,576
Long-term debt	150,146	60,739	-	-	210,885	213,180
Other liability	7,805	-	2,075	-	9,880	626
Total current liabilities	255,778	106,296	2,075	126	364,275	317,573
Noncurrent liabilities:						
Liability for derivative instruments	-	-	-	-	-	4,644
Long-term debt, net	1,905,199	815,661	-	-	2,720,860	2,511,164
Total noncurrent liabilities	1,905,199	815,661	-	-	2,720,860	2,515,808
Total liabilities	2,160,977	921,957	2,075	126	3,085,135	2,833,381
Deferred inflows of resources	894	460	62,688	-	64,042	45,391
Total liabilities and deferred inflows of resources	2,161,871	922,417	64,763	126	3,149,177	2,878,772
Net position:						
Restricted for program purposes	1,640,854	531,354	19,700	-	2,191,908	2,144,965
Unrestricted	488,825	75,766	20,814	53,085	638,490	597,706
Commitments	-	-	-	-	-	-
Total net position	$ 2,129,679	$ 607,120	$ 40,514	$ 53,085	$ 2,830,398	$ 2,742,671

See Independent Auditors' Report

Massachusetts Clean Water Trust
Combining Schedule of Revenues, Expenses and Changes in Net Position
June 30, 2021 (With Comparative Amounts as of June 30, 2020)
(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 6/30/2021	Combined Totals 6/30/2020
OPERATING REVENUES:						
Loan servicing fees	$ -	$ -	$ -	$ 5,280	$ 5,280	$ 5,454
Loan origination fees	-	-	-	-	-	83
Interest income	73,403	21,462	190	497	95,552	111,526
Unrealized (loss) gain on investments	(7,163)	(724)	-	-	(7,887)	20,814
Contract assistance from Commonwealth of Massachus	18,629	7,942	-	-	26,571	32,172
Total operating revenues	84,869	28,680	190	5,777	119,516	170,049
OPERATING EXPENSES:						
Commonwealth of Massachusetts:						
Department of Environmental Protection - programmatic support costs	2,461	4,354	-	2,584	9,399	9,374
Loan forgiveness	8,785	11,927	954	-	21,666	21,097
General and administrative	-	-	-	3,318	3,318	3,263
Arbitrage rebate payments	4,240	-	-	-	4,240	12,242
Interest expense	66,960	25,357	-	-	92,317	94,839
InterFund transfers	44,742	(55,296)	8,744	1,810	-	-
Total operating expenses	127,188	(13,658)	9,698	7,712	130,940	140,815
OPERATING (LOSS) INCOME	(42,319)	42,338	(9,508)	(1,935)	(11,424)	29,234
NONOPERATING REVENUE:						
Capitalization Grant Revenue:						
Environmental Protection Agency capitalization grants	53,954	28,547	-	-	82,501	99,545
Commonwealth of Massachusetts matching grants	10,791	5,859	-	-	16,650	35,596
Total nonoperating revenues	64,745	34,406	-	-	99,151	135,141
INCREASE IN NET POSITION	22,426	76,744	(9,508)	(1,935)	87,727	164,375
NET POSITION - BEGINNING OF YEAR	2,107,253	530,376	50,022	55,020	2,742,671	2,578,296
NET POSITION - END OF YEAR	$ 2,129,679	$ 607,120	$ 40,514	$ 53,085	$ 2,830,398	$ 2,742,671

See Independent Auditors' Report

MASSACHUSETTS CLEAN WATER TRUST

Combining Schedule of Fiduciary Net Position

Years ended June 30, 2021 (With Comparative Amounts as of June 30, 2020)

(In thousands)

	Cape Cod and Islands Water Protection Program	Dam and Seawall Repair or Removal Program	Combined Totals 6/30/2021	Combined Totals 6/30/2020
Assets and deferred outflows:				
Current assets:				
Cash and cash equivalents	$ 9,278	$ 63	$ 9,341	$ 9,193
Accrued receivables	2,017	—	2,017	228
Total assets	11,295	63	11,358	9,421
Net Position				
Net position restricted for other governments	11,295	63	11,358	9,421
Commitments				
	$ 11,295	$ 63	$ 11,358	$ 9,421

See Independent Auditors' Report

MASSACHUSETTS CLEAN WATER TRUST

Combining Statements of Changes in Fiduciary Net Position

Years ended June 30, 2021 (With Comparative Amounts as of June 30, 2020)

(In thousands)

	Cape Cod and Islands Water Protection Program	Dam and Seawall Repair or Removal Program	Combined Totals 6/30/2021	Combined Totals 6/30/2020
Additions:				
Contributions	$ 15,557	$ 63	$ 15,620	$ 9,360
Interest income	26	—	26	61
Total additions	15,583	63	15,646	9,421
Deductions:				
Payment of subsidy for loan forgiveness	13,709	—	13,709	—
Total deductions	13,709	—	13,709	—
Increase in fiduciary net position	1,874	63	1,937	9,421
Net position – beginning of year	9,421	—	9,421	—
Net position – end of year	$ 11,295	$ 63	$ 11,358	$ 9,421

See Independent Auditors' Report

MASSACHUSETTS CLEAN WATER TRUST

Five Year Schedule of Fifteen Largest Borrowers

For fiscal years ending June 30, 2017 through June 30, 2021

(in thousands)

	June 30, 2021		June 30, 2020		June 30, 2019		June 30, 2018		June 30, 2017	
BORROWER NAME	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	$ 893,938	22.58%	$ 912,802	24.27%	$ 927,393	24.94%	$ 942,880	25.42%	$ 1,007,016	25.24%
City of Fall River	169,772	4.29%	146,067	3.88%	141,271	3.80%	140,057	3.78%	147,324	3.69%
City of New Bedford	142,549	3.60%	123,059	3.27%	102,875	2.77%	111,075	3.00%	119,934	3.01%
Springfield Water & Sewer Commission	141,940	3.58%	93,225	2.48%	96,673	2.60%	102,307	2.76%	107,523	2.70%
Upper Blackstone Water Pollution Abatement District	129,298	3.27%	135,782	3.61%	125,066	3.36%	121,769	3.28%	126,813	3.18%
City of Chicopee	113,482	2.87%	120,216	3.20%	126,481	3.40%	108,302	2.92%	113,126	2.84%
City of Lowell	100,164	2.53%	90,348	2.40%	70,253	1.89%	77,707	2.10%	83,396	2.09%
City of Haverhill	84,553	2.14%	72,084	1.92%	43,968	1.18%	34,888	0.94%	36,956	0.93%
City of Taunton	82,394	2.08%	79,046	2.10%	85,034	2.29%	86,743	2.34%	93,237	2.34%
City of Revere	82,254	2.08%	73,682	1.96%	62,806	1.69%	61,335	1.65%	63,419	1.59%
City of Lawrence	73,552	1.86%	54,969	1.46%	44,056	1.18%	47,872	1.29%	52,209	1.31%
Town of Nantucket	71,326	1.80%	71,858	1.91%	67,420	1.81%	47,680	1.29%	50,454	1.26%
City of Brockton	66,004	1.67%	64,662	1.72%	68,776	1.85%	73,527	1.98%	80,255	2.01%
Town of Falmouth	65,508	1.65%	69,519	1.85%	73,458	1.98%	75,128	2.03%	78,844	1.98%
City of Marlborough	64,661	1.63%	67,166	1.79%	69,636	1.87%	72,212	1.95%	75,097	1.88%
Total all others	1,678,129	42.37%	1,586,858	42.18%	1,613,789	43.39%	1,605,070	43.27%	1,753,849	43.95%
TOTALS AS OF FISCAL YEAR END	**$ 3,959,524**	100%	**$ 3,761,343**	100%	**$ 3,718,955**	100%	**$ 3,708,552**	100%	**$ 3,989,452**	100%

See Independent Auditors' Report

MASSACHUSETTS CLEAN WATER TRUST

Schedule of Loans Outstanding By Borrower

June 30, 2021

Borrower Name	Loans Securing Prior Bonds	Loans Securing MTA Bonds	Loans Outstanding as of June 30, 2021	% of Total Loans Outstanding
Abington	$ 2,416,858	$ -	$ 2,416,858	0.06%
Acton	10,716,268	-	10,716,268	0.27
Acushnet	1,380,100	280,697	1,660,797	0.04
Adams	765,703	-	765,703	0.02
Adams Fire District	1,017,910	1,188,064	2,205,974	0.06
Agawam	383,591	-	383,591	0.01
Amesbury	10,117,940	-	10,117,940	0.26
Andover	1,887,058	5,323,713	7,210,771	0.18
Aquarion Water Company of Massachusetts	645,000	-	645,000	0.02
Ashburnham	62,408	-	62,408	0.00
Athol	2,778,300	129,105	2,907,405	0.07
Attleboro	9,686,188	-	9,686,188	0.24
Auburn	154,734	-	154,734	0.01
Auburn Water District	842,476	3,651,720	4,494,196	0.11
Avon	153,887	400,000	553,887	0.01
Barnstable	12,963,870	16,389,536	29,353,406	0.74
Barnstable County	9,750,000	6,507,890	16,257,890	0.41
Barre	-	47,448	47,448	0.00
Belchertown	2,042,281	-	2,042,281	0.05
Bellingham	396,127	11,294,563	11,690,690	0.30
Belmont	5,001,287	1,710,553	6,711,840	0.17
Berlin	4,308	-	4,308	0.00
Beverly	140,027	-	140,027	0.01
Billerica	11,069,372	48,784,582	59,853,954	1.51
Boston	-	11,789,493	11,789,493	0.30
Bourne	78,251	-	78,251	0.00
Brewster	30,000	-	30,000	0.00
Bridgewater	1,136,483	2,513,812	3,650,295	0.09
Bristol County	711,927	-	711,927	0.02
Brockton	45,681,637	20,322,676	66,004,313	1.67
Burlington	2,798,151	-	2,798,151	0.07
Cambridge	2,028,833	12,969,374	14,998,207	0.38
Canton	2,059,515	-	2,059,515	0.05
Centerville-Osterville-Marstons Mills Fire District	1,310,266	-	1,310,266	0.03
Charles River Pollution Control District	2,054,367	17,917,951	19,972,318	0.50
Charlton	1,499,226	-	1,499,226	0.04
Chatham	8,028,784	24,465,129	32,493,913	0.82
Chelmsford	15,562,053	-	15,562,053	0.39
Chelmsford Water District	1,082,472	-	1,082,472	0.03
Chelsea	134,709	-	134,709	0.00
Cherry Valley & Rochdale Water District	162,018	413,187	575,205	0.01
Chesterfield	30,000	-	30,000	0.00
Chicopee	56,672,750	56,809,138	113,481,888	2.87
Clinton	887,458	51,115	938,573	0.02
Cohasset	12,581,559	150,000	12,731,559	0.32
Concord	5,067,420	711,198	5,778,618	0.15
Danvers	13,250,650	-	13,250,650	0.33
Dartmouth	9,033,141	9,537,073	18,570,214	0.47
Dedham-Westwood Water District	-	8,483,756	8,483,756	0.21

(Continued)

Borrower Name	Loans Securing Prior Bonds	Loans Securing MTA Bonds	Loans Outstanding as of June 30, 2021	% of Total Loans Outstanding
Deerfield Fire District	$ 307,044	$ -	$ 307,044	0.01%
Dennis	80,000	-	80,000	0.00
Dennis Water District	3,126,929	-	3,126,929	0.08
Dighton	39,934	63,460	103,394	0.00
Dighton Water District	2,241,571	-	2,241,571	0.06
Dighton-Rehoboth Regional School District	315,504	-	315,504	0.01
Douglas	1,678,291	-	1,678,291	0.04
Dracut	15,337,051	10,712,962	26,050,013	0.66
Dunstable	-	2,640,000	2,640,000	0.07
Duxbury	1,407,834	-	1,407,834	0.04
East Bridgewater	7,611,408	-	7,611,408	0.19
East Longmeadow	171,883	-	171,883	0.01
Eastham	50,000	50,178,072	50,228,072	1.27
Easthampton	2,044,650	907,383	2,952,033	0.07
Easton	3,751,445	5,631,834	9,383,279	0.24
Erving	2,016,296	-	2,016,296	0.05
Essex	5,520,887	-	5,520,887	0.14
Everett	2,033,865	947,673	2,981,538	0.08
Fairhaven	465,884	549,654	1,015,538	0.03
Fall River	95,032,773	74,739,635	169,772,408	4.29
Falmouth	7,112,256	58,395,532	65,507,788	1.65
Fitchburg	10,367,784	43,970,089	54,337,873	1.37
Foxborough	2,357,725	-	2,357,725	0.06
Framingham	31,491,565	6,205,295	37,696,860	0.95
Franklin	1,461,060	12,579,500	14,040,560	0.35
Gardner	1,048,154	9,948,214	10,996,368	0.28
Gloucester	28,043,684	23,089,791	51,133,475	1.29
Goshen	-	590,445	590,445	0.01
Grafton	-	36,422,045	36,422,045	0.92
Great Barrington	-	7,119,434	7,119,434	0.18
Greater Lawrence Sanitary District	12,233,458	35,895,588	48,129,046	1.22
Greenfield	14,623	-	14,623	0.00
Groton	1,639,133	-	1,639,133	0.04
Hadley	1,854,483	141,308	1,995,791	0.05
Halifax	50,000	-	50,000	0.00
Hanover	25,000	205,800	230,800	0.01
Hanson	580,000	790,000	1,370,000	0.03
Harvard	1,651,823	161,399	1,813,222	0.05
Harwich	18,363	1,479,163	1,497,526	0.04
Haverhill	15,917,490	68,635,565	84,553,055	2.14
Hillcrest Sewer District	651,356	-	651,356	0.02
Hingham	137,433	-	137,433	0.00
Hinsdale	1,165,000	-	1,165,000	0.03
Holbrook	5,374,598	-	5,374,598	0.14
Holden	2,623,941	414,099	3,038,040	0.08
Holliston	-	1,859,296	1,859,296	0.05
Holyoke	11,687,920	-	11,687,920	0.30
Hoosac Water Quality District	2,507,220	-	2,507,220	0.06
Hopedale	257,788	5,207,778	5,465,566	0.14
Hopkinton	6,103,533	100,000	6,203,533	0.16
Hudson	11,115,167	-	11,115,167	0.28
Hull	515,188	12,079,827	12,595,015	0.32
Ipswich	2,015,727	3,401,931	5,417,658	0.14
Kingston	18,077,820	3,423,509	21,501,329	0.54
Lakeville	42,317	-	42,317	0.00
Lancaster	16,386	-	16,386	0.00
Lawrence	10,674,288	62,878,002	73,552,290	1.86
Lee	7,185,250	-	7,185,250	0.18

(Continued)

Borrower Name	Loans Securing Prior Bonds	Loans Securing MTA Bonds	Loans Outstanding as of June 30, 2021	% of Total Loans Outstanding
Leicester	$ 46,581.00	$ -	$ 46,581.00	0.00%
Leicester Water Supply District	113,910	-	113,910	0.00
Leominster	18,980,435	10,739,027	29,719,462	0.75
Lincoln	525,000	-	525,000	0.01
Littleton	-	1,134,752	1,134,752	0.03
Longmeadow	1,346,537	-	1,346,537	0.03
Lowell	63,794,189	36,369,741	100,163,930	2.53
Ludlow	2,513,095	397,280	2,910,375	0.07
Lunenburg	1,557,367	937,941	2,495,308	0.06
Lunenburg Water District	1,914,454	-	1,914,454	0.05
Lynn Water and Sewer Commission	30,154,248	5,621,077	35,775,325	0.90
Lynnfield	238,491	-	238,491	0.01
Malden	6,397,367	8,991,305	15,388,672	0.39
Manchester - by - the - Sea	-	1,248,225	1,248,225	0.03
Mansfield	8,956,246	-	8,956,246	0.23
Marion	11,996,085	8,938,630	20,934,715	0.53
Marlborough	32,581,515	32,079,864	64,661,379	1.63
Marshfield	5,073,064	140,000	5,213,064	0.13
Mashpee	82,860	-	82,860	0.00
Massachusetts Development Finance Agency	6,835,535	-	6,835,535	0.17
Massachusetts Water Resources Authority	624,966,853	268,970,925	893,937,778	22.58
Mattapoisett	5,496,444	-	5,496,444	0.14
Mattapoisett River Valley Water District	5,340,501	-	5,340,501	0.13
Maynard	6,237,725	-	6,237,725	0.16
Medfield	711,238	-	711,238	0.02
Medway	10,797	2,683,882	2,694,679	0.07
Melrose	1,245,971	-	1,245,971	0.03
Merrimac	-	2,205,475	2,205,475	0.06
Methuen	10,496,541	-	10,496,541	0.27
MFN Regional Wastewater District	5,716,163	36,710,608	42,426,771	1.07
Middleborough	686,487	20,696,288	21,382,775	0.54
Middleton	17,772	-	17,772	0.00
Millbury	13,308,814	-	13,308,814	0.34
Millville	142,368	178,152	320,520	0.01
Milton	28,109	-	28,109	0.00
Monroe	-	117,325	117,325	0.00
Monson	792,922	-	792,922	0.02
Montague	1,579,564	1,453,583	3,033,147	0.08
Nantucket	34,845,257	36,481,204	71,326,461	1.80
Natick	1,439,885	-	1,439,885	0.04
Needham	4,365,029	-	4,365,029	0.11
New Bedford	64,541,204	78,007,564	142,548,768	3.60
Newbury	4,907,717	-	4,907,717	0.12
Newburyport	30,060,287	220,423	30,280,710	0.76
Newton	20,000	-	20,000	0.00
Norfolk	138,331	-	138,331	0.00
North Adams	79,333	-	79,333	0.00
North Andover	2,195,536	-	2,195,536	0.06
North Attleboro	14,014,412	8,730,448	22,744,860	0.57
North Raynham Water District	1,910,552	-	1,910,552	0.05
North Reading	100,000	-	100,000	0.00
North Sagamore Water District	444,521	-	444,521	0.01
Northampton	9,927,242	62,280	9,989,522	0.25
Northbridge	9,592	-	9,592	0.00
Norton	559,080	17,301,070	17,860,150	0.45
Norwell	41,301	-	41,301	0.00

(Continued)

Borrower Name	Loans Securing Prior Bonds	Loans Securing MTA Bonds	Loans Outstanding as of June 30, 2021	% of Total Loans Outstanding
Norwood	$ 2,456,305	$ 4,326,121	$ 6,782,426	0.17%
Oak Bluffs	1,146,336	-	1,146,336	0.03
Orange	227,675	-	227,675	0.01
Orleans	25,000	-	25,000	0.00
Palmer	3,598,081	4,570,465	8,168,546	0.21
Paxton	-	1,080,602	1,080,602	0.03
Peabody	-	9,639,756	9,639,756	0.24
Pembroke	2,148,105	591,085	2,739,190	0.07
Pepperell	1,235,000	12,450,146	13,685,146	0.35
Pittsfield	3,407,937	60,786,328	64,194,265	1.62
Plainville	1,928,636	393,572	2,322,208	0.06
Plymouth	1,920,978	24,629,620	26,550,598	0.67
Provincetown	5,300,344	-	5,300,344	0.13
Quincy	5,665,271	5,616,528	11,281,799	0.28
Randolph	7,661,317	1,428,418	9,089,735	0.23
Raynham	1,283,750	-	1,283,750	0.03
Revere	8,206,020	74,048,217	82,254,237	2.08
Richmond	1,691,224	-	1,691,224	0.04
Rockland	2,024,344	-	2,024,344	0.05
Rowley	7,522,446	282,110	7,804,556	0.20
Russell	100,000	-	100,000	0.00
Rutland	10,666	-	10,666	0.00
Salem	800,778	-	800,778	0.02
Salisbury	1,312,575	-	1,312,575	0.03
Sandwich	30,000	-	30,000	0.00
Saugus	6,379,406	8,994,726	15,374,132	0.39
Scituate	6,442,474	199,222	6,641,696	0.17
Seekonk	720,952	-	720,952	0.02
Seekonk Water District	159,346	-	159,346	0.01
Shirley	50,058	49,327	99,385	0.00
Shrewsbury	620,585	13,430,341	14,050,926	0.35
Shutesbury	64,439	-	64,439	0.00
Somerset	2,647,196	-	2,647,196	0.07
South Essex Sewerage District	1,642,146	4,873,364	6,515,510	0.16
South Grafton Water District	982,432	-	982,432	0.02
South Hadley	2,006,898	-	2,006,898	0.05
South Hadley Fire District #1	309,208	-	309,208	0.01
Southampton	195,000	1,733,219	1,928,219	0.05
Southborough	267,656	-	267,656	0.01
Southbridge	6,185,397	1,545,705	7,731,102	0.20
Spencer	3,702,399	1,779,911	5,482,310	0.14
Springfield Water & Sewer Commission	35,116,874	106,823,572	141,940,446	3.58
Sterling	320,162	-	320,162	0.01
Stockbridge	2,551,910	1,472,296	4,024,206	0.10
Stoughton	705,000	671,320	1,376,320	0.03
Stow	168,633	-	168,633	0.01
Sturbridge	9,156,557	-	9,156,557	0.23
Sutton	2,085,161	-	2,085,161	0.05
Swampscott	152,989	-	152,989	0.01
Swansea	95,626	-	95,626	0.00
Swansea Water District	8,903,786	-	8,903,786	0.22
Taunton	44,630,004	37,764,463	82,394,467	2.08
Templeton	1,727,141	-	1,727,141	0.04
Tewksbury	2,470,582	-	2,470,582	0.06
The Greens Condominium Trust	-	75,949	75,949	0.00
Tisbury	1,347,222	66,345	1,413,567	0.04

(Continued)

Borrower Name	Loans Securing Prior Bonds	Loans Securing MTA Bonds	Loans Outstanding as of June 30, 2021	% of Total Loans Outstanding
Townsend	$ 631,299	$ -	$ 631,299	0.02%
Turners Falls Fire District	-	614,824	614,824	0.02
Tyngsborough	134,256	10,022,387	10,156,643	0.26
Upper Blackstone Water Pollution Abatement Distrct	105,851,229	23,447,120	129,298,349	3.27
Uxbridge	-	41,756,317	41,756,317	1.05
Wakefield	373,088	-	373,088	0.01
Walpole	1,315,089	-	1,315,089	0.03
Waltham	1,157,154	-	1,157,154	0.03
Wareham	12,275,255	424,740	12,699,995	0.32
Wareham Fire District	-	13,089,390	13,089,390	0.33
Warren Water District	40,000	-	40,000	0.00
Water Supply District of Acton	-	10,018,457	10,018,457	0.25
Wayland	11,948	665,000	676,948	0.02
Webster	5,496,958	12,822,411	18,319,369	0.46
Wellfleet	220,000	148,744	368,744	0.01
West Boylston	4,378,067	-	4,378,067	0.11
West Boylston Water District of West Boylston	422,386	1,485,764	1,908,150	0.05
West Bridgewater	259,098	455,807	714,905	0.02
West Groton Water Supply District	509,175	-	509,175	0.01
West Newbury	41,455	-	41,455	0.00
West Springfield	5,577,848	18,470,687	24,048,535	0.61
Westborough	28,753,037	297,220	29,050,257	0.73
Westfield	3,321,465	1,748,402	5,069,867	0.13
Westford	2,673,004	-	2,673,004	0.07
Westminster	-	270,000	270,000	0.01
Westport	-	554,554	554,554	0.01
Weymouth	20,102,864	-	20,102,864	0.51
Whately	-	422,201	422,201	0.01
Whitman	997,805	13,846	1,011,651	0.03
Wilbraham	2,015,902	-	2,015,902	0.05
Wilmington	85,308	-	85,308	0.00
Winchendon	1,940,262	-	1,940,262	0.05
Woburn	6,926,054	-	6,926,054	0.17
Woodvale Condominium Trust	-	85,277	85,277	0.00
Worcester	3,592,928	3,397,340	6,990,268	0.18
Wrentham	762,146	-	762,146	0.02
Total	$ 2,056,367,779	$ 1,903,156,341	$ 3,959,524,120	100%

Clean Water Program	$ 2,913,012,024
Drinking Water Program	$ 1,046,512,096

See Independent Auditors' Report

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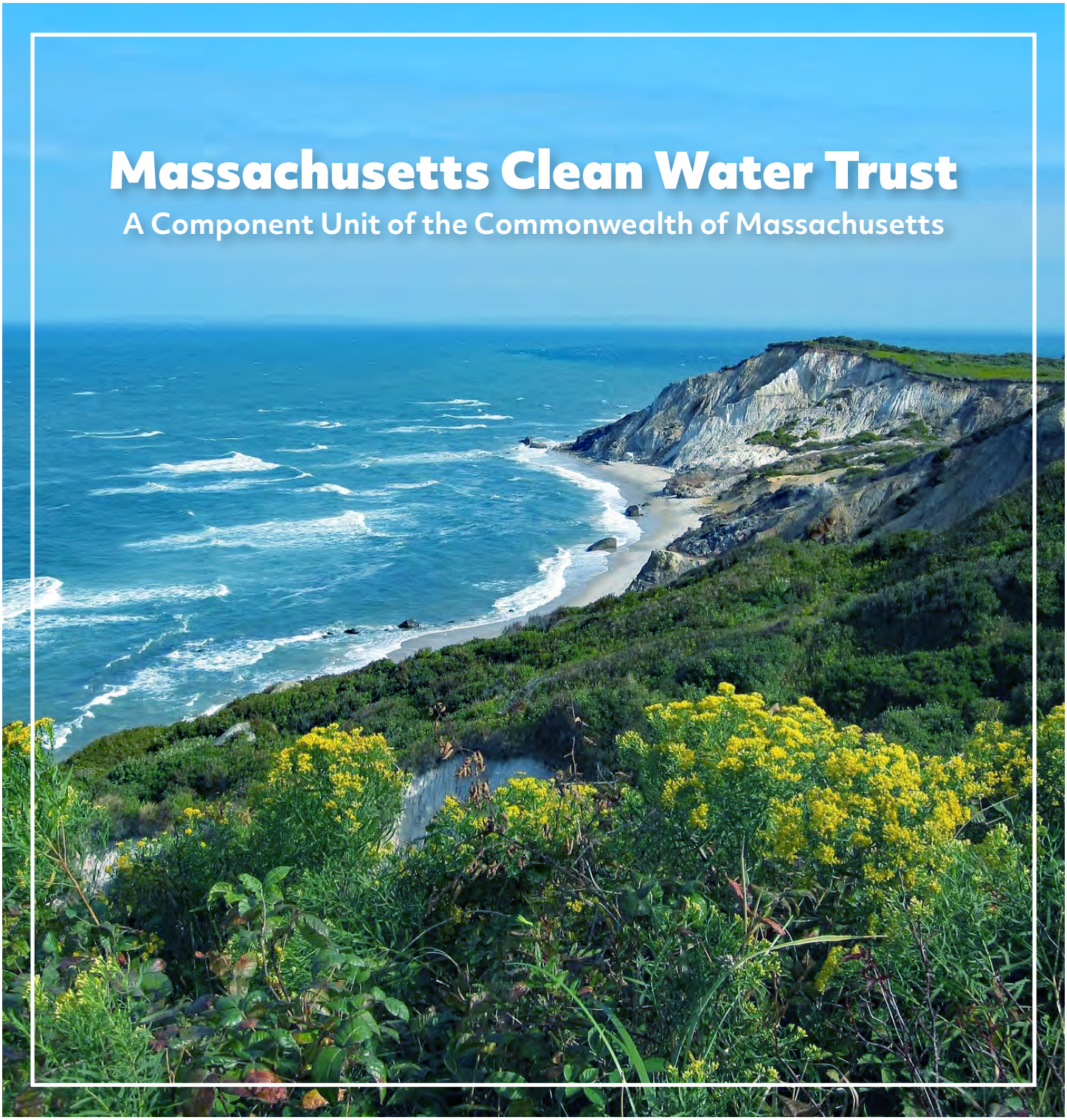

III. Statistical Section

Annual Comprehensive Financial Report as of and for the Years Ended June 30, 2021 and June 30, 2020 and Independent Auditors' Report

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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:

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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:

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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:

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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:

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

MASSACHUSETTS CLEAN WATER TRUST

Ten Year Schedule of Changes in Net Position

For fiscal years ending June 30, 2012 through June 30, 2021

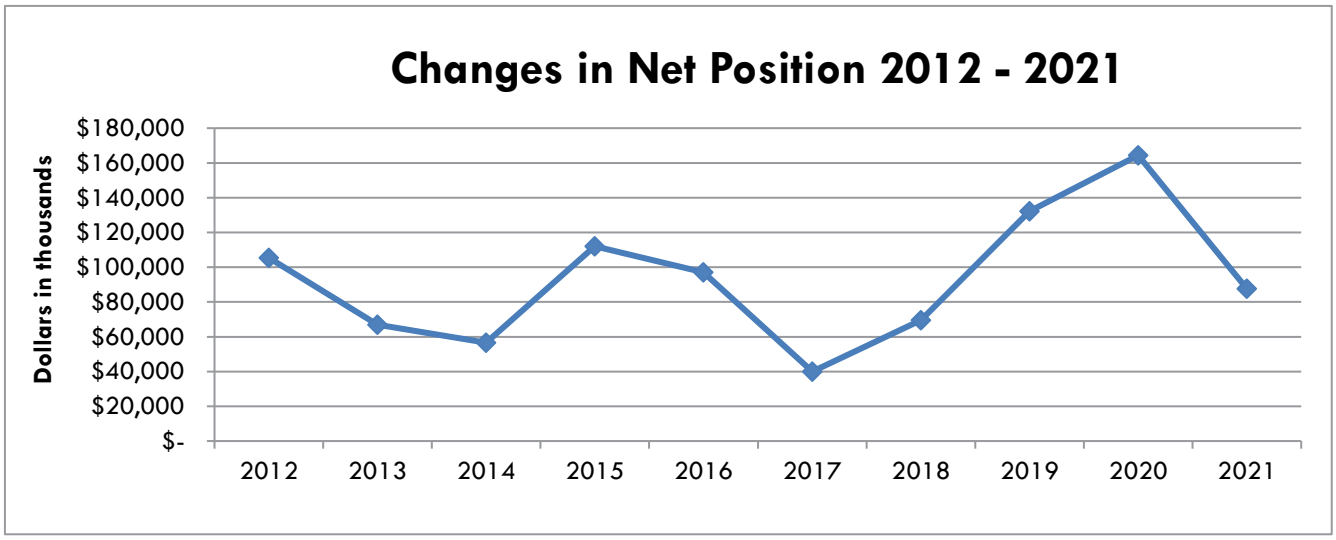
(in thousands)

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income (Loss)	Nonoperating Revenue	Changes in Net Position
2021	$ 119,516	(1) $ 130,940	$ (11,424)	$ 99,151	$ 87,727
2020	170,049	140,815	29,234	135,141	164,375
2019	165,970	125,151	40,819	91,339	132,158
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	181,782	(2) (17,661)	74,155	56,494
2013	(3) 176,399	188,074	(2) (11,675)	78,670	66,995
2012	(3) 260,252	237,858	(2) 22,394	83,077	105,471

(1) Includes $15.9 million decrease in interest income primarily due to a decrease in average monthly Massachusetts Municipal Depository Trust (MMDT) yields, and a $28.7 change in fair market value of investments year over year.

(2) Includes a $7.6 million, $12.3 million, and a $33.7 million reserve established for the anticipated future principal forgiveness associated with the disbursement of federal capitalization grant funds, including ARRA funds for the fiscal years ended June 30, 2014, 2013, and 2012, respectively.

(3) Fiscal Years 2013 and 2012 impacted by the implementation of GASB 65, Items Previously Reported as Assets and Liabilities, during Fiscal Year 2013.



MASSACHUSETTS CLEAN WATER TRUST

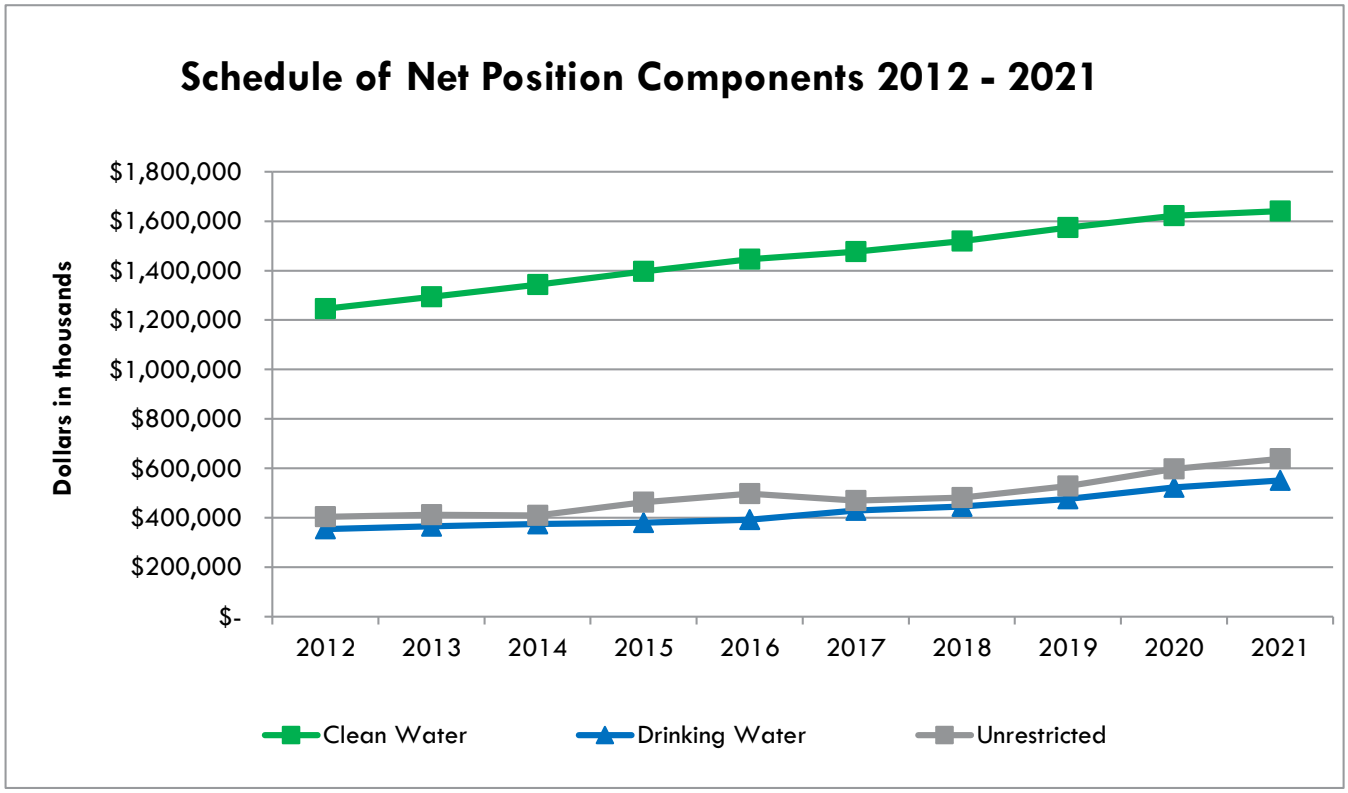
Ten Year Schedule of Net Position Components

For fiscal years ending June 30, 2012 through June 30, 2021

(in thousands)

Year	Restricted Clean Water	Restricted Drinking Water	Total Restricted	Unrestricted	Total
2021	$ 1,640,854	$ 551,054	$ 2,191,908	$ 638,490	$ 2,830,398
2020	1,622,526	522,439	2,144,965	597,706	2,742,671
2019	1,574,201	475,674	2,049,875	528,421	2,578,296
2018	1,518,880	445,833	1,964,713	481,425	2,446,138
2017	1,476,274	430,201	1,906,475	470,076	2,376,551
2016	1,445,703	392,748	1,838,451	498,135	2,336,586
2015	1,396,156	380,671	1,776,826	462,629	2,239,456
2014	1,342,846	375,206	1,718,052	409,335	2,127,387
2013	1,293,838	365,050	1,658,888	412,005	2,070,893
2012	(1) 1,245,659	354,383	1,600,042	403,856	2,003,898

(1) Fiscal Year 2012 was restated to reflect the implementation of GASB 65, Items Previously Reported as Assets and Liabilities, in Fiscal Year 2013.



MASSACHUSETTS CLEAN WATER TRUST

Ten Year Combined Schedule of Operating Revenues by Source

For fiscal years ending June 30, 2012 through June 30, 2021

(in thousands)

OPERATING REVENUES

Fiscal Year	Loan Servicing Fees	Loan Origination Fees	Interest Income [1]	Unrealized Gain (Loss) on Investments [2]	Total Operating Revenues
2021	$ 5,280	$ -	$ 122,123	[3] $ (7,887)	$ 119,516
2020	5,454	83	143,698	20,814	170,049
2019	5,479	1,542	143,955	14,994	165,970
2018	5,615	-	140,853	(6,822)	139,646
2017	5,608	1,821	129,082	[4] (11,937)	124,574
2016	5,515	1,926	142,529	20,303	170,273
2015	5,315	2,150	143,295	[5] 34,149	184,909
2014	5,137	19	158,965	-	164,121
2013	5,288	1,698	169,413	-	176,399
2012	5,270	2,243	252,739	[6] -	260,252

(1) Includes contract assistance received from the Commonwealth of Massachusetts.

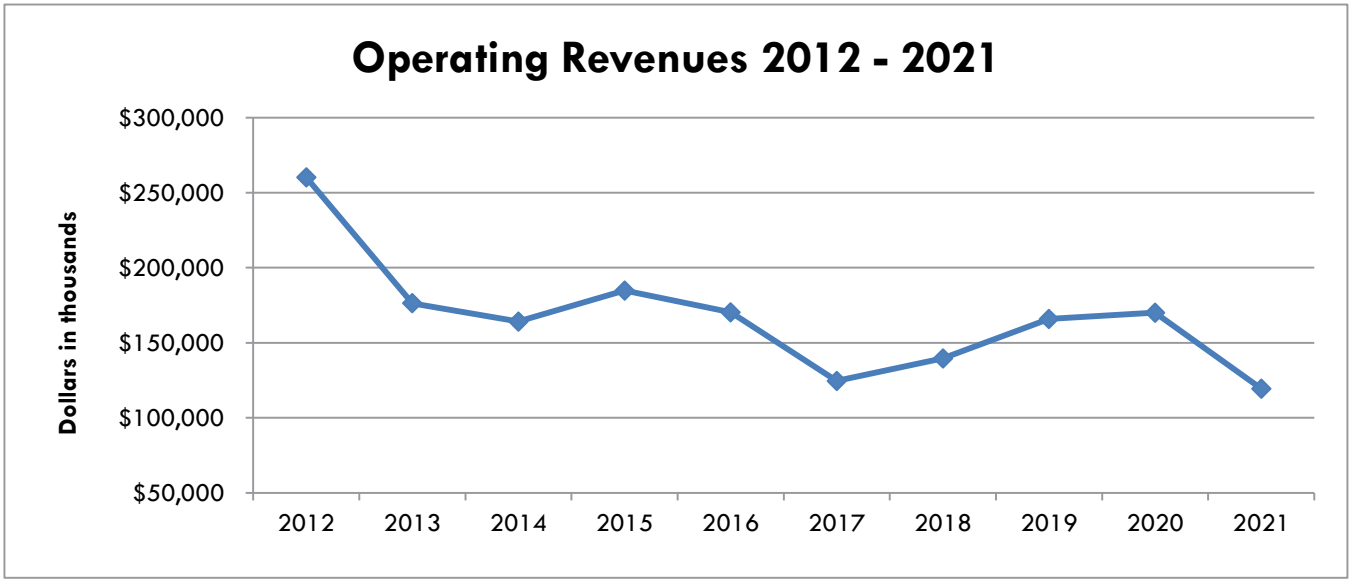
(2) Implemented GASB 72, Fair Value Measurement and Application in Fiscal Year 2016

(3) Includes $15.9 million decrease in interest income primarily due to a decrease in average monthly Massachusetts Municipal Depository Trust (MMDT) yields year over year.

(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.

(5) Fiscal Year 2015 has been adjusted to conform to presentation in accordance with Fiscal Year 2016's implementation of GASB 72, Fair Value Measurement and Application.

(6) Includes $57.7 million in gains realized on the termination of certain guaranteed investment contracts.



MASSACHUSETTS CLEAN WATER TRUST

Ten Year Debt Schedule

For fiscal years ending June 30, 2012 through June 30, 2021

(in thousands)

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Water Pollution Abatement Revenue Bonds:										
Massachusetts Water Resources Authority Loan Program	$ 4,870	$ 5,625	$ 6,430	$ 7,280	$ 8,170	$ 9,100	$ 10,060	$ 11,365	$ 16,410	$ 22,370
South Essex Sewerage District Loan Program	-	-	-	-	-	285	890	1,855	2,765	3,780
New Bedford Loan Program	-	-	-	-	-	-	270	785	1,515	2,405
Pool Loan Program	445,480	491,275	668,690	836,630	892,585	1,037,980	1,134,240	1,328,845	2,078,738	1,989,878
Master Trust Agreement	1,212,205	898,990	737,635	597,670	620,750	428,720	228,155	-	-	-
Subtotal Revenue Bonds	1,662,555	1,395,890	1,412,755	1,441,580	1,521,505	1,476,085	1,373,615	1,342,850	2,099,428	2,018,433
Subordinated Revenue Refunding Bonds:										
Massachusetts Water Resources Authority Loan Program	3,845	3,845	19,845	36,595	54,040	54,040	54,040	63,620	63,775	63,775
New Bedford Loan Program	-	-	-	-	-	-	-	-	36,460	40,850
Pool Loan Program	680,280	811,555	927,760	1,044,890	1,296,575	1,462,805	1,583,935	1,678,245	1,311,580	1,358,240
Master Trust Agreement	183,585	183,585	96,280	96,280	96,280	-	-	-	-	-
Subtotal Revenue Refunding Bonds	867,710	998,985	1,043,885	1,177,765	1,446,895	1,516,845	1,637,975	1,741,865	1,411,815	1,462,865
Total Bonds Payable	2,530,265	2,394,875	2,456,640	2,619,345	2,968,400	2,992,930	3,011,590	3,084,715	3,511,243	3,481,298
Unamortized amounts:										
Bond premium	401,480	329,469	305,552	313,333	347,809	335,272	320,762	304,295	259,765	233,905
Total Bonds Payable, net	**$ 2,931,745**	**$ 2,724,344**	**$ 2,762,192**	**$ 2,932,678**	**$ 3,316,209**	**$ 3,328,202**	**$ 3,332,352**	**$ 3,389,010**	**$ 3,771,008**	**$ 3,715,203**

MASSACHUSETTS CLEAN WATER TRUST

Ten Year Schedule of Pledged Revenue Coverage

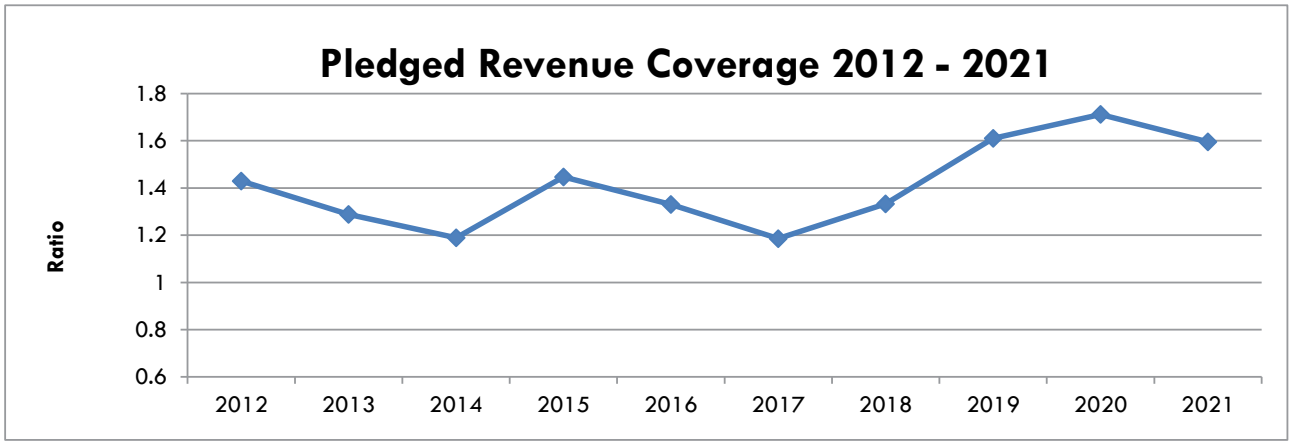
For fiscal years ending June 30, 2012 through June 30, 2021

(in thousands)

Fiscal Year	Changes in Net Position	Comm of MA Contract Assistance	Principal and Interest Received from Borrowers [1]	Total Receivable and Revenue	Debt Service Requirements: Principal	Debt Service Requirements: Interest	Debt Service Requirements: Total Debt Service	Coverage ratio
2021	$ 87,727	$ 63,383	$ 368,037	**$ 519,147**	$ 213,180	$ 112,170	**$ 325,350**	**1.60**
2020	164,375	63,384	371,729	**599,488**	232,395	117,860	**350,255**	**1.71**
2019	132,158	73,383	369,159	**574,700**	230,280	126,609	**356,889**	**1.61**
2018	69,587	46,773	375,557	**491,917**	231,485	137,460	**368,945**	**1.33**
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	56,494	62,491	332,531	**451,516**	215,753	163,928	**379,681**	**1.19**
2013	66,995	62,811	305,125	**434,931**	172,306	165,171	**337,477**	**1.29**
2012	[2] 105,471	64,986	338,173	**508,630**	183,102	172,561	**355,663**	**1.43**

[1] Includes interest received from earnings on Debt Service Reserve Funds.

[2] Fiscal Year 2012 was restated to reflect the implementation of GASB 65, Items Previously Reported as Assets and Liabilities, in Fiscal Year 2013.



MASSACHUSETTS CLEAN WATER TRUST

Ten Year Combined Schedule of Operating Expenses

For fiscal years ending June 30, 2012 through June 30, 2021

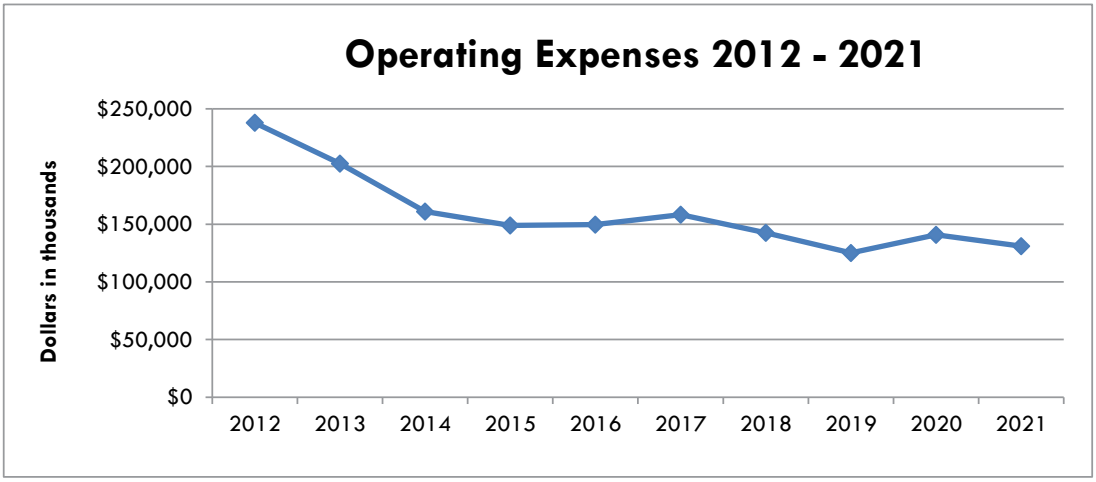
(in thousands)

OPERATING EXPENSES

Fiscal Year	DEP Programmatic Support Costs	General and Adminstrative	Arbitrage Rebate Payments	Interest Expense	Grant Disbursement [1]	Total Operating Expenses
2021	$ 9,399	$ 3,318	$ 4,240	$ 92,317	$ 21,666	$ 130,940
2020	9,374	3,263	12,242	94,839	21,097	140,815
2019	8,731	2,693	1,468	104,561	7,698	125,151
2018	7,583	2,331	-	125,293	7,372	142,579
2017	8,545	5,210	12,328	126,551	5,672	158,306
2016	8,421	4,092	3,785	127,247	6,117	149,662
2015	5,793	5,923	1,538	130,888	4,797	148,939
2014	7,418	7,860	166	137,959	7,567	160,970
2013	8,921	5,046	[2] 6,725	169,595	12,335	202,622
2012	11,369	8,440	[2] 10,487	173,869	33,693	237,858

[1] Represents principal forgiveness provided pursuant to the federal capitalization grants received from EPA. Additionally, beginning in 2020 amounts include principal forgiveness funded by the Commonwealth of Massachusetts through contract assistance.

[2] Implemented GASB 65, Financial Reporting of Deferred Outflows, Deferred Inflows of Resources, and Net Position, resulting in the recognition of certain amounts as deferred inflows/outflows rather than assets/liabilities.



MASSACHUSETTS CLEAN WATER TRUST

Ten Year Schedule of Full Time Equivalent Employees

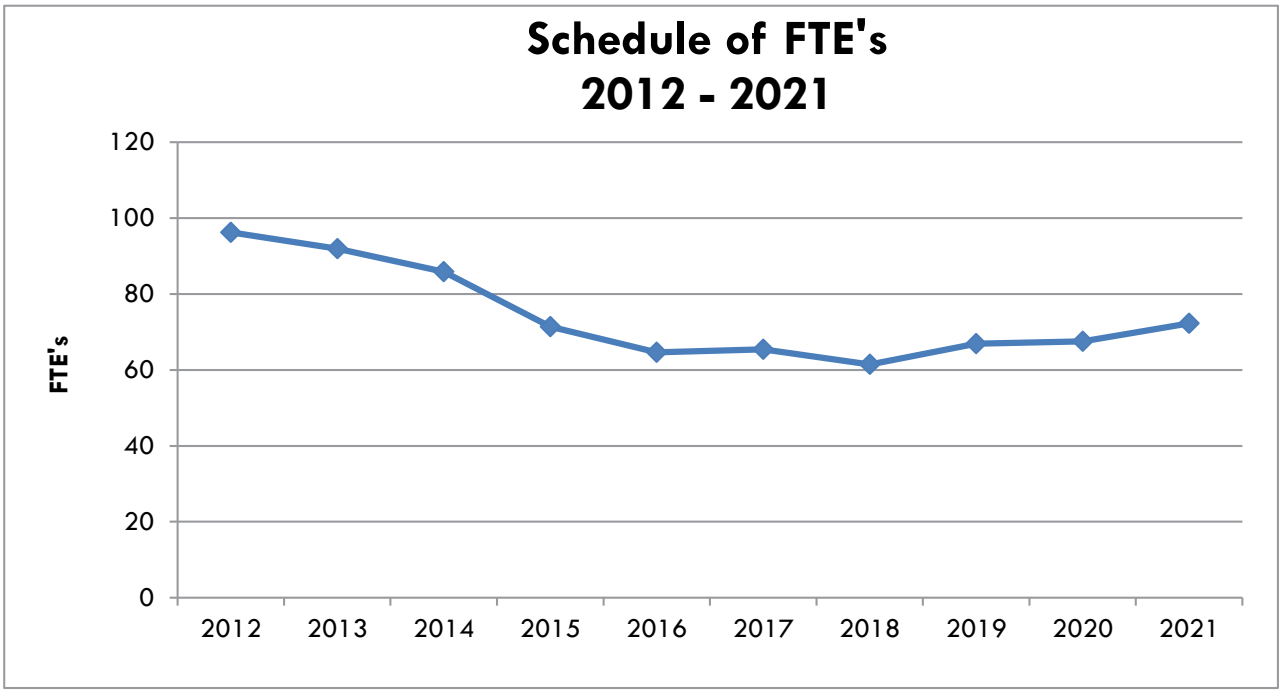
By Program and Agency

For fiscal years ending June 30, 2012 through June 30, 2021

Year	MCWT - Administrative	DEP - Clean Water Program	DEP - Drinking Water Program	DEP - Admin Expendable Trust	Total
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
2013	9.75	21.49	50.17	10.50	91.91
2012	9.78	22.00	50.19	14.27	96.24

MCWT - Massachusetts Clean Water Trust

DEP - Department of Environmental Protection



MASSACHUSETTS CLEAN WATER TRUST

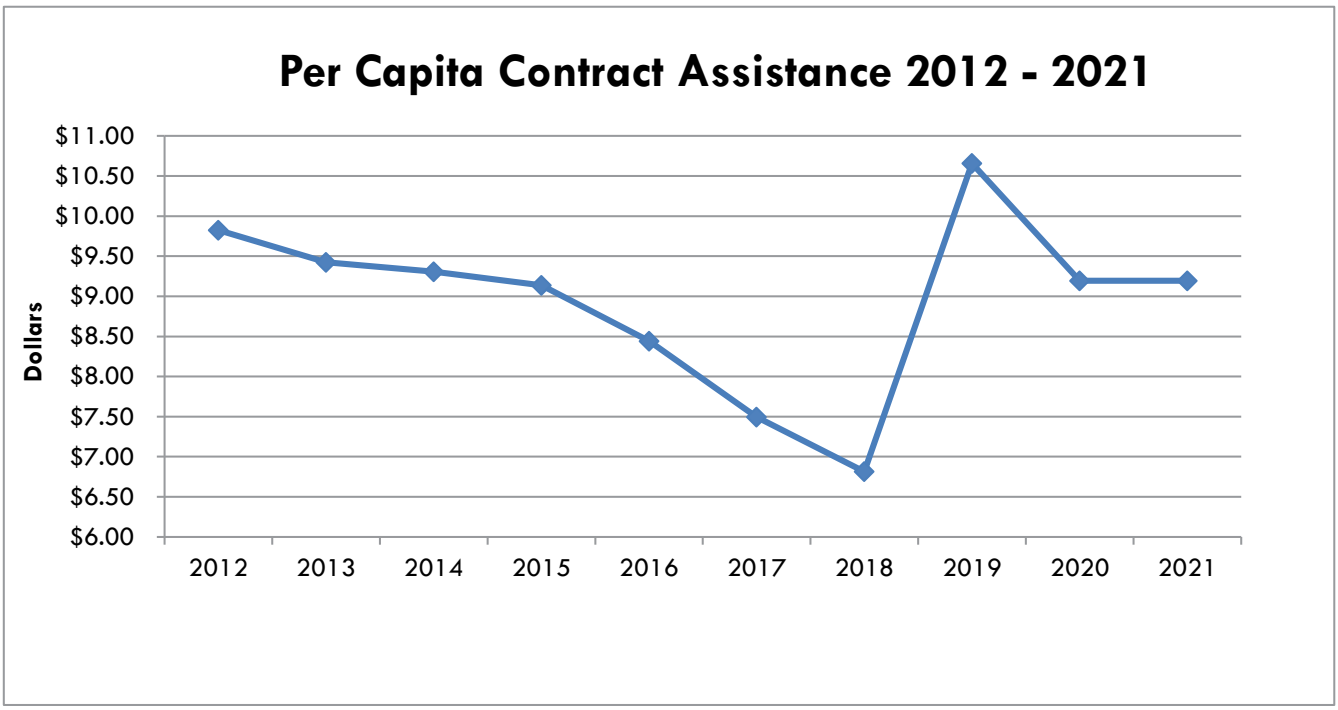
Ten Year Schedule of Contract Assistance Provided by the Commonwealth of Massachusetts, Massachusetts Population, and Per Capita Contract Assistance

For fiscal years ending June 30, 2012 through June 30, 2021

(in thousands)

Fiscal Year ending June 30	Contract Assistance provided	Population estimates [1]	Per Capita Contract Assistance
2021	$ 63,383	6,894	$ 9.19
2020	63,384	6,895	9.19
2019	73,383	6,886	10.66
2018	46,773	6,864	6.81
2017	51,179	6,827	7.50
2016	57,379	6,797	8.44
2015	61,802	6,765	9.14
2014	62,491	6,715	9.31
2013	62,811	6,664	9.43
2012	64,986	6,614	9.83

[1] 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.



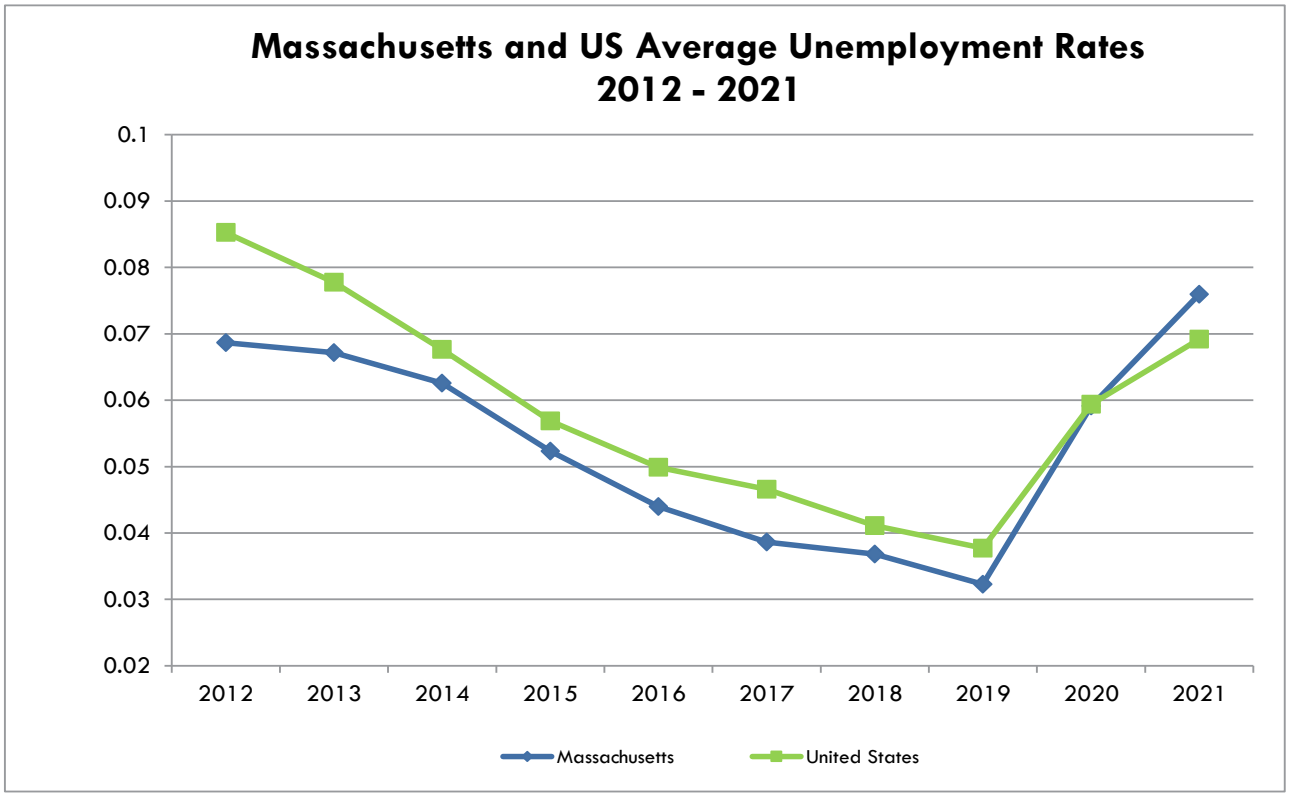
MASSACHUSETTS CLEAN WATER TRUST

Ten Year Schedule of Fiscal Year Annual Average Civilian Labor Force, Unemployment and Unemployment Rates For Massachusetts and the United States

(in thousands)

	Massachusetts			United States			
Fiscal Year	Labor Force	Unemployment	Unemployment Rate %	Labor Force	Unemployment	Unemployment Rate %	Massachusetts Rate as % of U.S. Rate
2021	3,699	281	7.6%	160,562	11,110	6.9%	110.1%
2020	3,720	220	5.9%	162,567	9,654	5.9%	100.0%
2019	3,780	122	3.2%	162,674	6,136	3.8%	85.6%
2018	3,722	137	3.7%	161,171	6,628	4.1%	89.5%
2017	3,650	141	3.9%	159,796	7,442	4.7%	82.9%
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%
2013	3,514	236	6.7%	155,346	12,079	7.8%	86.4%
2012	3,496	240	6.9%	154,297	13,153	8.5%	80.5%

Source-Federal Bureau of Labor Statistics, July 2021. Seasonally adjusted. Previous data has been updated by the Federal Bureau of Labor Statistics.



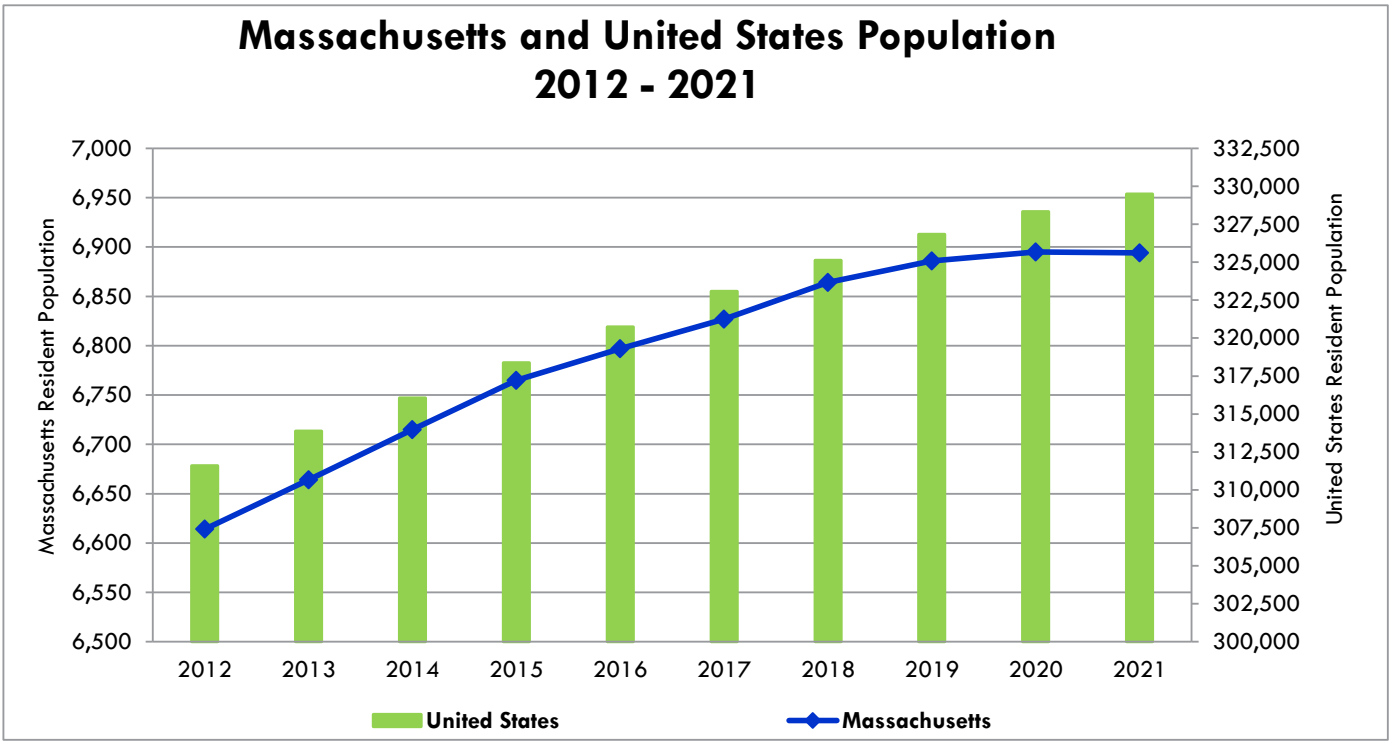
MASSACHUSETTS CLEAN WATER TRUST

Ten Year Schedule of Massachusetts and United States Resident Population

(in thousands)

Beginning of Fiscal Year	Massachusetts Resident Population [1]	% Change	United States Resident Population [1]	% Change	Massachusetts as % of U.S.
2021	6,894	0.0%	329,484	0.4%	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%
2013	6,664	0.8%	313,878	0.7%	2.1%
2012	6,614	0.7%	311,583	0.7%	2.1%

[1] 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.



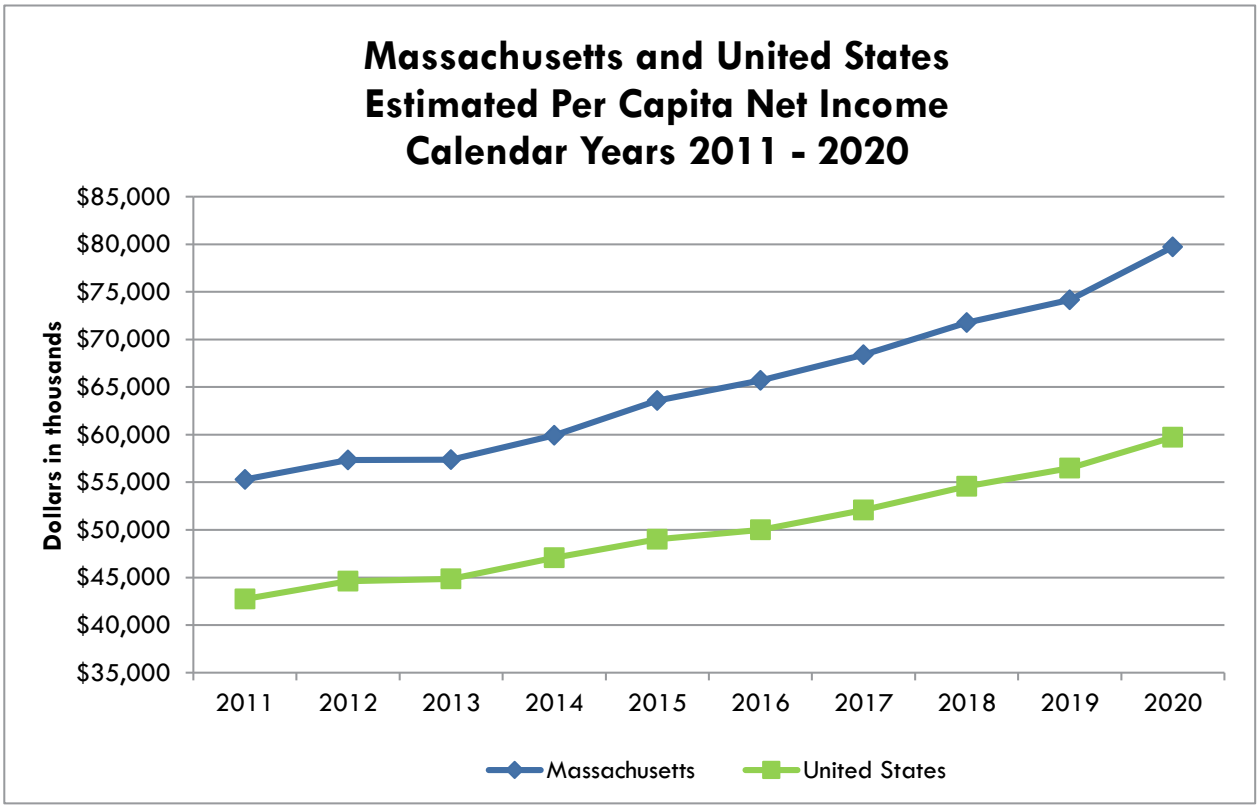
MASSACHUSETTS CLEAN WATER TRUST

Ten Year Schedule of Massachusetts and United States Resident Per Capita Net Income
Calendar Years 2011 - 2020

(in thousands)

Calendar Year	Massachusetts [1]	% Change	United States [1]	% Change	Massachusetts c % of U.S.
2020	$ 79,721	7.5%	$ 59,729	5.8%	133.5%
2019	74,161	3.3%	56,474	3.5%	131.3%
2018	71,768	4.9%	54,581	4.8%	131.5%
2017	68,405	4.1%	52,096	4.2%	131.3%
2016	65,689	3.3%	49,995	2.0%	131.4%
2015	63,588	6.1%	49,003	4.1%	129.8%
2014	59,943	4.5%	47,058	4.9%	127.4%
2013	57,362	0.1%	44,851	0.6%	127.9%
2012	57,322	3.7%	44,598	4.4%	128.5%
2011	55,296	4.2%	42,735	5.4%	129.4%

[1] Source: Bureau of Economic Analysis, US Department of Commerce. Prior years restated due to revised estimates updated on March 24, 2021.



MASSACHUSETTS CLEAN WATER TRUST

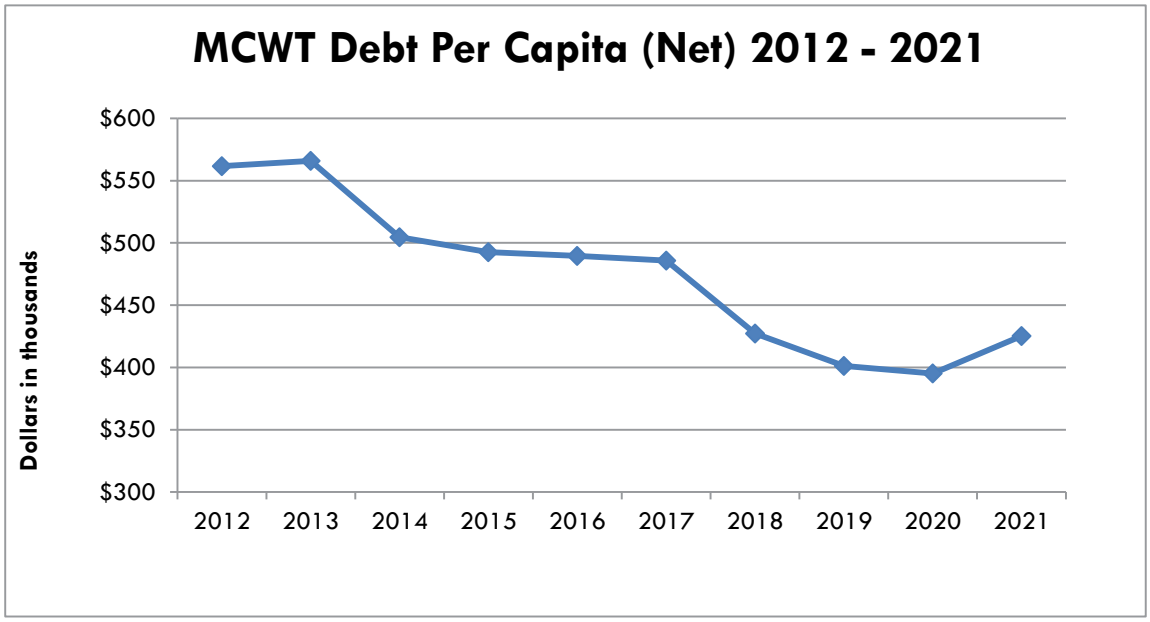
Ten Year Schedule of MCWT Debt Per Capita (Net)
For fiscal years ending June 30, 2012 through June 30, 2021

(in thousands)

Fiscal Year ending June 30	Total MCWT Debt (Net)	Massachusetts Resident Population [1]	Debt Per Capita (Net)
2021	$ 2,931,745	6,894	$ 425
2020	2,724,344	6,895	395
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
2013	3,771,008	6,664	566
2012	3,715,203 [2]	6,614	562

[1] 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 Cenus Bureau Data.

[2] Implemented GASB 65, Items Previously Reported as Assets and Liabilities, resulting in the recognition of certain amoun as deferred inflow/outflow of resources rather than assets/liabilities.



MASSACHUSETTS CLEAN WATER TRUST

Largest Private Sector Massachusetts Employers 2021 and 2012

(Alphabetical Order)

2021			2012		
Employer	Headquarters	Product or Service	Employer	Headquarters	Product or Service
Bay State Medical Center, Inc.	Springfield	Hospital	Bay State Medical Center, Inc	Springfield	Hospital
Beth Israel Deaconess Medical Center	Boston	Hospital	Beth Israel Deaconess Medical Center	Boston	Hospital
Boston Medical Center Corporation	Boston	Hospital	Boston Medical Center Corporation	Boston	Hospital
Boston University	Boston	University	Boston University	Boston	University
Brigham and Women's Hospital, Inc.	Boston	Hospital	Brigham and Women's Hospital, Inc.	Boston	Hospital
Dana-Farber Cancer Institute, Inc.	Boston	Hospital	DeMoulas Supermarkets, Inc.	Tewksbury	Supermarket
DeMoulas Supermarkets, Inc.	Tewksbury	Supermarket	EMC Corporation	Hopkinton	Computer Storage & Peripherals
General Hospital Corporation	Boston	Hospital	General Hospital Corporation	Boston	Hospital
Harvard University	Cambridge	University	Harvard University	Cambridge	University
Massachusetts Institute of Technology	Cambridge	University	Massachusetts Institute of Technology	Cambridge	University
Partners Healthcare Systems, Inc.	Boston	Hospital	Partners Healthcare Systems, Inc.	Boston	Hospital
Raytheon Company	Lexington	Electronics / Defense	Raytheon Company	Lexington	Electronics / Defense
Shaw's Supermarkets, Inc.	West Bridgewater	Supermarket	S & S Credit Company, Inc. (Stop & Shop)	Quincy	Supermarket
State Street Bank and Trust Company	Boston	Banking	Shaw's Supermarkets, Inc.	West Bridgewater	Supermarket
The Children's Hospital Corporation	Boston	Hospital	Southcoast Hospitals Group	New Bedford	Hospital
The Stop & Shop Supermarkets, Co	Quincy	Supermarket	State Street Bank and Trust Company	Boston	Banking
The TJX Companies, Inc.	Framingham	Retail	The Children's Hospital Corporation	Boston	Hospital
UMASS Memorial Medical Center, Inc.	Worcester	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., Wal-Mart Associates, Inc. and Whole Foods Market Group, Inc. are all large Massachusetts employers, but are headquartered outside of Massachusetts. The information is based on the June 2021 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.

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MASSACHUSETTS
CLEAN WATER TRUST

Massachusetts Clean Water Trust
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https://www.mass.gov/orgs/the-massachusetts-clean-water-trust