

STATE REVOLVING FUND ANNUAL REPORT



For State Fiscal Year 2015 (July 1, 2014 through June 30, 2015)

Submitted to the U.S. Environmental Protection Agency

by the

Nevada Division of Environmental Protection, Office of Financial Assistance

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INTRODUCTION

The Nevada Division of Environmental Protection (NDEP), Office of Financial Assistance (OFA) is pleased to submit to the Environmental Protection Agency (EPA) its 2015 Annual Report for Nevada's Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) for the State Fiscal Year (SFY) 2015 (July 1, 2014 through June 30, 2015).

This 2015 Annual Report to EPA has been prepared in accordance with the Clean Water Act, Safe Drinking Water Act, the Capitalization Grant requirements, the Operating Agreement between NDEP and EPA, and the Region 9 State Revolving Fund (SRF) annual Report Checklist. This report includes discussions of the status of Nevada's compliance with various statutory program requirements, program changes and progress made, information about loan recipients and other pertinent financial information.

This report includes both the CWSRF and the DWSRF programs and follows EPA Region 9's checklist used during the Annual Program Evaluations Review. It is organized into four main program titles including Certifications, Programmatic, Financial and DWSRF Specific. Under these titles sections are used to address specific areas of interest including legal, managerial, technical, financial, and operational. In each section the CWSRF program is addressed first, with the DWSRF to follow.

The following are incorporated into or references in this Annual Report and are available on the following web pages or have been previously provided:

- 2015 Clean Water Intended Use Plan (IUP)
<http://ndep.nv.gov/bffwp/srlf01.htm>
- 2015 Drinking Water IUP
<http://ndep.nv.gov/bffwp/dwsrf1.htm>
- National Information Management System (NIMS)
- EPA Region 9 Program Evaluation Report (PER for the base program)

CERTIFICATIONS

SECTION I: OPERATING AGREEMENT

Nevada has complied with the conditions of the DWSRF Operating Agreement. An amendment to the original Operating Agreement was submitted to USEPA on July 7, 1999 and approved (with an amendment) on September 30, 1999. After the program transferred from the Health Division to the Division of Environmental Protection, Nevada revised the Operating Agreement and submitted the draft to USEPA. Subsequently, with the formation of the Office of Financial Assistance, NDEP has combined the DWSRF and CWSRF into one SRF Operating Agreement which was submitted to EPA for approval in March of 2013.

NDEP has met and continues to be in compliance with the following Assurances as described in the Operating Agreement:

- Administration
- Payments

- State Match
- Binding Commitments
- Efficient, Expeditious and Timely Expenditure
- State Laws
- Accounting and Audit Procedures
- Annual Report
- Environmental Review
- EPA Program Review
- Disadvantaged Business Enterprise (DBE) Compliance
- Records Maintenance
- Congressional and Public Inquiries
- Nevada Public Records Law
- Davis Bacon Act
- Process for Evaluating Capacity and Compliance
- Provide State Match for State Program Management Set-Aside
- Withholding of Funds
- Diligence Review

SECTION 2: STAFFING ADEQUATE FOR PROGRAM

NDEP has adequate personnel and other resources, consistent with its grant application and SRF Operating Agreement to effectively operate and manage the program (see Attachment 1, NDEP Organization Chart).

SECTION 3: ANNUAL FINANCIAL AND COMPLIANCE AUDIT

The Program’s assets, liabilities, and operating activities are audited annually, as they are included in Nevada’s Comprehensive Annual Financial Report (CAFR) as part of the Water Projects Loan Fund, a major enterprise fund. The most recent CAFR, including the Auditors opinion, can be obtained at: http://controller.nv.gov/FinancialReports/CAFR_Download_Page.html.

The Program compiles this audited data into a separate financial report intended for EPA’s analysis and review. The Program cannot prepare a comprehensive financial report separately from the State CAFR as various assets, liabilities and operations that affect the Program are valued, accrued, and audited by other agencies within the State. Specific assets and liabilities include, but are not limited to, investment fair values and accruals, compensated absences, pension liabilities, group insurance, and arbitrage liabilities. While materiality is a major concern to the EPA program staff, they agreed that having the CWSRF and DWSRF audited separately is not an efficient or effective use of State funds. EPA is allowing NDEP to provide a reconciliation of the most recently audited CAFR and the related unaudited financial statements compiled by the Program as stated in the SRF Operating Agreement which was submitted to EPA for approval in March of 2013.

SECTION 4: SINGLE AUDIT

The State of Nevada is audited every year as a single entity for purposes of the single audit. The CWSRF and DWSRF are included in that audit and are broken out into separate components.

The Independent Accounting Firm chosen by the Legislature reviews each program’s risk and materiality for further analysis based upon standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The single Audit for State Fiscal Year 2015 will not be available for review until early spring 2016. Prior single audits can be viewed by visiting the Nevada Legislative Counsel Bureau-Audit Divisions website at: <http://leg.state.nv.us/Division/Audit/>.

SECTION 5: STATE MATCH

February 2, 2013 \$3,024,411 of leverage bonds were converted to match bonds and are being used for the partial match of the 2012 grant, full match to the 2013 and 2014 grants for the CWSRF Program.

The most recent bond sale for the DWSRF Program was in April 2014, when the State Treasurer issued general obligation bonds on behalf of the Program (referenced as NEVDRK 2014D), which yielded net proceeds for matching in the amount of \$3,008,822. The funds deposited to the Program’s account provide the required state match for grants and was deposited before the award funds were drawn. The 2015 Grant has not yet been awarded. A bond issuance to match the 2015, 2016, and 2017 for both programs is scheduled for November 2015. No grant funds will be drawn until the match is met.

TABLE 1: State Match

Through SFY 2015

	CW	DW
Federal Awards	186,715,400	180,586,500
Less ARRA Award	(19,239,100)	(19,500,000)
FY15 Grant	6,817,000	12,531,000
Total Grant Awards Requiring Match	174,293,3000	161,086,500
Match Required	34,858,660	32,217,300
Match To Date	33,755,531	33,196,598
Current Difference Surplus/(Deficit)	(1,103,230)	(1,526,902)

SECTION 6: CBR/PBR FOR ALL PROJECTS

Financial and program information for all projects is entered into CW Benefits Reporting (CBR) and the DW Project and Benefits Reporting (PBR) at the time of commitment.

SECTION 7: FFATA REPORTED FOR THE AMOUNT OF THE CAPITALIZATION GRANT

FFATA information is entered upon approval of the projects and upon contract award.

SECTION 8: STATEMENT OF COMPLIANCE WITH STATE ENVIRONMENTAL REVIEW PROCESS

The environmental review process is codified in NAC 445A.6758 to 445A.67612 for DWSRF and in NAC 445A.742-762 for the CWSRF, inclusive. It has been reviewed by USEPA, generally follows the provisions of the National Environmental Policy Act and applies to all projects. The final loan contract is executed only after NDEP has conducted an environmental review, and a determination is made.

SECTION 9: COMPLIANCE WITH FEDERAL CROSS-CUTTERS

The loan contract requires that loan recipients comply with applicable federal crosscutting authorities. The state is required to comply with applicable federal crosscutting authorities by the assistance and operating agreements it signs with USEPA and by applicable federal regulations.

SECTION 10: DISADVANTAGED BUSINESS ENTERPRISE (DBE) CERTIFICATIONS

A fair share objective is a goal based on the capacity and availability of qualified, certified MBEs and WBEs in the relevant geographic market for the grant recipient in the procurement categories of construction, equipment, services, and supplies compared to the number of all qualified entities in the same market for the same procurement categories.

- A fair share objective is not a quota.
- A recipient cannot be penalized for not meeting its fair share objectives.
- Once negotiated, fair share objectives remain in place for three years.

Applicable “fair share” negotiated goals are:

	<u>MBE</u>	<u>WBE</u>
Construction	3%	1%
Services	2%	1%
Supplies	1%	1%
Equipment	1%	1%

The EPA DBE guidance information and “fair share” goals are included in all subrecipient construction bid documents.

The MBE/WBE report forms 5700-52a for Clean Water and Drinking Water will be prepared for the annual period ending Federal FY2015 (Oct-Sept) and will be emailed October 2015.

SECTION 11: DAVIS-BACON CERTIFICATIONS

NDEP has included a condition requiring compliance with Davis Bacon Wage Rates in all loan agreements executed on or after October 30, 2009.

SECTION 12: STATEMENT OF TIMELY AND EXPEDITIOUS USE OF FUNDS

Nevada ordinarily applies for and receives its capitalization grants within one year of the appropriation date. NDEP makes every effort to receive all payments within an acceptable time period. NDEP draws federal grant monies after receipt of an approved reimbursement request from borrowers and requires borrowers to submit Estimated Loan Draw Schedules with their applications. Nevada monitors the loans and contacts systems when disbursement requests do not appear to be timely. During the SFY 2015 the Clean Water Program exceeded the national goal. Drinking Water Program exceeded the national goal by 4 percent. See Table 2 for further details.

TABLE 2: Fund Utilization Rate Through FY - 15

	Measure Text	National Target	Nevada
CW	Fund utilization rate [cumulative dollar amount of loan agreements divided by cumulative funds available for projects] for the CWSRF	95%	96%
CW	Number of CWSRF projects that have initiated operations (cumulative)		70
DW	Fund utilization rate [cumulative dollar amount of loan agreements divided by cumulative funds available for projects} for the DWSRF (cumulative)	89%	93%
DW	Number of DWSRF projects completed		77

See Section 23 for details on the loans commitments in SFY 2015.

SECTION 13: COMPLIANCE WITH GRANT CONDITIONS

By signing the CW and DW Capitalization Grants, NDEP agreed to abide by all conditions of the grant, the Statutory Authorities in the Clean Water Act Title VI and Safe Drinking Water Act Section 1452, as well as, implementing regulations in 40 CFR Parts 31 and 35.

SECTION 14: BYPASS STATEMENT

NDEP bypassed a number of projects on the 2015 and 2016 Project Priority Lists for both the CW and the DW programs. The projects that were bypassed were provided notice and an opportunity to object as required by NAC 445A.7675 and NAC 445A.67573 respectively. Since NDEP determined which projects were ready to proceed before considering bypassing, projects being bypassed did not object.

SECTION 15: STATEMENT OF FUNDS TRANSFERRED

NDEP has never transferred funds from one program to another.

SECTION 16: BINDING COMMITMENTS WITHIN ONE YEAR OF PAYMENT (120%)

NDEP received the FFY2014 CW grant in September 2014 totaling \$6,853,000. Contracts in 2015 totaled \$2,500,000. This is really just a timing difference as the program obligated 301% of the grant for 2014.

NDEP received the FFY2015 DW grant in September 2015 totaling \$12,531,000. Contracts and contract amendments in 2015 totaled \$48,481,942. This represents 322% of the grant by the June 2015. NDEP met the 120% requirement for DW in SFY 2015.

PROGRAMMATIC

SECTION 17: ANNUAL REPORT PUBLISHED 30 DAYS AFTER SRF REPORTING PERIOD

See Attachment 2

SECTION 18: DISCUSSION OF ANY PROGRAMMATIC CHANGES FROM INTENDED USE PLAN AND ACCOMPLISHMENTS OF GOALS

A. Explanation of difference between targeted projects on 2015 IUP and actual projects funded.

The Project Priority Lists (PPL) submitted with the 2015 IUPs represented the intended list of projects which might pursue NDEP financing in SFY 2015. From these lists, some projects were ready to proceed with NDEP financing. Other projects were not ready to proceed in SFY 2015 and, therefore, were carried over to the SFY 2016 PPLs. Additional projects were removed from the PPLs if the applicants decided not to move forward or decided not to pursue NDEP financing. NDEP's PPLs are dynamic lists which are ordinarily updated annually or more by special request. See Table 3

TABLE 3: Fundable List Reconciliation

SRF2015 Drinking Water PPL and Project Status		
Community Name/Project Sponsor	Project Description	Project Funded
Douglas Co./ Sierra Country Estates (1)	Consolidation & well treatment	Yes
Douglas Co./ Sierra Country Estates (2)	Consolidation & well treatment	Yes
Esmeralda Co./Goldfield	Water System improvements (Phase 1)	Yes
Kingsbury G"ID (5)	Water System improvements & surface water treatment plan relocation	Yes
Kingston	New water storage tank	Yes
Sage Valley Mobile Home Park	Water service line replacements	Yes
Trout Canyon Land & Water Users Association	Preliminary engineering report & surface water treatment plant relocation	Yes
Kingsbury G"ID (4) Increase	Water System improvements & surface water treatment plan relocation	Yes
West Wendover (Increase)	Water systems improvements & rehabilitation	Yes
Verdi Business Park (Increase)	Consolidation/Arsenic compliance	Yes
Silver knolls HOA (Increase)	Arsenic compliance	Yes
Gerlach GID	Replace redwood storage tank	Not yet ready to proceed
Virgin Valley Water District	Loan Refinancing (outside debt)	Yes
Lovelock Meadows		Not yet ready to proceed
City of Caliente	Well upgrades, transmission line & distribution line repair/replacement	Not yet ready to proceed
Baker	Tank Replacement	Funded July 2015
Roark Estates HOA	Arsenic compliance & tank replacement	Funded July 2015
Las Vegas Valley Water District (Increase)	Reservoir & Pipelining Rehabilitation/Replacement	Yes

SRF2015 Clean Water PPL and Project Status		
Community Name/Project Sponsor	Project Description	Project Funded
Washoe County	Septic to sewer conversion	Not ready to proceed
Carson City Public Works	Wastewater treatment plan rehabilitation, upgrades, effluent line repair	Yes
Lyon County (1)	Septic to sewer conversion	Yes
Lyon County (2)	Septic to sewer conversion	Yes

B. Short Term Goals

i. The following are the short term goals of NDEP's CW loan program:

- a. Issue loans totaling \$12,500,000. This includes \$500,000 in principal forgiveness loans funded with subsidy money from the grant.

The total project funding awarded during SFY 2015 was \$2,500,000, falling short of the goal of issuing loans in the amount of \$12,500,000. However, the Carson City Utilities loan, in the amount of \$12 million, closed in July 2015.

NDEP has not met its goal of funding at least \$372,924 in subsidy project. The project selected and earmarked to meet the 2014 grant has not been ready to proceed, but should be funded in SFY 2016 Table 4 for details.

TABLE 4: Clean Water Additional Subsidization Provided

Project Description	Borrower	Forgivable Principal Amount
Septic to Sewer	Spanish Springs	500,000.00
Total:		500,000.00

- b. Effectively manage day to day operations of the CWSRF by continuing to meet goals and restructure program duties as needed.

The NDEP continues to meet objectives and properly manage and coordinate activities within the program. During the year, NDEP upgraded several procedures to the SRF programs.

- c. Fund green infrastructure, water and energy efficiency, and environmentally innovative (GPR) projects in an amount of approximately \$685,300 of the capitalization grant.

GPR projects on the 2015 priority list were not ready to proceed in order to be considered fundable for the 2015 IUP. OFA will continue to work closely with these systems to help them become ready to proceed in the near future. The program continues to expand its outreach to GPR projects across the state, but no additional projects have been identified at this time.

- d. Fund subsidy projects in an amount of between \$372,924 and \$559,386 is projected.

ii. **The following are the short term goals of NDEP’s DW loan program.**

a. Issue loans totaling at least \$30,790,734.

Table 5 lists binding commitments approved by the Board for Financing Water Projects in SFY 2015.

Table 5: Loan Commitments

Clean Water Binding Commitments and Executed Loans SFY 2015				
Water System	Loan Amount	Interest Rate	Project Description	Subsidy Amount
Lyon County (1)	500,000	PF	Septic to sewer conversion	500,000
Lyon County (2)	2,000,000	2.61%	Septic to sewer conversion	
Total:	2,500,000			500,000
Drinking Water Binding Commitments and Executed Loans SFY 2015				
Water System	Loan Amount	Interest Rate	Project Description	Subsidy Amount
Virgin Valley Water District	13,800,000	2.34%	Refinance Outside Loan	0
Douglas Co./Sierra Country Est.	500,000	PF	Lead compliance/consolidation	500,000
Douglas Co./Sierra Country Est.	1,000,000	2.56%	Lead compliance/consolidation	0
Kingsbury (4) (Increase)	6,000,000	2.39%	Surface water treatment plant relocation	0
Kingsbury (5)	6,000,000	2.28%	Surface water treatment plant relocation	0
Kingston	450,434	PF	New storage tank	450,434
Verdi Business Park (Increase)	146,500	PF	Arsenic compliance/consolidation	146,500
Trout Canyon	44,300	PF	PER	44,300
Las Vegas Valley Water District (Increase)	19,771,208	2.57%	System rehab: source, storage, distribution and backflow	0
Sage Valley Mobile Home Park	106,000	PF	System rehab: new well pump, pressure tank and flow meter	106,000
Silver Knolls Mutual Water Co. (Increase)	163,500	PF	Arsenic compliance	163,500
Esmeralda Co./Goldfield (3)	500,000	PF	Pump house, installation booster pumps, flow meter vault, site piping, valves, new steel tank, site grading, fencing, SCADA, demolition and removal of existing facilities	500,000
	48,481,942			1,910,734

b. Use 20 – 30% of the federal 2015 funds for additional subsidies.

The subsidy projects are identified in Table 5 under Short-term Goal 1. The FFY15 grant was not yet been awarded, and as such, was not fully committed to projects by the end of SFY 15. NDEP anticipates that, through outreach, the additional subsidy requirement for the 2015 grant will be met in its entirety in FFY16.

c. Reduce ULO’s through outreach activities And monitoring.

NDEP was able to substantially reduce the ULO’s through outreach, refinancing outside loans, and transferring set-side authority to more recent grants. Along with these activities NDEP developed a cash flow worksheet, set goals, and monitored progress.

C. Long Term Goals

i. **The following are the long term goals of NDEP’s CW loan program.**

a. Maintain compliance by all publicly owned treatment works with water quality goals and protect the public health by assisting in the completion of cost effective projects.

The CWSRF funds the construction of wastewater treatment plants, treatment plant upgrades, sewer collection lines, new or expanded water reclamation and reuse facilities

and non-point source projects. The purpose of these types of projects is to protect the health of the people of Nevada from the threat created by improper disposal of municipal wastewater and water pollution from non-point sources and to eliminate surface and ground water pollution to sustain compliance with water quality standards and maintain beneficial uses. As the driest state in the country, Nevada also encourages the reclamation and reuse of wastewater.

Nevada's CWSRF Priority List ranking criteria supports these long-term goals.

- b. Provide low-cost financing for important water quality projects while maintaining the perpetuity of the CWSRF through fiscal and technical integrity of the State Revolving Fund program.

NDEP's CWSRF is committed to bringing projects to the program that address the state's most important water quality priorities.

The CWSRF accounting functions are performed by the accountant, the administrative services officer who serves as program manager, and by the management analyst. All three positions serve both the CWSRF and DWSRF programs. The Nevada State Treasurer's staff is well qualified to administer and manage the SRF funds and accounts, specifically cash transactions, bond sales, and loan repayments. NDEP contracts with a financial advisor who assists in the bond sale process, analyzes the funds capability to provide loans, and provides other financial services as requested.

CWSRF technical functions are performed by the professional engineer in conjunction with the regulatory requirements which are overseen by the Bureau of Water Pollution Control (BWPC).

All loans are backed by the full faith and credit of the loan recipient. To date, all loan repayments over the history of the program have been made on schedule. The interest rate established provides a nominal "cushion" of funds in case a loan were to default. Loans to publicly owned entities require that the loan applicant submit a bond for the loan to the State Treasurer through a rigorous debt analysis and bonding process required by the Local Government Securities Law (NRS 350.500 to 350.720, inclusive).

- c. Work with other funding sources within the state to coordinate water quality financing.

NDEP continually strives to obligate all funds available through communication with facilities using a website with access to information regarding the CWSRF program (<http://ndep.nv.gov/bffwp/srlf01.htm>), staff assistance, the priority list, and communication with various agencies on the needs of facilities.

Collaboration between the major funding agencies in the state as well as other state agencies and technical service providers is accomplished through quarterly meetings of

the Infrastructure for Nevada Communities (INC) group. INC’s mission statement is “To provide a forum for coordination on utilities serving Nevada communities to promote efficient application of technical and financial assistance and to ensure they have the best access to resources.” The INC subcommittee known as the Nevada Water and Wastewater Review Committee (NWWRC) (<http://ndep.nv.gov/bffwp/nwwpa.htm>) is composed of representatives from the different funding groups in the state, including: Clean & Drinking Water State Revolving Fund (CWSRF & DWSRF) Loan programs, United States Department of Agriculture – Rural Development (USDA-RD) Loan/Grant program and the Department of Housing and Urban Development’s (HUD) Community Development Block Grant (CDBG). This collaborative effort maximizes the limited funding dollars to support the greatest number of projects and provide cost savings for communities. NWWRC has a “pre-application” common to all of the funders that makes coordination and communication between the agencies and applicants simple and allows the NWWRC to suggest funding solutions that are most appropriate while leveraging all of the funding available in the state.

ii. The following are the long term goals of NDEP’s DW loan program.

- a. Ensure that DWSRF funds are available in perpetuity to all Nevada public water systems to provide to their customers water that is safe and pleasant to drink all of the time.

All loans are backed by the full faith and credit of the loan recipient. To date, one recipient is in default. The agency continues to work with the Attorney General’s office in attempt to get this resolved. The interest rate established provides a nominal “cushion” of funds in case a loan were to default. Loans to publicly owned entities require that the loan applicant submit a bond for the loan to the State Treasurer through a rigorous debt analysis and bonding process required by the Local Government Securities Law (NRS 350.500 to 350.720, inclusive). The private systems, at a minimum, provide a dedicated interest-bearing reserve account equal to the annual loan repayment and provide additional security as necessary.

- b. Address the most serious risk to human health and comply with the requirements of the Safe Drinking Water Act.

The project priority list includes projects ranked in four primary categories according to the public health need that the project is intended to address in accordance with regulations adopted by the State Environmental Commission. The category that has first access to loan funds includes projects that are designed to address acute public health risks. The second category that has access to loan funds includes projects that address chronic health concerns. The third category is for infrastructure replacement or rehabilitation projects, and the fourth is for refinancing existing debt. The ranking of projects is described in NAC 445A.67569; it is also described in Section V of the IUP. The final priority list resulting from this process is reviewed at a public workshop and then submitted to the Board for Financing Water Projects for review and approval. Revisions to the list follow this same process.

Set-aside funding has provided a number of opportunities to facilitate public water system compliance with the Safe Drinking Water Act and drinking water regulations. A third party contractor has been utilized to provide small public water systems with technical assistance to improve their technical, managerial, and financial capabilities and improve operator knowledge through various training.

c. Coordinate funding with other funding agencies through the Infrastructure for Nevada's Communities.

Collaboration between the major funding agencies in the state as well as other state agencies and technical service providers is accomplished through quarterly meetings of the Infrastructure for Nevada Communities (INC) group. INC's mission statement is "To provide a forum for coordination on utilities serving Nevada communities to promote efficient application of technical and financial assistance and to ensure they have the best access to resources." The INC subcommittee known as the Nevada Water and Wastewater Review Committee (NWWRC) is comprised of representatives from the different funding groups in the state, including: Drinking and Clean Water State Revolving Fund (DWSRF and CWSRF) Loan programs, United States Department of Agriculture – Rural Development (USDA-RD) Loan/Grant program, and the Department of Housing and Urban Development's (HUD) Community Development Block Grant (CDBG). Other potential funding sources include: the Army Corps of Engineers, the Bureau of Reclamation, and short-term funding from groups such as the Rural Water Association. This collaborative effort maximizes the limited funding dollars to support the greatest number of projects and provide cost savings for communities. NWWRC has a "pre-application" common to all of the funders that makes coordination and communication between the agencies and applicants simple and allows the NWWRC to suggest funding solutions that are most appropriate while leveraging all of the funding available in the state. The NWWRC representatives also share a common goal of seeing water systems achieve full cost pricing through the setting of appropriate water rates and also the setting aside of funds for capital replacement, capital improvements, and emergency repairs. Information and pre-application forms are available on our website at <http://ndep.nv.gov/bffwp/nwwpa.htm>.

One of the projects that received a DWSRF loan and one project that received a CWSRF loan in SFY 2015 was jointly funded by the NDEP and USDA-RD.

Please see Attachment 4 for set-aside goals and accomplishments.

SECTION 19: ADDITIONAL SUBSIDIZATION PROVIDED

NDEP did not make any commitments in the CWSRF program that would apply towards additional subsidy. One project was listed on the priority list and will be funded once the system is ready to proceed. NDEP made commitments of \$1,910,734 in SFY15 for projects qualifying under additional subsidy and is working towards achieving 100% of the required additional subsidy for the 2015 grant in the DW Program. Additional subsidization in the form of forgivable principal was provided to the projects listed below.

Table 5: Drinking Water Additional Subsidy

Drinking Water Additional Subsidization Provided		
<u>Project Description</u>	<u>Water System</u>	<u>Forgivable Principal Amount</u>
Lead compliance/consolidation	Douglas Co./Sierra Country Est.	500,000
New storage tank	Kingston	450,434
Arsenic compliance/consolidation	Verdi Business Park (Increase)	146,500
PER	Trout Canyon	44,300
System rehab: new well pump, pressure tank and flow meter	Sage Valley Mobile Home Park	106,000
Arsenic compliance	Silver Knolls Mutual Water Co.	163,500
Pump house, installation booster pumps, flow meter vault, site piping, valves, new steel tank, site grading, fencing, SCADA, demolition and removal of existing facilities	Esmeralda Co./Goldfield (3)	500,000
Total SFY2015 Commitments		1,910,734

SECTION 20: DISCUSSION OF RESOLUTION OF PRIOR YEAR’S FINDINGS

Program Evaluation Report (PER)

EPA Region 9 conducted its annual review of the Nevada CW and DW SRF base and ARRA activities the week of March 23, 2015. There were not findings.

B. Single Audit

A single audit was conducted in SFY 2014 by Eide Bailly, LLP in accordance with auditing standards generally accepted in the United State for Government Entities. All of Nevada’s programs’ and agencies receiving federal funds, including the CWSRF and DWSRF Program’s, were reviewed by the auditors and randomly selected as major programs for further examination at their discretion. . The CWSRF and DWSRF Program’s were not selected by the auditors for further examination beyond their initial review as they were not classified by the auditors as major programs in SFY2014 A copy of the report can be obtained by visiting the Nevada State Legislative Counsel Bureau-Audit Division website at: <http://leg.state.nv.us/Division/Audit/>.

C. Annual Independent Audit

The 2014 Nevada CAFR was independently audited by Eide Bailly, LLP. The financial statements of the State, including the business-type activities of the CWSRF and DWSRF programs’, were issued an unqualified opinion. The auditors also conducted an independent audit of Nevada’s Internal

Controls over Financial Reporting, to which, an unmodified opinion was issued on all activities.

D. Site Inspections

NDEP performs construction site inspections as required in the loan agreement and in accordance with NAC 445A.67639. In most cases, projects receive at least one site inspection. For long-term projects (construction is expected to take more than a 12 month period to complete), at least one site visit ordinarily occurs within each 12 month period. In addition, the borrower is expected to provide periodic construction updates. These may be daily, weekly, or monthly and are normally accompanied by project photos. Most updates are now received electronically.

A final site visit is initiated by receipt of a notice of substantial completion. This site visit normally occurs prior to the final loan disbursement.

SECTION 21: GREEN PROJECT RESERVE PROJECTS AND AMOUNT RECEIVED

NDEP did not meet the Green Project requirement. There are no green projects ready to proceed at this time. Projects who meet the green component are given extra points on the Priority List. NDEP did put additional efforts in place to meet the green requirement by awarding extra points in the Priority List, encouraging green components on projects moving forward, and talking about it at the Annual Operators Conference. NDEP will continue to focus attention on projects that meet the green requirements and encourage systems to consider incorporating these requirements into their projects, when possible.

SECTION 22: IDENTIFY ALL PROJECTS AND AMOUNT

NDEP requires all loans to comply with all Federal Capitalization Grant requirements whether funds distributed to the project are federal, bond proceeds or reloan funds.

FINANCIAL

SECTION 23: BINDING COMMITMENT DATES AND AMOUNTS

Table 6: Commitments and Executed Loans

Clean Water Binding Commitments and Executed Loans SFY 2015				
Water System	Loan Amount	Interest Rate	Project Description	Subsidy Amount
Lyon County (1)	500,000	PF	Septic to sewer conversion	500,000
Lyon County (2)	2,000,000	2.61%	Septic to sewer conversion	
Total:	2,500,000			500,000

Drinking Water Binding Commitments and Executed Loans SFY 2015				
<u>Water System</u>	<u>Loan Amount</u>	<u>Interest Rate</u>	<u>Project Description</u>	<u>Subsidy Amount</u>
Virgin Valley Water District	13,800,000	2.34%	Refinance Outside Loan	0
Douglas Co./Sierra Country Est.	500,000	PF	Lead compliance/consolidation	500,000
Douglas Co./Sierra Country Est.	1,000,000	2.56%	Lead compliance/consolidation	0
Kingsbury (4) (Increase)	6,000,000	2.39%	Surface water treatment plant relocation	0
Kingsbury (5)	6,000,000	2.28%	Surface water treatment plant relocation	0
Kingston	450,434	PF	New storage tank	450,434
Verdi Business Park (Increase)	146,500	PF	Arsenic compliance/consolidation	146,500
Trout Canyon	44,300	PF	PER	44,300
Las Vegas Valley Water District (Increase)	19,771,208	2.57%	System rehab: source, storage, distribution and backflow	0
Sage Valley Mobile Home Park	106,000	PF	System rehab: new well pump, pressure tank and flow meter	106,000
Silver Knolls Mutual Water Co. (Increase)	163,500	PF	Arsenic compliance	163,500
Esmeralda Co./Goldfield (3)	500,000	PF	Pump house, installation booster pumps, flow meter vault, site piping, valves, new steel tank, site grading, fencing, SCADA, demolition and removal of existing facilities	500,000
	48,481,942			1,910,734

SECTION 24: BINDING COMMITMENTS GREATER THAN OR EQUAL TO 120% OF GRANT PAYMENT AMOUNT

See Section 16

SECTION 25: FEDERAL DRAWS

Table 7: Federal Draws

Grant Expenditures SFY15	
Clean Water	
CS-35000113	6,304,723
CS-35000114	2,910,613
	\$9,215,336

Grant Expenditures SFY15	
Drinking Water	
FS99996011	187,092
FS99996012	6,692,108
FS99996013	8,409,279
FS99996014	8,167,974
	\$23,456,452

SECTION 26: STATE MATCH PROVIDED

See Section 5

SECTION 27: CASH DRAW RATIO STATED

NDEP draws all match funding before grant dollars unless the draw is for a principal forgiveness or private system loan, at which time grant funds are used.

SECTION 28: CASH DRAW RATIO MATCHES IUP STATEMENT

Not applicable

SECTION 29: PERCENTAGE OF ADDITIONAL SUBSIDIZATION PROVIDED

See Section 19

SECTION 30: USE OF ADDITIONAL SUBSIDIZATION

See Sections 18 and 19

SECTION 31: IDENTIFY AMOUNT OF FEES COLLECTED

NDEP applies a .5% loan origination fee to traditional loans for the CWSRF program. Fee income will eventually help cover the cost of program administration. A fee of \$10,000 was received from Lyon County Public Utilities in SFY 2015.

NDEP is not currently charging fees to supplement available set-aside funds in the DWSRF Program.

SECTION 32: IDENTIFY SOURCES AND USES OF THE FEES

While fee income is not currently be utilized, it will eventually help cover the cost of program administration.

SECTION 33: DISCUSS FINANCIAL PERFORMANCE: FUND UTILIZATION; UNLIQUIDATED OBLIGATIONS; POLICIES AND PROCESSES WHICH PROMOTE THE LONG TERM FINANCIAL HEALTH OF THE FUND.

NDEP's SFY 2015 Financial Statements will provide detailed information on NDEP's current financial performance and include information on the fund's investment earnings, grants and funds utilization, and restricted net assets for loans. See Section 12 of this report for NDEP's cumulative fund utilization. The table below depicts NDEP's unliquidated obligations as of the end of SFY 2015.

Table 8: Unliquidated Obligations

Program	Grant ID	State Fiscal Year (of funding)	Approved Funding	Funds Paid to Date	Remaining Funds/ULO	Percent ULO
CWSRF	CS32000113	2014 & 2015	6,520,000	6,442,133.41	77,867	1.19%
CWSRF	CS32000114	2015	6,853,000	2,910,613.05	3,942,387	57.53%
Total CWSRF Base			13,373,000	9,352,746.46	4,020,254	30.06%
DWSRF	12	2013, 2014, 2015	9,125,000	9,125,000	0	0.00%
DWSRF	13	2015	8,421,000	8,409,279	11,721	0.14%
DWSRF	14	2015	12,614,000	8,167,974	4,446,026	35.25%
Total DCWSRF Base			30,160,000	25,702,252	4,457,748	14.78%
Total Open Grants					4	

SECTION 34: AMOUNT OF PROJECT FUNDS DE-OBLIGATED AND RE-OBLIGATED OR ENCUMBERED TO OTHER PROJECTS.

There was \$15,668 of de-obligated funds from one Clean Water Project. No other de-obligations or Re-obligations occurred in either program during SFY 2015.

SECTION 35: NUMBER OF CONSTRUCTION STARTS AND INITIATIONS OF OPERATIONS

There were two CW projects that started construction and two who initiated operations in SFY2015. There were eleven DW projects that started construction and ten who initiated operations in SFY2015.

SECTION 36: BYPASS PROCEDURES STATEMENT

See Section 14.

SECTION 37: WERE PROJECTS BYPASSED

See Section 14 for details.

DWSRF SPECIFIC

SECTION 38: SET-ASIDES TAKEN MATCH IUP

NDEP budgeted a total of \$2,492,364 in set-aside funds through the Set-aside Work Plan. Actual set-asides used in SFY 2015 totaled \$1,830,014, a difference of \$662,350. See Attachment 4 for further details.

Table 9: DWSRF Set-asides Comparison

DWSRF Set-asides Used as Compared to Work Plan Budget			
	WP Budget	SFY 2015 Actual	Difference
2%	183,940	179,959	(3,981)
4%	360,510	340,890	(19,620)
10%	748,537	478,992	(269,545)
15%	1,199,377	830,173	(369,204)
Total	2,492,364	1,830,014	(662,350)

SECTION 39: SET-ASIDE ACTIVITIES AND PROJECTS FUNDED REPORTED IN ANNUAL REPORT MATCH IUP

See Attachment 4

SECTION 40: ATTACH ANY ANNUAL REPORTS RELATED TO SET-ASIDES (I.E., CAPACITY DEVELOPMENT OPERATOR CERTIFICATION)

See Attachment 4 for Capacity Development Report

SECTION 41: BALANCE OF BANKED AUTHORITY BY SET-ASIDE CATEGORY

See Attachment 5

SECTION 42: IDENTIFY SMALL COMMUNITIES (LESS THAN 10,000) THAT RECEIVED A MINIMUM OF 15% OF ANNUAL AVAILABLE DWSRF Funds for Loans

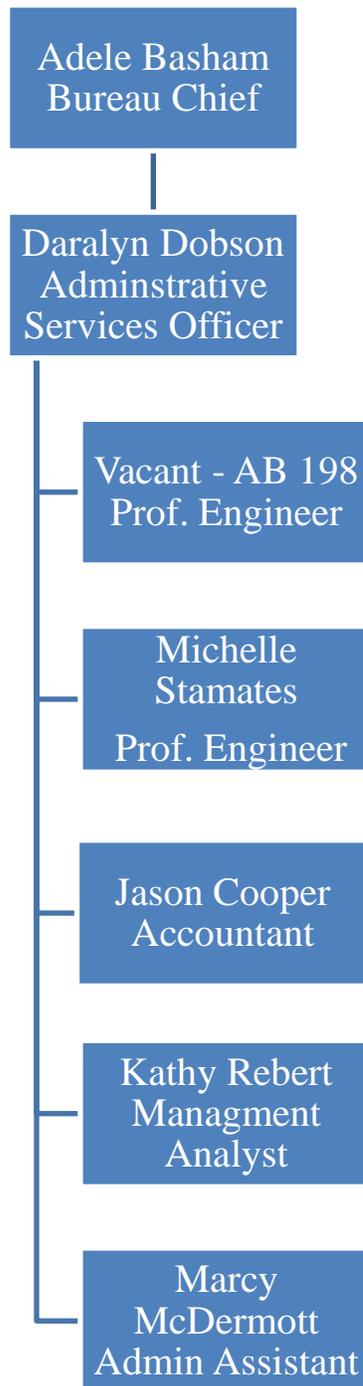
Table 10: DW Small Communities

Borrower	Loan Amount	Population
Douglas Co/Sierra Country Est.	500,000	39
Douglas Co/Sierra Country Est.	1,000,000	39
Goldfield (3)/Esmeralda Co.	500,000	375
Kingsbury (5)	6,000,000	3,839
Total: 4 Borrowers	\$ 8,044,300	

FFY 2014 Cap Grant	Amount to Small Communities	Percent
\$ 12,614,000	\$8,044,300	63.77%

NDEP Organizational Chart

NEVADA DIVISION OF ENVIRONMENTAL PROTECTION
Bureau of Administrative Services
Office of Financial Assistance



ATTACHMENT 2

Unaudited Financial Statements

For the

State of Nevada Clean Water and Drinking Water
Revolving Fund

For the Period

July 1, 2014 through June 30, 2015

ATTACHMENT 2

Financial Statements

(Unaudited)

Nevada Division of Environmental Protection



Clean Water State Revolving Fund
And
Drinking Water State Revolving Fund

For the Period

July 1, 2014 to June 30, 2015

The Financial Statements are assembled from the Audited State of Nevada Comprehensive Annual Financial Report ending June 30, 2015. These statements are not independently audited.

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Management's Discussion and Analysis

Formation of the Nevada Clean Water Program

The Nevada Clean Water State Revolving Fund Program (the Clean Water Program, or CWSRF) was established pursuant to Title VI of the Federal Water Quality Act of 1987, the Clean Water Act (CWA), and the Nevada Revised Statutes 445A.060. The purpose of the Clean Water Program is to provide low interest loans to local governments for constructing wastewater treatment facilities and non-point source projects.

Formation of the Nevada Drinking Water Program

The Nevada Drinking Water State Revolving Fund Program (the Drinking Water Program, or DWSRF) was established in 1997 pursuant to the Federal Safe Drinking Water Act (SDWA) and the Nevada Revised Statutes 445A.200 - 445A.295. The Drinking Water Program was established to provide assistance to Nevada's public water systems for projects that meet the eligibility requirements of the SDWA.

Administration

The Programs are administered by the State of Nevada's Department of Conservation and Natural Resources, Division of Environmental Protection (NDEP), which has developed policies and procedures to administer the Programs' objectives and to comply with the CWA, the SDWA and State Statutes. NDEP determines funding levels of the Programs' activities, approves loan applicants based upon financial capacity, and prepares priority lists of projects that are necessary to meet compliance-related requirements, or projects which otherwise significantly further the health protection objectives of the CWA or SDWA. NDEP staff also reviews project engineering reports and management functions to ensure the project can meet its technical, financial and managerial requirements.

The Division has a small professional staff dedicated primarily to performing services for the CWSRF and DWSRF Programs activities. The allocated portion of salaries and benefits of employees for time spent working on each Programs' activities, as well as indirect costs based on payroll costs, are charged to the respective Program. Employees charging time to the Programs are covered by the State of Nevada Public Employee's Benefit Plan.

Annual Financial Report

The financial statements of the Programs are assembled from the Nevada Comprehensive Annual Financial Report (CAFR). The programs are an integral component of the state governmental structure. Together with the Brownfields Revolving Fund programs, the CWSRF and DWSRF programs are presented on the CAFR as a major enterprise fund called Water Projects Loans. The reports are intended to give the Environmental Protection Agency a financial picture of the Programs current positions and their activities over the last fiscal year. Presented are the following statements:

Statement of Net Position

This gives an overview of the Programs' positions as of June 30, 2015. The statement includes assets held or expected to be received, liabilities due or payable, and the net position of the Programs.

Statement of Revenues, expenses and changes in net position

This statement shows the Programs' activities for fiscal year 2015. It includes operating income and expenses, as well as non-operating changes to net position.

Statement of Cash Flows

This statement expresses the Programs’ cash flows from operations, non-capital financing, capital related financing, and investing activities.

Clean Water Program Highlights

- Nevada has entered into two new loan contracts in SFY2015, totaling \$2,500,000. One contract was forgiven principal totaling \$500,000 and one is an interest bearing loan totaling \$2,000,000 with Interest of 2.61%.
- To date, Nevada has obligated \$441,847,089 in loans, benefitting 77 projects to 37 separate systems across Nevada. Contract amounts have ranged from \$43,005 to \$46.5 million.

Drinking Water Program Highlights

- Nevada has provided new assistance to seven loans totaling \$21,015,684. Four are principal forgiven loans totaling \$1,540,184. Three were interest bearing loans totaling \$19,475,500 with interest ranging from 2.28% to 2.56%.
- The Program increased funding to five existing contracts by \$26,461,208.
- The Program has also successfully negotiated three refinancing loans in SFY2015. Two loans were existing SRF loans saving rate payers \$288,270 in total debt service. One loan refinanced an external SRF bond saving rate payers \$1,992,891 in total debt service.
- To date, Nevada has obligated \$228,258,311 in loans, benefitting 91 projects in 53 separate systems across Nevada. Contract amounts have ranged from \$20,000 to \$21.9 million.

Net Position Summaries

Repayments from clean water loan recipients, combined with interest earnings on clean water cash, exceeded distributions for loans and debt service requirements in the fiscal year. Changes to pension related costs per GASB 68 pronouncements increased payroll and related expenses. All CWSRF loan recipients are in good standing and continue to make their required repayments.

Clean Water Statement of Net Assets	2015	2014	Change
Cash and pooled investments	75,423,781	60,971,928	23.7%
Loans Receivable, net	191,357,586	199,250,491	-4.0%
Other Receivables	3,509,298	3,038,360	15.5%
Other Assets	-	1,415	-100.0%
Deferred amounts	988,100	1,303,718	-24.2%
Total Assets and deferred amounts	\$ 271,278,765	\$ 264,565,912	2.5%
Payroll and benefits	223,638	16,708	1238.5%
Administration	1,903	7,238	-73.7%
Bond interest	829,426	916,635	-9.5%
Bond principal	51,075,504	58,812,054	-13.2%
Deferred inflows	58,477	-	100.0%
Other liabilities	705,754	46	1534147.8%
Net Assets	218,384,063	204,813,231	6.6%
Total Liabilities and Net Assets	\$ 271,278,765	\$ 264,565,912	2.5%

Repayments from drinking water loan recipients, combined with interest earnings on drinking water cash, exceeded distributions for loans and debt service requirements in the fiscal year. Changes to pension related costs per GASB 68 pronouncements increased payroll and related expenses. The DWSRF Program continues to be in compliance with all bond covenants and grant requirements.

Drinking Water Statement of Net Assets	2015	2014	Change
Cash and pooled investments	44,801,126	39,859,154	12.4%
Loans Receivable, net	120,017,556	105,996,897	13.2%
Other Receivables	2,191,937	1,945,794	12.7%
Other Assets	-	3,084	-100.0%
Deferred amounts	226,440	230,618	-1.8%
Total Assets and deferred amounts	\$ 167,237,059	\$ 148,035,547	13.0%
Payroll and benefits	451,480	32,159	1303.9%
Administration	36,374	49,660	-26.8%
Set-aside activities	209,118	284,136	-26.4%
Bond interest	260,587	281,182	-7.3%
Bond principal	17,777,441	20,417,651	-12.9%
Deferred inflows	118,727	-	100.0%
Other liabilities	535,892	106,096	405.1%
Net Assets	147,847,440	126,864,663	16.5%
Total Liabilities and Net Assets	\$ 167,237,059	\$ 148,035,547	13.0%

Revenues, Expenses, and Changes in Net Position Summaries

Income from Clean Water service fees and loan interest decreased from fiscal year 2014. Clean Water service fees are only collected when a new contract for a loan is initiated. Loan interest declined as the pace of outstanding interest repayments exceeded new loan interest being received. Additionally, grant funds received for clean water administration declined \$8,308 from previous fiscal year.

Receipts from clean water grant funds for capitalization increased from fiscal year 2014 by \$8,410,414 as open loans continued to request reimbursements at a greater rate than in fiscal year 2014. Positive changes in the economic markets also increased the fair value of clean water cash invested by \$1,322,044.

Clean Water Statement of Revenues, Expenses and Changes in Net Assets	2015	2014	Change
Operating Revenues	5,526,547	6,119,190	-9.7%
Operating Expenses	318,551	466,104	-31.7%
Operating Income	5,207,996	5,653,086	-7.9%
Non-operating revenues (expenses)	8,599,130	(1,290,182)	766.5%
Change in Net assets	13,807,126	4,362,904	216.5%

Income from drinking water loan interest decreased from fiscal year 2014. Loan interest declined as the pace of outstanding interest repayments exceeded new loan interest being received. Additionally, drinking water grant funds received for administration declined \$278,308 from previous fiscal year.

Receipts from drinking water grant funds for capitalization increased from fiscal year 2014 by \$15,806,074 as open loans continued to request reimbursements at a greater rate than in fiscal year 2014. Positive changes in the economic markets also increased the fair value of drinking water cash invested by \$863,600.

Drinking Water Statement of Revenues, Expenses and Changes in Net Assets	2015	2014	Change
Operating Revenues	4,694,516	5,094,234	-7.8%
Operating Expenses	3,895,321	4,233,352	-8.0%
Operating Income	799,195	860,882	-7.2%
Non-operating revenues (expenses)	20,665,580	3,387,514	510.1%
Change in Net assets	21,464,775	4,248,396	405.2%

Cash Flows Summaries

Larger cash disbursements to clean water loan recipients were made in fiscal year 2015 versus 2014 causing a drop in operating cash. Additionally, more grant funds were received into the State for clean water loans, which is categorized as non-capital activities. Clean Water interest earnings continue to improve as the economy improves.

Clean Water Statement of Cash Flows	2015	2014	Change
Operating Receipts	22,552,562	22,239,886	1.4%
Operating Disbursements	(8,516,855)	(822,739)	-935.2%
Cash flows from operating activities	14,035,707	21,417,147	-34.5%
non-capital Receipts	8,331,190	626,028	1230.8%
non-capital Disbursements	(9,050,273)	(10,403,643)	13.0%
Cash flows from non-capital activities	(719,083)	(9,777,615)	92.6%
Capital Receipts and disbursements	-	-	-
Cash flows from Capital activities	-	-	-
Investment changes	1,135,229	(255,966)	543.5%
Cash flows from Investing activities	1,135,229	(255,966)	543.5%
Net Increase (decrease) in cash	14,451,853	11,383,566	27.0%

Larger cash disbursements to drinking water loan recipients were made in fiscal year 2015 versus 2014 causing a drop in operating cash. Additionally, more drinking water grant funds were received into the State for loans, which is categorized as non-capital activities. Drinking water interest earnings continue to improve as the economy improves.

Drinking Water Statement of Cash Flows	2015	2014	Change
Operating Receipts	13,293,726	12,839,510	3.5%
Operating Disbursements	(25,880,514)	(9,047,309)	-186.1%
Cash flows from operating activities	(12,586,788)	3,792,201	-431.9%
noncapital Receipts	21,166,693	11,136,617	90.1%
noncapital Disbursements	(4,381,656)	(6,858,554)	36.1%
Cash flows from noncapital activities	16,785,037	4,278,063	292.4%
Capital Receipts and disbursements	-	-	-
Cash flows from Capital activities	-	-	-
Investment changes	743,723	(184,095)	504.0%
Cash flows from Financing activities	743,723	(184,095)	504.0%
Net Increase (decrease) in cash	4,941,972	7,886,169	-37.3%

Capital Assets Information

At the end of the fiscal year, the Drinking Water Program's sole asset, a 2003 Dodge Durango, was fully depreciated. The Clean Water Program has not capital assets to depreciate.

Debt Information

The Clean Water program remains current on all bond repayments and maintains a debt service coverage ratio of 3.47 for leverage bonds and 11.86 for match bonds into SFY 2016. The total outstanding par balance on all debt issued by the Clean Water Program was \$47,325,000. The CWSRF did not issue any new bonds in SFY15, but anticipates issuing a match obligation within fiscal year 2016. Preliminary amount needed for match funding is \$4 million.

The Drinking Water program remains current on all bond repayments and maintains a debt service coverage ratio of 2.89 for match bonds into SFY 2016. The total outstanding par balance on all debt issued by the Drinking Water Program was \$17,430,000. The DWSRF did not issue any new bonds in SFY15. Subsequently to the end of the fiscal year, the Program issued a match bond with a par value equal to \$6.7 million. Standard and Poor's raised the Program's credit rating to AAA from AA on October 6, 2015, showing the stability and soundness of the Program. Moody's and Fitch Ratings maintained the Drinking Water SRF ratings at Aa2 and AA+, respectively, with stable outlooks.

Clean Water Budget Information

The Clean Water Program is authorized to utilize a portion (not to exceed 4% of the cumulative grant amount) of capitalization grants for administrative purposes. EPA reviews and approves proposed budgets in the grant application for the respective grants.

Administration	Grant Authorized	Nevada Requested	SFY 2015 Spending	SFY 2014 Spending
Administration	up to 4%	2.4%	\$ 178,895	\$ 187,203
Total administration funding	up to 4%	2.4%	\$ 178,895	\$ 187,203

Grant Number	CFDA	For Loans in SFY2015	For Administration in SFY2015	Available for Future Draws
CS-32000113	66.458	\$ 6,125,828	\$ 178,895	\$ 77,867
CS-32000114	66.458	2,910,613		3,942,387
Total Grant Funds Received in SFY 2015		\$ 9,036,441	\$ 178,895	\$ 4,020,254

Drinking Water Budget Information

The Drinking Water Program is authorized to utilize a portion of capitalization grants for administrative and set-aside purposes. Up to 31% of each federal award is authorized to be used for administering the grants, and activities required in the SDWA that continues ongoing education, training, and assistance to small systems, operators, and local communities. Nevada has historically requested fewer funds in these programs to ensure more dollars go directly to projects authorized under the SDWA.

Set-Aside Program	Grant Authorized	Nevada Requested	SFY 2015 Spending	SFY 2014 Spending
Small Systems Assistance	up to 2%	1.6%	\$ 179,959	\$ 184,895
Administration	up to 4%	2.9%	340,890	322,216
Public Water System Supervision	up to 10%	6.4%	478,992	579,084
Local Assistance and Wellhead Protection	up to 15%	7.1%	830,173	1,022,128
Total administration and set-aside funding	up to 31%	18.0%	\$ 1,830,014	\$ 2,108,322

Grant Number	CFDA	For Loans in SFY2015	For Set-Aside Activities in SFY2015	Available for Future Draws
FS 99996011-0	66.468	\$ -	\$ 187,092	\$ -
FS 99996012-0	66.468	5,863,801	828,307	-
FS 99996013-0	66.468	8,084,160	325,119	11,721
FS 99996014-0	66.468	7,678,478	489,496	4,446,026
Total Grant Funds Received in SFY 2015		\$ 21,626,439	\$ 1,830,014	\$ 4,457,747

Nevada Economic Information

The Nevada Department of Employment, Training, and Rehabilitation (DETR) issued a report in June 2015 indicating Nevada's employment trend continues to improve. Job growth showed a 3.5% increase year-over-year. Taxable sales have increased year-over-year for 58 consecutive months. The full report is available for review at the following link:

https://www.nevadaworkforce.com/admin/uploadedPublications/3066_Current_EIB.pdf

On February 2, 2015 the Nevada Legislature convened for their 78th Regular Session. No major changes to statutes or regulations that govern the drinking water program were approved. A \$7.3 billion general fund budget was approved for the 2016-2017 state fiscal biennium. The State is also budgeting approximately \$7.8 billion in federal funds received over the same period. State budget and spending information can be found at: <http://open.nv.gov/>.

Contacting the Programs

This financial report is designed to provide a general overview of the State of Nevada Clean Water State Revolving Fund Program and the State of Nevada Drinking Water State Revolving Fund Program's finances, and the compliance with disclosure and accountability to the Environmental Protection Agency. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of Financial Assistance, 901 South Stewart St., Suite 4001, Carson City, NV 89701.

Statement of Net Assets	Clean Water Program		Drinking Water Program	
	as of June 30		as of June 30	
	2015	2014	2015	2014 Restated
<u>Current Assets</u>				
Cash and pooled investments	\$ 75,423,781	\$ 60,971,928	\$ 44,801,126	\$ 39,859,154
Federal grants receivable	726,657	33,520	861,675	576,526
Loan interest receivable	2,599,698	2,812,947	1,221,078	1,241,992
Investment interest receivable	182,943	191,893	109,184	127,276
Loan receivable	15,914,247	16,721,064	7,340,078	6,597,030
Due from other state funds	-	-	-	775
Prepaid Insurance	-	1,415	-	2,309
Total current assets	94,847,326	80,732,767	54,333,141	48,405,062
<u>Non-current assets</u>				
Loan principal	175,443,339	182,529,427	112,677,478	99,399,867
Total non-current assets	175,443,339	182,529,427	112,677,478	99,399,867
Total Assets	270,290,665	263,262,194	167,010,619	147,804,929
Deferred amount on bond refunding	966,642	1,303,718	182,874	230,618
Deferred pension related outflows	21,458	-	43,566	-
Total deferred amount on bond refunding	988,100	1,303,718	226,440	230,618
<u>Current Liabilities</u>				
Payroll and benefits	15,832	13,167	30,460	26,371
Administration	1,903	7,238	36,374	49,660
Set-aside activities	-	-	209,118	284,136
Bond interest	829,426	916,635	260,587	281,182
Unearned interest	-	46	-	5,869
Due to other state funds	503	-	1,039	-
Loans to sub-recipients	705,251	-	534,853	100,227
Bond principal	7,795,964	7,736,550	3,291,493	2,640,210
Total current liabilities	9,348,879	8,673,636	4,363,924	3,387,655
<u>Non-current Liabilities</u>				
Bond principal	43,279,540	51,075,504	14,485,948	17,777,441
Payroll and benefits	207,806	3,541	421,020	5,788
Total non-current liabilities	43,487,346	51,079,045	14,906,968	17,783,229
Total Liabilities	52,836,225	59,752,681	19,270,892	21,170,884
Deferred pension related inflows	58,477	-	118,727	-
Total deferred amount on bond refunding	58,477	-	118,727	-
Net Assets				
Restricted for revolving loans	218,384,063	204,813,231	147,847,440	126,864,663
Total Liabilities and Net Assets	\$ 271,278,765	\$ 264,565,912	\$ 167,237,059	\$ 148,035,547

<u>Statement of Revenues, Expenses and Changes in Net Assets</u>	Clean Water Program		Drinking Water Program	
	For State Fiscal year ending June 30		For State Fiscal year ending June 30	
	2015	2014 (Restated)	2015	2014 (Restated)
Operating Activities				
Revenues				
Service fees	\$ 10,000	\$ 123,750	\$ -	\$ -
Federal grants for set-aside activities	178,895	187,203	1,830,014	2,108,322
Loan interest	5,337,652	5,808,237	2,864,502	2,985,912
Total operating revenue	5,526,547	6,119,190	4,694,516	5,094,234
Expenses				
Salaries and benefits	138,934	130,134	276,842	229,371
Administration	50,968	58,291	458,864	445,807
Principal forgiveness disbursements	128,649	277,679	3,159,615	3,471,233
Bond issuance costs ^A	-	-	-	86,941
Total operating Expenses	318,551	466,104	3,895,321	4,233,352
Net Income (loss) from Operating Activities	5,207,996	5,653,086	799,195	860,882
Non-operating revenues (expenses)				
Federal Grants for Capitalization	9,036,441	626,027	21,626,439	5,820,365
Investment Income	1,126,280	(195,764)	725,630	(137,970)
Interest payable on bonds	(1,563,591)	(1,720,445)	(587,061)	(667,867)
Transfers For Set-Aside Activities	-	-	(1,107,915)	(1,431,820)
Escrow Refunds	-	-	8,487	-
Loss on uncollectable accounts	-	-	-	(195,194)
Total non-operating revenues (expenses)	8,599,130	(1,290,182)	20,665,580	3,387,514
Change in net assets	13,807,126	4,362,904	21,464,775	4,248,396
Net assets, July 1 (Restated in 2015)	204,576,937	200,450,327	126,382,665	122,616,267
Net assets, June 30	\$ 218,384,063	\$ 204,813,231	\$ 147,847,440	\$ 126,864,663

<u>Statement of Cash Flows</u>	Clean Water Program		Drinking Water Program	
	For State Fiscal year ending June 30		For State Fiscal year ending June 30	
	2015	2014	2015	2014
<u>Cash flows from operating activities</u>				
Receipt of service fees	\$ 10,000	\$ 123,750	\$ -	\$ -
Receipts of principal on loans	16,800,698	16,052,200	8,400,309	7,825,418
Receipts of interest on loans	5,550,856	5,888,728	2,879,546	3,077,300
Receipts from federal government	191,008	175,208	2,013,871	1,936,792
Disbursements of forgiven principal	(111,433)	(277,679)	(3,129,083)	(3,461,958)
Disbursements for employees	(129,360)	(124,693)	(259,432)	(228,623)
Disbursements for operations	(56,303)	(55,840)	(478,465)	(417,955)
Disbursements for bond administration	-	-	-	(87,715)
Disbursements to sub-recipients	(8,219,759)	(364,527)	(22,013,534)	(4,851,058)
Net cash provided by (used for) operating activities	14,035,707	21,417,147	(12,586,788)	3,792,201
<u>Cash flows from noncapital financing activities</u>				
Federal grants for capitalization	8,331,190	626,027	21,157,432	5,812,662
Proceeds from the sale of bonds	-	-	774	5,323,955
Refunds from escrow for refunding bonds	-	1	8,487	-
Disbursements on refunding bonds	-	-	-	(2,227,419)
Disbursements for bond principal	(6,955,000)	(8,075,000)	(2,550,000)	(2,460,000)
Disbursements for bond interest	(2,095,273)	(2,328,643)	(650,123)	(748,943)
Disbursements for financing assistance	-	-	(1,181,533)	(1,422,192)
Net cash provided by (used for) noncapital financing activities	(719,083)	(9,777,615)	16,785,037	4,278,063
<u>Cash flows from capital and related financing activities</u>				
Proceeds from the sale of assets	-	-	-	-
Disbursements for capital assets	-	-	-	-
Net cash provided by (used for) capital and related financing activities	-	-	-	-
<u>Cash flows from investing activities</u>				
Interest, dividends and gains (losses)	1,135,229	(255,966)	743,723	(184,095)
Net cash provided by (used for) investing activities	1,135,229	(255,966)	743,723	(184,095)
Net Increase (decrease in cash)	14,451,853	11,383,566	4,941,972	7,886,169
Cash and cash equivalents, July 1	60,971,928	49,588,362	39,859,154	31,972,985
Cash and cash equivalents, June 30	\$ 75,423,781	\$ 60,971,928	\$ 44,801,126	\$ 39,859,154

	Clean Water Program		Drinking Water Program	
	For State Fiscal year ending June 30		For State Fiscal year ending June 30	
	2015	2014	2015	2014
Reconciliation of Operating Income (loss) to net change in cash from operations				
Net income (loss) from operations	<u>5,207,996</u>	<u>5,653,086</u>	<u>799,195</u>	<u>860,882</u>
Change in loan principal	7,892,904	15,687,673	(14,020,659)	2,983,635
Change in loan interest	213,250	80,445	20,913	85,519
Change in receivables from federal government	12,113	(11,995)	183,857	(171,530)
Change in unearned interest	(46)	46	(5,869)	5,869
Change in other assets	1,415		2,309	
Change in payroll and related benefits	7,656	5,441	18,154	748
Change in payables for administration	(5,335)	2,451	(20,353)	37,181
Change in loans payable	705,251		434,626	
Change in other liabilities	<u>503</u>	<u>-</u>	<u>1,039</u>	<u>(10,103)</u>
Cash provided by operating activities	<u>14,035,707</u>	<u>21,417,147</u>	<u>(12,586,788)</u>	<u>3,792,201</u>

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Note 1: Summary of Significant Accounting Policies

Basis of Accounting

The Programs compile their financial statements from the audited Nevada Comprehensive Annual Financial Report (CAFR). The CAFR presents the Programs as a major Enterprise Fund, which follows the accrual method of accounting and economic resources measurement focus. This method requires revenues to be recorded when earned and expenses recorded when the liability is incurred.

In compiling the Programs' financial statements, Nevada follows the accounting pronouncements generally accepted in the United States (GAAP). The Governmental Accounting Standards Board (GASB) is recognized as the body authorized to provide GAAP for state and local governments. GASB pronouncements, as well as statements issued by the Financial Accounting Standards Board (FASB) that GASB has codified to apply to enterprise fund accounting, have been adopted by the Program.

Capital Assets

Capital assets are defined as assets with a unit cost greater than \$5,000 and with an estimated useful life of greater than one year. Capital assets are depreciated over their useful life using the straight-line method. The Clean Water Program does not have any capital assets. The Drinking Water Program's sole capital asset, a vehicle, was fully depreciated prior to the start of the period.

Cash and Cash Equivalents

The Nevada State Treasurer is an elected Constitutional Officer and part of the Executive Branch of the State government. The Treasurer is responsible for the handling of all State cash as a fiscal agent for the fund. The Treasurer manages an investment pool where all temporary surplus cash is invested. The investment pool has the same general characteristics as demand deposit accounts, and invested funds are considered to be cash equivalents. Management of both Programs does not have control over the investment of excess cash. The statement of cash flows considers all funds deposited with the Treasurer to be cash and cash equivalents, regardless of actual maturities of the underlying investments. Deposits with the Nevada State Treasurer are accounted for on the balance sheet as cash with Treasurer. Investment interest earnings on these deposits are received by the programs on a quarterly basis. See note two for more information on cash and cash equivalents.

Loans Receivable

Nevada operates both Programs as direct loan programs, whereby loans made to systems are funded by the federal capitalization grant, state matching bond funds, revolving funds that have been repaid to the Programs and Program earnings. The Programs' loans are evidenced by a formal loan contract between NDEP and the borrower. Loan funds are disbursed to borrowers after they incur costs for the purposes of the loan. Federal grant funds are distributed to the State when the disbursement is made to the borrower. See note four and five for more information on loans receivable.

Bonds Payable

The State issues state match bonds to meet its state match obligation for both the clean water and drinking water programs. The clean water program has also issued leveraged bonds to accelerate financing certain projects beyond amounts made available by other sources. Bond premiums, discounts and refunding losses are amortized, using straight-line, over the life of the bonds. The Programs follow GASB 65

requirements to expense cost of issuances at the time of sale. All bonds are backed by the full faith and credit of the State of Nevada, with the Programs primarily responsible for repayment. See note six and seven for more information on Bonds Payable.

Compensated Absences

Employees of the Programs accrue vested annual leave at a variable rate based on years of service. Employees forfeit accumulated annual leave in excess of 240 hours at the end of a calendar year. Any employee who separates from state service is paid for all unused and un-forfeited annual leave at the employee’s rate of pay at the time of separation.

Sick leave includes any approved period of paid absence granted an employee due to illness, injury or disability. Employees accrue sick leave at the rate similar to annual leave. If employees have vested more than 10 years of service with the state, they are entitled to payment for unused sick leave in excess of 30 days to a predetermined cap based upon years of service.

Operating activities defined

The Programs distinguish program revenues and expenses from non-program items. Program revenues and expenses generally result from providing services in connection with financing and administering moneys for the Programs. The principal program revenues are program loan interest, EPA grant funds set-aside for administration, and service fees. Program expenses are administrative, amortization, program loan costs and forgivable principal expenses. All revenues and expenses not meeting this definition are reported as non-program revenues and expenses.

Note 2: Cash and cash equivalents

All monies of the Programs are deposited with the Nevada State Treasurer and are considered cash and cash equivalents. The Treasurer is responsible for maintaining and investing the pooled cash balances in accordance with Nevada Revised Statutes (NRS) 355.140. The Treasurer is required to maintain a mix of investments in order to allow funds to be withdrawn at any time to meet normal operating needs. Un-invested cash balances for operating needs remain in the State’s main checking account, and are either insured or collateralized to 102% in conformity with NRS 356.360. The Programs share of the investment income is based on the average daily balance for the period and is credited to the Programs quarterly. The Programs historical earnings are listed below. Details about risk and investment allocations can be found in the State CAFR:

http://controller.nv.gov/FinancialReports/CAFR_Download_Page.html

Clean Water Earnings History	Earnings	Yield (Annualized)
SFY 2015	\$268,104.18	0.377%
SFY 2014	181,630.93	0.319%
SFY 2013	197,479.99	0.330%
SFY 2012	154,866.45	0.280%
SFY 2011	214,073.55	0.423%
Total Investments	\$1,016,155.10	0.345%

Drinking Water Earnings History	Earnings	Yield (Annualized)
SFY 2015	\$163,905.61	0.377%
SFY 2014	111,108.39	0.312%
SFY 2013	101,774.52	0.311%
SFY 2012	94,389.47	0.267%
SFY 2011	122,082.49	0.401%
5 Year Total	\$593,260.48	0.334%

All cash and investments are stated at fair market value. The State Controller's Office allocates fair value change across all holdings within the general portfolio. The clean water share for SFY2015 was (\$141,531). The drinking water share for SFY 2015 was (\$84,068).

Note 3: Contributed Capital

The Clean Water Program is capitalized by EPA grants authorized by the Clean Water Act and State issued general obligation bonds. Grant funds drawn and authorized for administration functions are recorded as operating revenue and outlined in note six to these financial statements. All EPA funds drawn for loans are recorded as non-operating revenues. As of June 30, 2015, the EPA has awarded the following in grants for capitalization since the Program's inception:

Grant Year	Grant Amount	Draws within SFY14	Cumulative Draws thru SFY14	Draws within SFY15	Cumulative Draws thru SFY15	Available funds at the end of SFY15
Previous	\$ 142,268,984		\$ 142,268,984		\$ 142,268,984	
2010	12,946,824	95,366	12,946,824		12,946,824	-
2011	7,194,514	223,540	7,194,514		7,194,514	-
2012	6,908,000	241,628	6,908,000		6,908,000	-
2013	6,191,320	65,492	65,492	6,125,828	6,191,320	-
2014	6,684,830	-	-	2,910,613	2,910,613	3,774,217
Total	\$ 182,194,472	\$ 626,026	\$ 169,383,814	\$ 9,036,441	\$ 178,420,255	\$ 3,774,217

The Drinking Water Program is capitalized by EPA grants authorized by the SDWA and State issued general obligation bonds. Grant funds drawn and authorized for administration functions are recorded as operating revenue and outlined in note six to these financial statements. An application has been submitted to the EPA for federal fiscal year 2015 grant funding, but remained pending as of June 30. It has been excluded from the total available balances listed below. This request for assistance totaled \$9,856,000. All EPA funds drawn for loans are recorded as non-operating revenues. As of June 30, 2015, the EPA has awarded the following in grants for loans since the Program's inception:

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Grant Year	Grant Amount	Draws within SFY14	Cumulative Draws thru SFY14	Draws within SFY15	Cumulative Draws thru SFY15	Available Funds at the end of SFY15
Previous	\$ 78,784,306	\$ -	\$ 78,784,306	\$ -	\$ 78,784,306	\$ -
2010	17,125,189	144,238	17,125,189	-	17,125,189	-
2011	6,566,298	3,760,675	6,566,298	-	6,566,298	-
2012	7,532,580	1,526,793	1,668,779	5,863,801	7,532,580	-
2013	8,084,160	-	-	8,084,160	8,084,160	-
2014	11,249,805	-	-	7,678,478	7,678,478	3,571,327
Subtotal	129,342,338	5,431,706	104,144,572	21,626,439	125,771,011	3,571,327
ARRA Grant Awards						
2009	19,039,051	388,658	19,039,051	-	19,039,051	-
Subtotal	19,039,051	388,658	19,039,051	-	19,039,051	-
Total	\$ 148,381,389	\$ 5,820,364	\$ 123,183,623	\$ 21,626,439	\$ 144,810,062	\$ 3,571,327

Note 4: Clean Water Loans Receivable

The Clean Water Program makes loans to qualified public entities for projects that meet the eligibility requirements of the Clean Water Act. Loans are financed by capitalization grants, state match, interest earnings on re-loan funds, re-loan funds, and leveraged bond funds. They are repaid by recipients using revenues from clean water services provided to residents, special tax assessments, and local bonds. In accordance with NRS 445A.290 and pursuant to the Office of the State Treasurer’s policy, loan contracts require communities to issue local bonds to secure the loan amount which the State has pledged as collateral for bonds payable. In lieu of general obligation bonds, the applicant may, with the permission of the State Treasurer, exchange a revenue security instrument, providing for a reserve fund which may be funded from bond or loan proceeds or other available monies in the minimum amount equal to 10% of the loan principal and must be deposited with the State Treasurer in the Local Government Investment Pool (LGIP), a Fiduciary Fund reported in the CAFR.

Clean Water Loans to public systems range from \$178,316 to \$46,523,205 with maturities over a 20 year period. Semi-annual principal and interest payments are due January 1 and July 1, beginning at the earlier of six months after the project is completed or three years after the first loan draw. Effective interest rates on loans vary from 0% to 4.00% and are based upon the 20 year Bond Buyer Municipal Index for water systems that use a General Obligation bond to secure the loan and on the 25-year Revenue Bond Buyer Municipal index for all others. In determining the interest rate that is offered to a clean water loan recipient, the rate of interest as published by the Bond Buyer Municipal Index is multiplied by a set percentage, which is currently 62.5%. Qualified borrowers may be eligible to receive subsidization in the form of principal forgiveness, zero interest or negative interest loans, if subsidization is available. Current subsidization amounts and qualifications are outlined in the Program’s current Intended Use Plan.

All clean water loan recipients are current and in good standing and no allowance for loan loss was recorded.

Loans Receivable	Principal Due	Interest Due
SFY16	\$15,914,247	\$5,159,022
SFY17	15,097,921	4,766,097
SFY18	15,418,985	4,336,080
SFY19	15,578,074	3,895,025
SFY20-24	15,745,189	3,453,655
SFY21-25	69,533,511	10,845,665
SFY26-30	34,220,405	3,702,943
SFY31-35	8,881,299	552,566
SFY36-38	967,956	27,953
Total	\$191,357,587	\$36,739,006

Count	Type	Principal Repaid	Principal Outstanding	Principal Forgiven	Remaining Obligations
Traditional Loans					
36	In repayment and good standing	\$118,095,729	\$170,482,688		
18	Fully repaid	\$71,422,554			
0	Open and in repayment				
3	Open, not in repayment		\$13,981,852		\$42,768,148
7	Principal forgiven			\$4,618,390	\$974,483
64	Traditional Loans	\$189,518,283	\$184,464,540	\$4,618,390	\$43,742,631
ARRA Loans					
3	In repayment and good standing	\$1,938,711	\$6,893,048		
0	Fully repaid				
10	Principal forgiven			10,671,487	
13	ARRA Loans	\$1,938,711	\$6,893,048	\$10,671,487	\$0
77	Total Loans	\$191,456,994	\$191,357,588	\$15,289,877	\$43,742,631

Note 5: Drinking Water Loans Receivable

The Drinking Water Program makes loans to qualified public and private water systems for projects that meet the eligibility requirements of the SDWA. Loans are financed by federal capitalization grants, state match, interest earnings on re-loan funds, and re-loan funds. They are repaid by recipients using revenues from drinking water services provided to residents, special tax assessments, and local bonds. In accordance with NRS 445A.290 and pursuant to the Office of the State Treasurer’s policy, public system loan contracts require communities to issue local bonds to secure the loan amount which the State has pledged as collateral for bonds payable. In lieu of general obligation bonds, the applicant may, with the permission of the State Treasurer, exchange a revenue security instrument, providing for a reserve fund which may be funded from bond or loan proceeds or other available monies in the minimum amount equal to 10% of the loan principal and must be deposited with the State Treasurer in the Local Government Investment Pool (LGIP), a Fiduciary Fund reported in the CAFR. Privately-held system loan contracts require a certificate of deposit at least equal to the annual debt service be placed in an insured financial institution, with the Program named as beneficiary.

Drinking water loans to both public and privately-held recipients range from \$20,000 to \$21,900,000 with maturities over a 20 year period. Semi-annual interest payments are due January 1 and July 1, beginning after the first loan draw. Semi-annual principal payments are due January 1 and July 1, beginning after the completion of the project, the final request for funds, or three years after the date of the contract, whichever is earlier. Effective interest rates on loans vary from 0% to 4.03% and are based upon the 20 year Bond Buyer Municipal Index for water systems that use a General Obligation bond to secure the loan and on the 25-year Revenue Bond Buyer Municipal index for revenue bonds. In determining the interest rate that is offered to a drinking water loan recipient, the rate of interest as published by the Bond Buyer Municipal Index is multiplied by a set percentage, which is currently 62.5%. Also, the program may offer

Loans Receivable	Principal Due	Interest Due
SFY16	\$7,531,931	\$2,831,799
SFY17	\$8,180,724	\$2,943,959
SFY18	\$8,560,836	\$2,708,313
SFY19	\$9,400,046	\$2,458,953
SFY20-24	\$9,665,111	\$2,191,461
SFY21-25	\$43,300,687	\$7,196,703
SFY26-30	\$27,040,726	\$2,484,817
SFY31-35	\$5,799,062	\$292,975
SFY36-38	\$533,372	\$17,409
Total	\$120,012,495	\$23,126,389

principal forgiveness loans with required grant subsidy money received to those water systems that qualify. Qualification is outlined in the Program's current Intended Use Plan.

As of June 30, one drinking water loan recipient remained in default for outstanding principal totaling \$196,913. Efforts to collect the balance are currently underway. However, it is uncertain at this time whether or not any of the principal balance will be recovered. Therefore, an allowance has been established for this loan. The State Controller's Office will not deduct this balance from our loans receivable account until it is certain the loan will not be recovered and the collection process has been exhausted. This will create a difference between the Program's Financial Statement in SFY15 and the audited CAFR for SFY15.

Count	Type	Principal Repaid	Principal Outstanding	Principal Forgiven	Remaining Obligations
Traditional Loans to publicly owned systems					
32	In repayment and good standing	\$29,481,038	\$97,597,418		
2	Fully repaid	16,630,322			
1	Open and in repayment	309,970	1,942,402		1,247,628
6	Open, not in repayment		11,640,352		33,659,648
16	Principal Forgiven			9,327,169	1,576,928
57	Traditional Public Loans	\$46,421,330	\$111,180,172	\$9,327,169	\$36,484,204
Traditional Loans to privately owned systems					
8	In repayment and good standing	528,605	1,854,325		
4	Fully repaid	1,217,677			
1	In default	3,087	196,913*		
0	Open and in repayment				
0	Open, not in repayment				
5	Principal Forgiven			1,775,099	230,680
18	Traditional Private Loans	\$1,749,369	\$1,854,325	\$1,775,099	\$230,680
ARRA Loans					
3	Public loans in repayment	1,722,680	6,292,897		
0	Public loans fully repaid				
8	Public principal forgiven			6,136,489.00	
2	Private loans in repayment	170,720.00	685,102.00		
	Private loans fully repaid				
3	Private principal forgiven			4,031,163.00	
	Private in repayment				
16	ARRA Loans	\$1,893,400	\$6,977,999	\$10,167,652	\$0
91	Total Loans	\$50,064,099	\$120,012,496	\$21,269,920	\$36,714,884
*Not counted in totals.					

Note 6: Clean Water Bonds Payable

Clean Water Match bonds issued by the State of Nevada provide resources for the required 20 percent match on federal grants. Clean Water Leverage bonds issued by the State of Nevada provide resources for clean water loan recipients that are beyond available cash in the Program. As of June

State of Nevada Clean Water Credit Ratings		
Fitch	Moody's	Standard & Poor's
AA+ Stable	Aa2 Stable	AA Stable
As of October 6, 2015	As of October 7, 2015	As of October 6, 2015
Source: https://nevadatreasurer.gov/debt/default.aspx?ID=CreditReport.ascx		

30, 2015, Nevada had a total outstanding par value of \$47,325,000. All bonds are general obligation bonds, backed by the full faith and credit of the State and repaid primarily through Program revenues. Principal debt service for leverage bonds is paid for with returned principal from the loan recipient. Principal is due annually on August 1 through fiscal year 2023. Interest is due semi-annually on August 1 and February 1 with rates ranging from 2.0% to 5.30%. The State has the right to redeem early any principal outstanding, with call premiums ranging from 0 to 1 percent.

Clean Water Match Bond Issuances	Principal	Interest	Total	Debt Service Coverage Ratio
SFY16	\$1,675,000	\$125,700	\$1,800,700	11.86
SFY17	460,000	90,800	550,800	42.79
SFY18	480,000	72,000	552,000	49.08
SFY19	500,000	52,400	552,400	55.19
SFY20	520,000	32,000	552,000	61.14
SFY21	540,000	10,800	550,800	66.97
Totals	\$4,175,000	\$383,700	\$4,558,700	

Clean Water Leverage Bond Issuances	Principal	Interest	Total	Debt Service Coverage Ratio
SFY16	\$5,460,000	\$1,757,201	\$7,217,201	3.47
SFY17	5,670,000	1,560,428	7,230,428	3.97
SFY18	5,730,000	1,304,364	7,034,364	4.59
SFY19	6,325,000	1,019,925	7,344,925	4.94
SFY20	6,605,000	726,675	7,331,675	5.43
SFY21-23	13,360,000	690,275	14,050,275	6.03 to 14.20
Totals	\$43,150,000	\$7,058,868	\$50,208,868	

Description	Maturity August 1,	Balance on June 30, 2015	Principal Currently due	Principal not currently due
Clean Water Match Issuances				
September 14, 2005, General Obligation (limited tax) Matching Bonds, Interest of 4.00%	2015	\$235,000	\$235,000	\$0
December 21, 2010, General Obligation (limited Tax) Matching Bonds, Interest of 3.00%	2020	2,940,000	440,000	2,500,000
February 20, 2013, General Obligation (Limited Tax) Matching and Refunding Bonds, Interest 2.00%	2015	1,000,000	1,000,000	0
	Subtotal	\$4,175,000	\$1,675,000	\$2,500,000
Clean Water Leverage Issuances				
December 21, 2010, General Obligation (Limited Tax) Leveraged Bonds, Interest of 5.00%	2015	\$1,275,000	\$1,275,000	\$0
December 21, 2010, General Obligation (Limited Tax) Leveraged Bonds, Interest of 3.252% to 4.422%	2017	1,925,000	615,000	1,310,000
November 16, 2011, General Obligation (Limited Tax) Leveraged Bonds, Interest of 2.00% to 5.00%	2020	25,405,000	170,000	25,235,000
February 20, 2013, General Obligation (Limited Tax) Leveraged and Refunding Bonds, Interest 2.00% to 4.00%	2023	14,545,000	3,400,000	11,145,000
	Subtotal	\$43,150,000	\$5,460,000	\$37,690,000
Total of All Clean Water Issuances		\$47,325,000	\$7,135,000	\$40,190,000

Description	Issue	Outstanding Principal: June 30, 2014	Issued	Retired or Refunded	Outstanding Principal: June 30, 2015
Clean Water Match Issuances					
September 14, 2005, General Obligation (limited tax) Matching Bonds, Interest of 4.00%	2005M	\$460,000	\$0	\$225,000	\$235,000
December 21, 2010, General Obligation (limited Tax) Matching Bonds, Interest of 3.00%	2010G	3,360,000	0	420,000	2,940,000
February 20, 2013, General Obligation (Limited Tax) Matching and Refunding Bonds, Interest 2.00%	2013C	2,000,000	0	1,000,000	1,000,000
	Subtotal	\$5,820,000	\$0	\$1,645,000	\$4,175,000
Clean Water Leverage Issuances					
December 21, 2010, General Obligation (Limited Tax) Leveraged Bonds, Interest of 5.00%	2010H-1	\$2,450,000	\$0	\$1,175,000	\$1,275,000
December 21, 2010, General Obligation (Limited Tax) Leveraged Bonds, Interest of 3.252% to 4.422%	2010H-2	2,520,000	0	595,000	1,925,000
November 16, 2011, General Obligation (Limited Tax) Leveraged Bonds, Interest of 2.00% to 5.00%	2011C	26,445,000	0	1,040,000	25,405,000
February 20, 2013, General Obligation (Limited Tax) Leveraged and Refunding Bonds, Interest 2.00% to 4.00%	2013B	17,045,000	0	2,500,000	14,545,000
	Subtotal	\$48,460,000	\$0	\$5,310,000	\$43,150,000
	Total of All Clean Water Issuances	\$54,280,000	\$0	\$6,955,000	\$47,325,000

Note 7: Drinking Water Bonds Payable

Drinking Water Bonds issued by the State of Nevada provide resources for the required 20 percent match on federal grants. The bonds are general obligation bonds, backed by the full faith and credit of the State. As of June 30, 2015, Nevada had an outstanding par value of these bonds totaling \$17,430,000. Principal is due annually on August 1 through fiscal year 2027. The State has the right to redeem early any principal outstanding, with premiums ranging from 0 to 1 percent. Interest on the bonds is payable semiannually with rates ranging from 2.0% to 5.75%. Debt service is paid for with Program earnings.

State of Nevada Drinking Water Match Bond Ratings		
Fitch	Moody's	Standard & Poor's
AA+ Stable	Aa2 Stable	AAA Stable
As of October 6, 2015	As of October 7, 2015	As of October 7, 2015
Source: https://nevadatreasurer.gov/debt/default.aspx?ID=CreditReport.ascx		

Drinking Water Match Bond Issuances				Debt Service Coverage Ratio
	Principal	Interest	Total	
SFY16	3,235,000	568,796	3,803,796	2.89
SFY17	2,585,000	468,690	3,053,690	3.67
SFY18	2,680,000	376,149	3,056,149	3.93
SFY19	2,640,000	286,916	2,926,916	4.29
SFY20	1,895,000	217,113	2,112,113	6.13
SFY21-SFY25	3,430,000	585,241	4,015,241	13.49 to 27.03
SFY26-SFY27	965,000	32,738	997,738	28.53 and 88.69
Totals	\$ 17,430,000	\$ 2,535,643	\$ 19,965,643	

Drinking Water Bond Data	Maturity August 1,	Balance on June 30, 2015	Principal Currently due	Principal not currently due
Drinking Water Match Issuances				
April 6, 2005, General Obligation (Limited Tax) Matching Bonds, Interest from 3.50% to 4.30%	2020	\$2,935,000	\$735,000	\$2,200,000
November 29, 2006, General Obligation (Limited Tax) Matching Bonds, Interest from 4.50% to 5.00%	2026	2,340,000	150,000	2,190,000
July 31, 2008, General Obligation (Limited Tax) Matching Bonds, Interest from 3.50% to 4.00%	2018	1,480,000	350,000	1,130,000
December 21, 2010, General Obligation (Limited Tax) Matching and Refunding Bonds, Interest 3.00% to 5.00%	2025	4,790,000	420,000	4,370,000
November 16, 2011, General Obligation (Limited Tax) Matching Bonds, Interest from 2.00% to 4.00%	2015	740,000	740,000	0
April 22, 2014, General Obligation (Limited Tax) Matching and Refunding Bonds, Interest from 1.75% to 3.00%	2020	5,145,000	840,000	4,305,000
Total of All Drinking Water Issuances		\$17,430,000	\$3,235,000	\$14,195,000

Bond Data	Issue	Outstanding Principal: June 30, 2014	Issued	Retired or Refunded	Outstanding Principal: June 30, 2015
Match Issuances					
November 1, 2003, General Obligation (Limited Tax) Matching Bonds, Interest from 2.00% to 4.25%	2003J	\$240,000	\$0	\$240,000	\$0
April 6, 2005, General Obligation (Limited Tax) Matching Bonds, Interest from 3.50% to 4.30%	2005E	3,645,000	0	710,000	2,935,000
November 29, 2006, General Obligation (Limited Tax) Matching Bonds, Interest from 4.50% to 5.00%	2006G	2,485,000	0	145,000	2,340,000
July 31, 2008, General Obligation (Limited Tax) Matching Bonds, Interest from 3.50% to 4.00%	2008F	1,815,000	0	335,000	1,480,000
December 21, 2010, General Obligation (Limited Tax) Matching and Refunding Bonds, Interest 3.00% to 5.00%	2010I	5,195,000	0	405,000	4,790,000
November 16, 2011, General Obligation (Limited Tax) Matching Bonds, Interest from 2.00% to 4.00%	2011F	1,455,000	0	715,000	740,000
April 22, 2014, General Obligation (Limited Tax) Matching Bonds, Interest from 1.75% to 3.00%	2014D	5,145,000	0	0	5,145,000
Total of All Issuances		\$19,980,000	\$0	\$2,550,000	\$17,430,000

Note 8: Clean Water Administrative expenses

The Program is authorized to utilize a portion (not to exceed 4% of the cumulative grant amount) of capitalization grants for administrative purposes. An application has been submitted to the EPA for federal fiscal year 2015 grant funding, but remained pending as of June 30. It has been excluded from the total available balances listed below. This request for assistance for administration totaled \$198,500. The amount of grant funds for administration, as well as the current outstanding balance, is as follows:

Open Grants Available	Grant Amount	Draws within State SFY14	Cumulative Draws thru State SFY14	Draws within State SFY15	Cumulative Draws Thru State SFY15	Available funds at the end of State SFY15
Previous	3,667,116	-	3,667,116	-	3,667,116	-
2010	329,476	87,799	329,476	-	329,476	-
2011	27,486	27,486	27,486	-	27,486	-
2012	-	-	-	-	-	-
2013	328,680	71,918	71,918	178,895	250,813	77,867
2014	168,170	-	-	-	-	168,170
Subtotal	4,520,928	187,203	4,095,996	178,895	4,274,891	246,037

Note 9: Drinking Water Administrative and Set-aside Expenses

The Drinking Water Program is authorized to utilize a portion (not to exceed 4% of the net capitalization grant) for administrative purposes. An application has been submitted to the EPA for federal fiscal year 2015 grant funding, but remained pending as of June 30. It has been excluded from the total available balances listed below. This request for assistance for administration totaled \$375,000. The amount of grant funds for administration, as well as the current outstanding balance, is as follows:

Grant Year	Grant Amount	Draws within State SFY14	Cumulative Draws thru State SFY14	Draws within State SFY15	Cumulative Draws thru State SFY15	Available Funds at the end of State SFY15
Previous	3,540,252	-	3,540,252	-	3,540,252	-
2010	636,956	-	636,956	-	636,956	-
2011	370,720	37,965	370,720	-	370,720	-
2012	300,000	284,250	284,250	15,750	300,000	-
2013	336,840	-	-	325,119	325,119	11,721
2014	100,000	-	-	22	22	99,978
Subtotal	5,284,768	322,215	4,832,178	340,891	5,173,069	111,699
ARRA Grant Awards						
2009	16,770	-	16,770	-	16,770	-
Subtotal	16,770	606,465	623,235	-	16,770	-
Total	\$ 5,301,538	\$ 928,680	\$ 5,455,413	\$ 340,891	\$ 5,189,839	\$ 111,699

SDWA allows cash expenditures for additional programs to help small water systems that serve a population of 10,000 or less. Up to 2% of the net capitalization grant may be used for these functions. An application has been submitted to the EPA for federal fiscal year 2015 grant funding, but remained

pending as of June 30. It has been excluded from the total available balances listed below. This request for assistance for small systems totaled \$150,000. The amount of grant funds for small water systems, as well as the current outstanding balance, is as follows:

Grant Year	Grant Amount	Draws within State SFY14	Cumulative Draws thru State SFY14	Draws within State SFY15	Cumulative Draws thru State SFY15	Available Funds at the end of State SFY15
Previous	1,863,172	-	1,863,172	-	1,863,172	-
2010	434,380	-	434,380	-	434,380	-
2011	185,360	113,846	185,360	-	185,360	-
2012	182,500	71,049	71,049	111,451	182,500	-
2013	-	-	-	-	-	-
2014	227,930	-	-	68,507	68,507	159,423
Subtotal	2,893,342	184,895	2,553,961	179,958	2,733,919	159,423
ARRA Grant Awards						
2009	-	184,895	184,895	-	-	-
Subtotal	-	71,049	71,049	-	-	-
Total	\$ 2,893,342	\$ -	\$ 2,369,066	\$ 179,958	\$ 2,733,919	\$ 159,423

SDWA also allows cash expenditures for State program management costs. They are incurred for two functions: enhancement of Public Water System Supervision (PWSS) and implementation of Nevada's capacity development strategy. Up to 10% of the net capitalization grant may be spent on these functions. An application has been submitted to the EPA for federal fiscal year 2015 grant funding, but remained pending as of June 30. It has been excluded from the total available balances listed below. This request for assistance for small systems totaled \$950,000. The audited CAFR presents a portion of these funds as a non-operating transfer to other funds within the state accounting system. Therefore, the Program presents these funds as a non-operating transfer to other funds. The amount of grant funds for State program management, as well as the current outstanding balance, is as follows:

Grant Year	Grant Amount	Draws within State SFY14	Cumulative Draws thru State SFY14	Draws within State SFY15	Cumulative Draws thru State SFY15	Available Funds at the end of State SFY15
Previous	7,876,875	-	7,876,875	-	7,876,875	-
2010	1,661,678	10,755	1,661,678	-	1,661,678	-
2011	755,422	568,330	568,330	187,092	755,422	-
2012	118,166	-	-	118,166	118,166	-
2013	-	-	-	-	-	-
2014	562,625	-	-	173,734	173,734	388,891
Subtotal	10,974,766	579,085	10,106,883	478,992	10,585,875	388,891
ARRA Grant Awards						
2009	444,179	-	444,179	-	444,179	-
Subtotal	444,179	-	444,179	-	444,179	-
Total	\$ 11,418,945	\$ 579,085	\$ 10,551,062	\$ 478,992	\$ 11,030,054	\$ 388,891

In addition to the other set-asides for small systems and State program management, SDWA allows cash expenditures for local assistance. This is to provide technical or financial assistance to public water systems for capacity development strategy and enhancement of the Wellhead Protection and Source Water Protection Programs. Up to 15% of the net capitalization grant may be spent on these functions. An application has been submitted to the EPA for federal fiscal year 2015 grant funding, but remained pending as of June 30. It has been excluded from the total available balances listed below. This request for assistance for small systems totaled \$1,200,000. The audited CAFR presents a portion of these funds as a non-operating transfer to other funds within the state accounting system. The Program presents a

portion of these funds as a non-operating transfer to other funds and amounts included in operations for salaries and operations. The amount of grant funds for local assistance, as well as the current outstanding balance, is as follows:

Grant Year	Grant Amount	Draws within State SFY14	Cumulative Draws thru State SFY14	Draws within State SFY15	Cumulative Draws thru State SFY15	Available Funds at the end of State SFY15
Previous	7,874,895	-	7,874,895	-	7,874,895	-
2010	1,860,797	-	1,860,797	-	1,860,797	-
2011	1,390,200	613,314	1,390,200	-	1,390,200	-
2012	991,754	408,814	408,814	582,940	991,754	-
2013	-	-	-	-	-	-
2014	473,640	-	-	247,233	247,233	226,407
Subtotal	12,591,286	1,022,128	11,534,706	830,173	12,364,879	226,407
ARRA Grant Awards		1,022,128	1,022,128			
2009	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Total	\$ 12,591,286	\$ 1,022,128	\$ 11,534,706	\$ 830,173	\$ 12,364,879	\$ 226,407

Note 10: Other Matters

Pensions and other Post-Employment Benefits

The Nevada Legislature created various plans to provide benefits to qualified employees of the Programs. The Public Employees' Retirement Board administers these plans under the Public Employees' Retirement System of Nevada (PERS). PERS is responsible for preparing an audited allocation report and disclosing relevant information pertaining to GASB 68 requirements, including actuarial valuations and calculations. The Nevada Clean Water Financial Statements and Drinking Water Financial Statements presented here discloses the allocated share of pension expense and Net Pension Liability related to the time and effort state personnel applied to Administration of each program.. PERS's audited allocation report can be obtained by visiting their website at: <http://nvpers.org>. Additional disclosure information relating to pension liability for the state can be obtained from the CAFR at: http://controller.nv.gov/FinancialReports/CAFR_Download_Page.html.

Contingencies

The Programs are exposed to various risks of loss related to torts, thefts of assets, errors or omissions, injuries to state employees while performing administrative business, or acts of God. The State maintains insurance for all risks of loss that is included in the indirect costs allocated to each program. There have not been any claims against the programs since their inception.

Related Parties

There are no related party transactions with or related to amounts receivable from management of the Nevada State Division of Environmental Protection Water Pollution Control Revolving Fund Program and/or the Nevada State Division of Environmental Protection Drinking Water Revolving Fund Program.

Clean Water Subsequent Events

Lyon County refinanced loan CS32-0503 with an outstanding principal balance of \$5,511,251.23 on July 1, 2015 with the program. The new interest rate and longer terms will result in an increase in loan interest revenue for the program of \$912,766 over the next 20 years.

Washoe County refinanced six (6) DWSRF loans on August 18, 2015. This refinancing was combined with a new loan to Washoe County to refinance debt the county issued separately. The net savings for Washoe County was approximately \$1,035,501 in savings. The net impact to the fund resulted in a decrease in loan interest revenue of \$137,931 over the next 11 years. Loan interest used for bond debt service is minimally impacted.

An application has been submitted to the EPA for federal fiscal year 2015 clean water grant funding, but remained pending as of June 30. The award was approved and delivered to the state on October 20, 2015.

Drinking Water Subsequent Events

In late August 2015, the program discovered an improper draw requested in fiscal year 2015 from the 2014 capitalization grant. Notification was immediately provided to EPA. The State incorrectly drew \$4,049,618.36 per 40 CFR §35.3565(b) from the 2014 drinking water capitalization grant. This regulation restricts how much and how frequent requests of federal funds can be performed as they relate to the cash management of funds used for refinancing loans. This error only relates to the timing of cash receipts and does not relate to an improper use of cash. A request for deviation from the regulation has been submitted to EPA and is pending approval.

The State issued a general obligation (limited tax) revenue supported bond to provide match to the drinking water program in October 2015. Proceeds totaling approximately \$6,700,000 will be used to provide match to the federal capitalization grant. Standard and Poor's raised the Drinking Water SRF GO bond rating to AAA as a result of program performance and stability. Moody's and Fitch maintained the previous credit rating at Aa2 and AA+ respectively.

An application had been submitted to the EPA for federal fiscal year 2015 drinking water grant funding, but remained pending as of June 30. The award was approved and delivered to the state on September 29, 2015.

Note 11: Changes and Restatements

Clean Water beginning Net Assets for fiscal year 2015 have been adjusted \$236,294 to properly present pension requirements per GASB 68. The offsetting entry adjusted noncurrent payroll and related liabilities.

Clean Water and Drinking Water interest payable on bonds was unintentionally presented as Operating Activities on the Statement of Revenues, Expenses, and Changes in Net Assets for fiscal year 2014. The statement has been adjusted to move bonds payable to non-operating expenses. No changes to net assets resulted in this adjustment.

Drinking Water beginning Net Assets for fiscal year 2015 have been adjusted \$481,998 to properly present pension requirements per GASB 68. The offsetting entry adjusted noncurrent payroll and related liabilities.

The Governmental Accounting Standards Board (GASB) issued pronouncement 66: Technical Corrections an amendment of GASB statements No. 10 and No. 62 on March 2012. This issuance does not impact the financial reports presented by the program at this time.

The GASB issued pronouncements 67 and 68 to address reporting for Pension Plans. The Nevada CAFR has made necessary updates to the financial statements to conform to the reporting requirement. This

financial statement presents the Pension Expense and Net Pension Liability as a result of GASB 68 changes. This value is an allocated value to the Clean Water Program based upon time and effort state personnel applied to the Clean Water Program.

The GASB issued pronouncement 69: Government Combinations and Disposals of Government Operations. This issuance does not impact the financial reports presented by the program at this time.

The GASB issued pronouncement 70: Accounting and Financial Reporting for Non-exchange Financial Guarantees. This issuance does not impact the financial reports presented by the program at this time.

The GASB issued pronouncement 71: Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment to GASB statement No. 68. The Nevada CAFR has made necessary updates to the financial statements to conform to the reporting requirement. This financial statement presents the Pension Expense and Net Pension Liability as a result of GASB 68 changes. This value is an allocated value to the Clean Water Program based upon time and effort state personnel applied to the Clean Water Program.

The GASB issued pronouncement 72: Fair Value Measurement and Application on February 2015. This pronouncement updates various other GASB pronouncements and clarifies fair value presentation of particular assets or liabilities. Assets and liabilities presented on this financial statement are in uniform to the State Comprehensive Annual Financial Report (CAFR) and will be presented in the same manner as determined by the State Controller's Office.

The GASB issued pronouncements 73, 74 and 75 in June 2015. These pronouncements relate to the accounting and reporting of postemployment benefits excluding pensions and related assets. Post-employment benefits are accounted for and presented on this financial statement in uniform to the State CAFR and will be presented in the same manner as determined by the State Controller's Office.

The GASB issued pronouncement 76 in June 2015. This pronouncement relates to the hierarchy of Generally Accepted Accounting Principles for State and Local Governments. No changes to the financial statements are needed since the program has been following the structure required by governmental enterprise funds approved by GASB prior to this pronouncement.

The GASB issued pronouncement 77: Tax Abatement Disclosures. This issuance does not impact the financial reports presented by the program at this time.

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Audit Compliance Section

Single Audit for 2014

The State of Nevada was subject to the single audit requirements for SFY2014. The audit was conducted by Eide Bailly, LLP. Certified Public Accountants, in conformance to accounting principles generally accepted in the United States for Governmental entities. The auditors determination of Type A programs as required by 2 CFR §200.518 was \$12,041,338. Total grant expenses for the clean water program in SFY2014 equaled \$813,229. Therefore, the program was not identified in SFY2014 as a major program. A copy of the SFY2014 audit can be obtained through the following link:

<http://leg.state.nv.us/Division/Audit/>

Reconciliation to the Nevada CAFR

These financial statements, footnotes, and related schedules are presented for the U.S. Environmental Protection Agency to show program financial performance for the time presented. They are structured to provide comparability and ease of understanding between other state SRF programs. However, the Nevada Clean Water SRF Program is fully integrated into the State of Nevada's government structure and therefore, not separate from its reporting requirements.

- ◆ All cash in the Program is held by the Nevada Treasury and invested according to the Nevada Board of Finance Investment Policies.
- ◆ All accounting transactions are processed in the State Accounting System according to the State Controller's Office Policies.
- ◆ Administrative accounts are subject to budget approval by the State Legislature.
- ◆ Match and Leverage Bonds are issued by the Treasurer's Office on behalf of the Program.
- ◆ Public loan recipients are required to issue a bond as collateral that the State Treasurer's Office purchases.
- ◆ Pension liabilities are allocated to the program by the State Controller's Office based upon data provided to them from the Public Employees Retirement System (PERS).
- ◆ Employees of the Program are State employees subject to the Department of Administration Human Resource Management Policies. The Program does not have authority to hire employees separately from State service.

The Program, along with the Nevada Drinking Water SRF Program and the Brownfields Revolving fund Program, is presented as a major enterprise fund on the state CAFR as Water Projects Loans. The CAFR is independently audited by Eide Bailly, LLP, Certified Public Accountants. A reconciliation of the audited 2015 CAFR and the related audited 2014 CAFR is presented here. Follow this link for the independent auditor's opinion and the financial section to the CAFR:

http://controller.nv.gov/FinancialReports/CAFR_Download_Page.html

Differences between the Program's financial statements presented and the Nevada CAFR are in footnotes to the following schedules.

SFY 2015 Net Assets Reconciliation to the Audited CAFR

		2015						
CAFR Descriptions	SRF Descriptions	CAFR Enterprise Water Projects Loans	NV Clean Water SRF Program	NV Drinking Water SRF Program	Brownfields	Variance to CAFR, as presented	NOTES	
Assets								
Cash and Pooled Investments	Cash and pooled investments	\$ 121,054,094	\$ 75,423,781	\$ 44,801,126	\$ 829,187	\$ -		
Intergovernmental receivables	Federal Grants	1,588,332	726,657	861,675	-	-		
Accrued Interest	Loan Interest	3,838,588	2,599,698	1,221,078	-	17,812	[B]	
Due from other funds	Investment interest	294,142	182,943	109,184	2,015	-		
	Bond Proceeds	-	-	-	-	-		
Due from other Governments	Service Fees	-	-	-	-	-		
Notes Receivable	Current Portion of Loans (net allowance of \$196,913)	29,122,925	15,914,247	7,340,078	-	5,868,600	[C]	
Investments	Loans Receivable-noncurrent	281,266,051	175,443,339	112,677,478	-	(6,854,766)		
Furniture and Equipment, less accumulated depreciation	Furniture and Equipment, less accumulated depreciation	-	-	-	-	-		
Prepaid Expenses	Prepaid Insurance	-	-	-	-	-		
Total Assets		437,164,132	270,290,665	167,010,619	831,202	(968,354)		
Deferred Outflow of Resources								
Deferred Outflow of Resources	Deferred outflows on refunding	1,149,516	966,642	182,874	-	-		
	Deferred pension related outflows	65,024	21,458	43,566	-	-		
Total Deferred Outflow of Resources		1,214,540	988,100	226,440	-	-		
Liabilities								
Accounts Payable	Accounts Payable-Administration	78,085	1,903	36,374	-	39,808	[D]	
Accrued payroll and related-current portion	Accounts Payable-Payroll and related current	46,292	15,832	30,460	-	-		
Interest Payable	Accounts Payable-Bond interest	1,090,013	829,426	260,587	-	-		
Due to Feduciary Funds	Accounts Payable-Loans	17,216	705,251	534,853	-	(1,222,888)	[D]	
Due to other funds	Accounts Payable-Set-Aside Activities	209,118	-	209,118	-	-		
	Due to State Group Insurance Fund	1,542	503	1,039	-	-		
Bonds payable-current portion	Bonds Payable-Current	11,087,457	7,795,964	3,291,493	-	-		
Accrued payroll and related-noncurrent portion	Payroll and related costs-noncurrent	628,826	207,806	421,020	-	-		
Bonds payable-noncurrent portion	Bonds Payable-noncurrent	57,765,488	43,279,540	14,485,948	-	-		
Total Liabilities		70,924,037	52,836,225	19,270,892	-	(1,183,080)		
Deferred Inflow of Resources								
Deferred Inflow of Resources	Deferred pension related inflows	177,204	58,477	118,727	-	-		
Total Deferred Inflow of Resources		177,204	58,477	118,727	-	-		
Net Assets								
Restricted for revolving loans	Net Assets restricted for revolving loans	367,277,431	218,384,063	147,847,440	831,202	214,726		
Total Net Assets		367,277,431	218,384,063	147,847,440	831,202	214,726		
Total Liabilities and Net Assets	Total Liabilities and Net Assets	438,378,672	\$ 271,278,765	\$ 167,237,059	\$ 831,202	\$ (968,354)		
Footnotes for the Statement of Net Assets for Proprietary Funds Reconciliation								

SFY 2015 Revenues, Expenses and Changes in Net Assets Reconciliation to the Audited CAFR

		2015					
CAFR Descriptions	SRF Descriptions	CAFR Enterprise Water Projects Loans	NV Clean Water SRF Program	NV Drinking Water SRF Program	Brownfields	Variance to CAFR, as presented	NOTES
Operating Revenues and Expenses							
Charges for Services	Service Fees	\$ 10,000	\$ 10,000	\$ -	\$ -	\$ -	
Federal government	Federal Grants for Set-Aside Activities	32,671,789	178,895	1,830,014		30,662,880	[B]
Interest Income on loans/notes	Loan interest	8,214,051	5,337,652	2,864,502	-	11,897	[C]
Other Income		8,487				8,487	[E]
Salaries and Benefits	Salaries and Benefits	(409,543)	(138,934)	(276,842)		6,233	[A]
Operating	Administration	(3,798,097)	(50,968)	(458,864)		(1)	[A]
	Principal Forgiveness Disbursements		(128,649)	(3,159,615)			
Bond Issuance Costs	Bond Issuance Costs		-	-		-	
Interest on bonds payable		(2,150,652)				(2,150,652)	[D]
Operating Income		34,546,035	5,207,996	799,195	-	28,538,844	
Non-operating Revenues and Expenses							
Interest and Investment Income	Investment Income	1,869,984	1,126,280	725,630	17,301	773	
Transfers out	State Program Management	(1,107,916)		(478,992)		(1)	[A]
	Local Assistance			(628,923)			
	EPA Capitalization Grants	-	9,036,441	21,626,439		(30,662,880)	[B]
	Interest Payable on Bonds		(1,563,591)	(587,061)		2,150,652	[D]
	Escrow Refunds		-	8,487		(8,487)	[E]
Non-operating income (loss)		762,068	8,599,130	20,665,580	17,301	(28,519,943)	
Change in net assets		35,308,103	13,807,126	21,464,775	17,301	18,901	
Net assets, July 1 (restated)		331,969,328	204,576,937	126,382,665	813,901	195,825	[F]
Net assets, June 30		\$ 367,277,431	\$ 218,384,063	\$ 147,847,440	\$ 831,202	\$ 214,726	

SFY 2015 Footnotes to the Revenues, Expenses and Changes in Net Assets Reconciliation to the Audited CAFR

[A]	DE MINIMIS VARIANCES	Variances due to timing between fiscal years or immaterial rounding.		
[B]	FEDERAL GOVERNMENT	The CAFR presents all receipts from federal grants as operating activities. The program presents only the portion of federal grants for administration and set-aside activities as operating activities. The portion of the grant for capitalization is presented on the program statements as non-operating.	Federal Government Operating	30,662,880
			Federal Government Non-operating	<u>(30,662,880)</u>
			Overall Variance on income statement	0.00
[C]	ACCRUALS	The CAFR does not present unearned interest income and calculates the accrual of loan interest in aggregate to all outstanding loans. The program took into consideration unearned loan interest and counted accrued loan interest on a loan by loan basis.	Prior Year Unearned Income	(5,915)
			Calculation Differences in loan interest Accrual	<u>17,812</u>
				11,897
[D]	BOND INTEREST	The CAFR presents bond interest expense as operating activities. The program considers bond interest expense as non-operating activities.	Interest on Bonds Payable Operating	(2,150,652)
			Interest on Bonds Payable non-operating	<u>2,150,652</u>
			Overall Variance on income statement	0.00
[E]	ESCROW REFUND	The CAFR presents escrow refund as operating activities. The program recognizes this as non-operating.	Bond Escrow Operating	8,487
			Bond Escrow non-operating	<u>(8,487)</u>
			Overall Variance on income statement	0.00
[F]	PREVIOUS YEAR NET ASSETS	The CAFR does not account for allowances of doubtful accounts until all collection attempts have been exhausted. In SFY 2014, the Program provided an allowance for doubtful accounts. Additionally, the CAFR accounted for the cost of issuance for the 2014D Drinking Water Match bond in deferred losses, while the program expensed them per GASB 65 requirements.	Prior Year net asset variance	195,825
			Allowance for doubtful accounts	(196,913)
			<i>Remaining variance</i>	<u>(1,088)</u>
				RELATES TO TIMING OF ACCRUALS

SFY 2015 Cash Flows Reconciliation to the Audited CAFR

Statement of Cash Flows for Proprietary Funds		2015						
CAFR Descriptions	Program Descriptions	CAFR Enterprise Water Projects Loans	NV Clean Water SRF Program	NV Drinking Water SRF Program	Brownfields	Variance to CAFR, as presented	Note	
Cash flows from operating activities								
Receipts from customers	Receipt of service fees	\$ 18,487	\$ 10,000	\$ -	\$ -	\$ 8,487	[B]	
Receipts of principal on loans/notes	Receipts of principal on loans	-	16,800,698	8,400,309	-	(25,201,007)	[D]	
Receipts of interest on loans/notes	Receipts of interest on loans	-	5,550,856	2,879,546	-	(8,430,402)	[D]	
Receipts from federal government	Receipts from federal government	\$ 31,693,502	191,008	2,013,871	-	29,488,623	[C]	
Payments to suppliers, other governments and beneficiaries	Disbursements of forgiven principal	\$ (3,648,628)	(111,433)	(3,129,083)	-	126,656		
	Disbursements for bond administration				-			
	Disbursements for operations		(56,303)	(478,465)	-			
Payments interfund		\$ (120,200)				(120,200)		
Payments to employees	Disbursements to employees	\$ (390,187)	(129,360)	(259,432)	-	(1,395)		
Purchase of loans and notes	Disbursements to sub-recipients	\$ -	(8,219,759)	(22,013,534)	-	30,233,293	[D]	
Net cash provided by operating activities		\$ 27,552,974	14,035,707	(12,586,788)	-	26,104,055		
Cash flows from non-capital financing activities								
Grants from EPA	Federal grants for capitalization	-	8,331,190	21,157,432	-	(29,488,622)	[C]	
Proceeds from the sale of bonds	Proceeds from the sale of bonds		-	774	-	(774)	[D]	
Proceeds from the sale of bonds	Refunds from escrow for refunding bonds		-	8,487	-	(8,487)	[B]	
Payments on refunding bonds	Disbursements on refunding bonds		-	-	-	-		
Principal paid on noncapital debt	Disbursements for bond principal	(9,505,000)	(6,955,000)	(2,550,000)	-	-		
Interest paid on noncapital debt	Disbursements for bond interest	(2,745,396)	(2,095,273)	(650,123)	-	-		
Transfers and advances to other funds	Disbursements for state program management	(1,181,533)		(1,181,533)	-	-		
	Disbursements for technical assistance				-	-		
Net cash provided by non-capital financing activities		(13,431,929)	(719,083)	16,785,037	-	(29,497,883)		
Cash flows from capital and related financing activities								
Proceeds from sale of capital assets	Proceeds from sale of assets	-	-	-	-	-		
Purchase of capital assets	Disbursements to purchase assets	-	-	-	-	-		
Principal paid on capital debt	Disbursements for principal on assets	-	-	-	-	-		
Interest paid on capital debt	Disbursements for interest on assets	-	-	-	-	-		
Net cash provided by capital and related financing activities		-	-	-	-	-		
Cash flows from investing activities								
Receipt of Loan Principal		25,201,006	-	-	-	25,201,006	[D]	
Purchase of Loans/notes		(30,238,353)				(30,238,353)	[D]	
Interest, dividends and gains (losses)	Interest, dividends, and gains (losses)	10,325,741	1,135,229	743,723	15,614	8,431,175	[D]	
Net cash provided by investing activities		5,288,394	1,135,229	743,723	15,614	3,393,828		
NET INCREASE (DECREASE) IN CASH		19,409,439	14,451,853	4,941,972	15,614	-	[A]	
CASH AND CASH EQUIVALENTS, JULY 1		101,644,655	60,971,928	39,859,154	813,573	-	[A]	
CASH AND CASH EQUIVALENTS, JUNE 30		121,054,094	75,423,781	44,801,126	829,187	-		
Reconciliation of Operating Income (loss) to net change in cash from operations								

SFY 2015 Reconciliation of Operating Income to Net Change in Cash from Operations

Statement of Cash Flows for Proprietary Funds		2015					
CAFR Descriptions	Program Descriptions	CAFR Enterprise Water Projects Loans	NV Clean Water SRF Program	NV Drinking Water SRF Program	Brownfields	Variance to CAFR, as presented	Note
	Operating Income	34,546,035					
	Subtract EPA Grants listed on the CAFR as operating activities that are non-capital financing activities in the	(29,488,622)					
	Add changes in Bond interest payable listed on the CAFR as operating activities that are non-capital financing activities in the program's financial statements	2,150,652					
	Subtract escrow refunds listed on the CAFR as receipts from customers						
	Adjusted operating Income	7,208,065	5,207,996	799,195	-	1,200,874	
	Change in loan interest receivable	(8,214,051)	213,250	20,913		(8,448,214)	
	Changes in loan principal		7,892,904	(14,020,659)		6,127,755	
	Change in federal government receivables		12,113	183,857		(195,970)	
	Change in service fees receivable		-	-		-	
	Change in other receivables	(979,580)	1,415	2,309		(983,304)	
	Changes in payroll and related benefits		7,656	18,154		(25,810)	
	Changes in Admin Payables	34,740	(5,335)	(20,353)		60,428	
	Change in Unearned Interest		(46)	(5,869)		5,915	
	Changes in loans payable		705,251	434,626		(1,139,877)	
	Changes in other payables	15,177	503	1,039		13,635	
	Cash provided by operating activities	(1,935,649)					
	ADD EPA Grants listed on the CAFR as operating activities that are non-capital financing activities in the	29,488,623				29,488,623	
	Cash provided by operating activities	27,552,974	14,035,707	(12,586,788)	-	26,104,055	

SFY 2015 Footnotes to the Cash Flows Reconciliation to the Audited CAFR

[A] DE MINIMUS VARIANCES	Variances due to timing between fiscal years or immaterial rounding.	
[B] BOND ESCROW RECEIPTS	CAFR reported \$8,487 in refunds from bond escrow as receipts from customers in the operating section. Program classified this income as cash from non-capital financing activities.	
[C] RECEIPT OF EPA CAP GRANT FUNDS	CAFR reports all federal grant funds as operating activities. The program only classifies the federal grants received for administration and other set-aside activities as operating activities. The program classifies federal grants received for capitalization of the program as non-capital financing activities.	
	Receipts from federal government-operating	29,488,623
	Federal grant received for capitalization-non-capital financing	(29,488,622)
	Variance	1
[D] LOANS AS INVESTMENTS	The CAFR reports all fully drawn loans in repayment as investments and all private entities and open loans as loans receivable. This is because the State requires a bond be pledged to the State as collateral on all publically issued loans.	
	Operating loan principal received variance	(25,201,007)
	Operating loan interest received variance	(8,430,402)
	Operating purchase of loans variance	30,233,293
	Non-capital financing receipts from bond sales Variance	(774)
	Investment loan principal received variance	25,201,006
	Investment purchase of loans variance	(30,238,353)
	Investment interest variance	8,431,175
	Variance	(5,062) Timing of Principal Forgiven Loans Receivable

SFY 2014 Net Assets Reconciliation to the Audited CAFR

		2014	Restated				
CAFR Descriptions	SRF Descriptions	CAFR Enterprise Water Projects Loans	NV Clean Water SRF Program	NV Drinking Water SRF Program	Brownfields	Variance to CAFR, as presented	NOTES
Assets							
Cash and Pooled Investments	Cash and pooled investments	\$ 101,644,655	\$ 60,971,928	\$ 39,859,154	\$ 813,574	\$ 1	[A]
Intergovernmental receivables	Federal Grants	610,045	33,520	576,526		\$ 1	[A]
Accrued Interest	Loan Interest	4,054,939	2,812,947	1,241,992		\$ -	
Due from other funds	Investment interest	319,497	191,893	127,276	327	\$ 774	
	Bond Proceeds			775			
Due from other Governments	Service Fees		-			\$ -	
Notes Receivable	Current Portion of Loans (net allowance)	12,265,132	16,721,064	6,597,030		\$ 11,052,962	[B]
Investments	Loans Receivable-noncurrent	293,086,497	182,529,427	99,399,867		\$ (11,157,203)	
Furniture and Equipment, less accumulated depreciation	Furniture and Equipment, less accumulated depreciation	-				\$ -	
Prepaid Expenses	Prepaid Insurance	3,724	1,415	2,309		\$ -	
Total Assets		411,984,489	263,262,194	147,804,929	813,901	\$ (103,465)	[D]
Deferred Outflow of Resources	Deferred Outflow of Resources	1,534,336	1,303,718	230,618		\$ -	[D]
Total Deferred Outflow of Resources		1,534,336	1,303,718	230,618	-	\$ -	
Liabilities							
Accounts Payable	Accounts Payable-Administration	56,898	7,238	49,660		-	
Accrued payroll and related-current portion	Accounts Payable-Payroll and related current	41,279	13,167	26,371		(1,741)	[A]
Interest Payable	Accounts Payable-Bond interest	1,197,816	916,635	281,182		1	[A]
Intergovernmental Payables	Accounts Payable-Loans	9,275	-	100,227		90,952	[B]
Due to other funds	Accounts Payable-Set-Aside Activities	284,136		284,136		-	
	Unearned interest	-	46	5,869		5,915	[C]
Bonds payable-current portion	Bonds Payable-Current	10,376,761	7,736,550	2,640,210		(1)	
Accrued payroll and related-noncurrent portion	Payroll and related costs-noncurrent	9,329	3,541	5,788		-	
Bonds payable-noncurrent portion	Bonds Payable-noncurrent	68,852,945	51,075,504	17,777,441		-	
Total Liabilities		80,828,439	59,752,681	21,170,884	-	\$ 95,126	
Net Assets							
Restricted for revolving loans	Net Assets restricted for revolving loans	332,690,386	204,813,231	126,864,663	813,901	(198,591)	
Total Net Assets		332,690,386	204,813,231	126,864,663	813,901	\$ (198,591)	
Total Liabilities and Net Assets	Total Liabilities and Net Assets	413,518,825	264,565,912	148,035,547	813,901	\$ (103,465)	[D]

SFY 2014 Footnotes to the Net Assets Reconciliation to the Audited CAFR

[A]DE MINIMIS VARIANCES	Variances due to timing between years, materiality differences, presentation, or rounding.	
[B]LOANS RECEIVABLE / PAYABLE	The CAFR reports all fully drawn loans in repayment as investments and all private entities and open loans as loans receivable.	
	This is because the State requires a bond be pledged to the State as collateral on all publically issued loans. The CAFR also does not book any allowances for loans in default. The program accounts for all loans as either current or noncurrent, net of allowances for loans in default.	
	Current portion of loans receivable variance to CAFR	11,052,962
	Noncurrent portion of loans receivable variance to CAFR	(11,157,203)
	Allowance for doubtful accounts not reported by CAFR	195,194
	Accounts Payable-Loans Variance	<u>(90,952)</u>
	Remaining Variance to CAFR	1
[C]UNEARNED INTEREST	The CAFR doesn't report unearned interest. This is a timing offset.	
[D]ASSETS TO NET ASSETS	Relates to Accounts Payalbe for loans and recognition of accruals (timing)	
	Total Asset Variance	(103,465)
	Deferred Outflow of Resources variance	-
	Total Liabilities and Net Assets Variance	<u>(103,465)</u>
	Difference	<u>-</u>

SFY 2014 Revenues, Expenses and Changes in Net Assets Reconciliation to the Audited CAFR

		2014	Restated					
Description	SRF Descriptions	CAFR Enterprise Water Projects Loans ²	NV Clean Water SRF Program	NV Drinking Water SRF Program	Brownsfields	Variance to CAFR, as presented	NOTES	
Operating Revenues and Expenses								
for	Service Fees	\$ 123,751	\$ 123,750	\$ -		\$ 1	[A]	
Federal g	Federal Grants for Set-Aside Activities	8,741,917	187,203	2,108,321		6,446,393	[D]	
Income	Loan interest	8,800,064	5,808,237	2,985,912		5,915	[B]	
and	Salaries and Benefits	(358,841)	(130,134)	(229,371)		664		
Operatin	Administration	(4,253,012)	(58,291)	(445,807)		(2)	[A]	
	Principal Forgiveness Disbursements		(277,679)	(3,471,233)				
Bond Issu	Bond Issuance Costs	(840,690)	-	(86,940)		(753,750)	[E]	
	Interest on bonds payable	(2,388,311)				(2,388,311)	[D]	
Operating Income		9,824,878	5,653,086	860,882	-	3,310,910		
Non-operating Revenues and Expenses								
Interest &	Investment Income	(336,845)	(195,764)	(137,970)	72	(3,183)	[A]	
Transfers	State Program Management	(1,431,820)		(579,084)		-		
	Local Assistance			(852,736)				
	EPA Capitalization Grants		626,027	5,820,365		(6,446,392)	[D]	
	Interest Payable on Bonds		(1,720,445)	(667,867)		2,388,312	[D]	
	Loss on uncollectable accounts			(195,194)		195,194	[C]	
Non-operating income		(1,768,665)	(1,290,182)	3,387,514	72	(3,866,069)		
Change in net assets								
	Change in net assets	8,056,213	4,362,904	4,248,396	72	(555,159)		
	Net assets, July 1	324,634,173	200,450,327	122,616,267	813,829	753,750	[E]	
	Net assets, June 30	\$ 332,690,386	\$ 204,813,231	\$ 126,864,663	\$ 813,901	\$ 198,591	[C]	

SFY 2014 Footnotes to the Revenues, Expenses and Changes in Net Assets Reconciliation to the Audited CAFR

[A]DE MINIMIS VARIANCES	Variances due to timing between years, materiality differences, presentation, or rounding.										
[B]UNEARNED INTEREST	<p>The CAFR doesn't report unearned interest. This is a timing offset.</p> <p style="padding-left: 40px;">CWSRF Program records \$46.04 in unearned revenue.</p> <p style="padding-left: 40px;">DWSRF Program records \$5,869.51 in unearned revenue.</p>										
[C]LOSS ON UNCOLLECTABLE ACCOUNTS	Loss on Uncollectable Accounts are not reported on the CAFR until Collections are exhausted.										
[D]PRESENTATION DIFFERENCES	<p>The CAFR presents these categories as operating revenues and expenses.</p> <p>The Programs considers these categories as non-operating revenues and expenses.</p> <table border="0" style="margin-left: 40px;"> <tr> <td style="padding-right: 20px;">Federal Grants-Operating</td> <td style="text-align: right;">6,446,393</td> </tr> <tr> <td style="padding-right: 20px;">Interest on Bonds Payable-Operating</td> <td style="text-align: right;">(2,388,311)</td> </tr> <tr> <td style="padding-right: 20px;">Federal Grants-Nonoperating</td> <td style="text-align: right;">(6,446,392)</td> </tr> <tr> <td style="padding-right: 20px;">Interest on Bonds Payable-nonoperating</td> <td style="text-align: right;">2,388,312</td> </tr> <tr> <td style="padding-right: 20px;">Overall Variance</td> <td style="text-align: right; border-top: 1px solid black;">2</td> </tr> </table>	Federal Grants-Operating	6,446,393	Interest on Bonds Payable-Operating	(2,388,311)	Federal Grants-Nonoperating	(6,446,392)	Interest on Bonds Payable-nonoperating	2,388,312	Overall Variance	2
Federal Grants-Operating	6,446,393										
Interest on Bonds Payable-Operating	(2,388,311)										
Federal Grants-Nonoperating	(6,446,392)										
Interest on Bonds Payable-nonoperating	2,388,312										
Overall Variance	2										
[E]BOND ISSUANCE COSTS	<p>The CAFR expensed cost of issuance of bonds per GASB 65 in the SFY14 Statement.</p> <p>The Programs restated Net Assets as of June 30, 2014 to reflect the GASB 65 change.</p> <table border="0" style="margin-left: 40px;"> <tr> <td style="padding-right: 20px;">Bond Issuance Costs Variance</td> <td style="text-align: right;">(753,750)</td> </tr> <tr> <td style="padding-right: 20px;">Net Assets Variance</td> <td style="text-align: right; border-top: 1px solid black;">753,750</td> </tr> <tr> <td style="padding-right: 20px;">Remaining Variance</td> <td style="text-align: right; border-top: 1px solid black;">-</td> </tr> </table>	Bond Issuance Costs Variance	(753,750)	Net Assets Variance	753,750	Remaining Variance	-				
Bond Issuance Costs Variance	(753,750)										
Net Assets Variance	753,750										
Remaining Variance	-										

SFY 2014 Cash Flows Reconciliation to the Audited CAFR

		2014						
CAFR Descriptions	Program Descriptions	CAFR Enterprise Water Projects Loans	NV Clean Water SRF Program	NV Drinking Water SRF Program	Brownfields	Variance to CAFR, as presented	Note	
Cash flows from operating activities								
Receipts from customers	Receipt of service fees	123,751	123,750	-		1	[A]	
Receipts of principal on loans/notes	Receipts of principal on loans	\$ 23,877,618	\$ 16,052,200	\$ 7,825,418		-		
Receipts of interest on loans/notes	Receipts of interest on loans	8,966,028	5,888,728	3,077,300		-		
Receipts from federal government	Receipts from federal government	8,550,689	175,208	1,936,792		6,438,689	[B]	
Payments to suppliers, other governments and beneficiaries	Disbursements of forgiven principal	(4,156,445)	(277,679)	(3,461,958)		28,901	[C]	
	Disbursements for bond administration			(87,715)				
	Disbursements for technical assistance							
	Disbursements for operations		(55,840)	(417,955)				
Payments for interfund services	Disbursements for operations	(115,801)						
Payments to employees	Disbursements to employees	(353,316)	(124,693)	(228,623)		-		
Purchase of loans and notes	Disbursements to sub-recipients	(5,215,585)	(364,527)	(4,851,058)		-		
Net cash provided by operating activities		31,676,939	21,417,147	3,792,201	-	6,467,591	[B]	
Cash flows from non-capital financing activities								
Grants from EPA	Federal grants for capitalization	-	626,027	5,812,662		(6,438,689)	[B]	
Proceeds from the sale of bonds	Proceeds from the sale of bonds	5,295,055	-	5,323,955		(28,900)	[C]	
Proceeds from the sale of bonds	Refunds from escrow for refunding bonds		1	-		(1)	[A]	
Payments on refunding bonds	Disbursements on refunding bonds	(2,227,419)	-	(2,227,419)		-		
Principal paid on noncapital debt	Disbursements for bond principal	(10,535,000)	(8,075,000)	(2,460,000)		-		
Interest paid on noncapital debt	Disbursements for bond interest	(3,077,585)	(2,328,643)	(748,943)		1	[A]	
Transfers and advances to other funds	Disbursements for state program management	(1,422,192)	-	(1,422,192)		-		
	Disbursements for technical assistance		-					
Net cash provided by non-capital financing activities		(11,967,141)	(9,777,615)	4,278,063	-	(6,467,589)	[B]	
Cash flows from capital and related financing activities								
Proceeds from sale of capital assets	Proceeds from sale of assets	-	-	-		-		
Purchase of capital assets	Disbursements to purchase assets	-	-	-		-		
Principal paid on capital debt	Disbursements for principal on assets	-	-	-		-		
Interest paid on capital debt	Disbursements for interest on assets	-	-	-		-		
Net cash provided by capital and related financing activities		-	-	-	-	-		
Cash flows from investing activities								
Proceeds from the sale of investments	Proceeds from the sale of investments	-	-	-		-		
Purchase of investments	Disbursements for purchases	-	-	-		-		
Interest, dividends and gains (losses)	Interest, dividends, and gains (losses)	(440,319)	(255,966)	(184,095)	(255)	(3)	[A]	
Net cash provided by investing activities		(440,319)	(255,966)	(184,095)	(255)	(3)	[A]	
NET INCREASE (DECREASE) IN CASH		19,269,479	11,383,566	7,886,169	(255)	(1)	[A]	
CASH AND CASH EQUIVALENTS, JULY 1		82,375,176	49,588,362	31,972,985	813,829	-		
CASH AND CASH EQUIVALENTS, JUNE 30		101,644,655	60,971,928	39,859,154	813,574	(1)	[A]	

ATTACHMENT 3

Project Evaluation Review



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION IX

**75 Hawthorne Street
San Francisco, CA 94105-3901**

September 30, 2015

Daralyn Dobson, Administrative Services Officer
Bureau of Administrative Services
Nevada Department of Conservation and Natural Resources
Division of Environmental Protection
901 South Stewart Street, Suite 4001
Carson City, NV 89701

Dear Ms. Dobson:

Enclosed please find the EPA Region 9 Program Evaluation Report for the Nevada Clean Water and Drinking Water State Revolving Fund programs. This report was based on Nevada's CWSRF and DWSRF Annual Reports for fiscal year 2014, and a review conducted at your office the week of March 29, 2015.

The review found that the SRF programs are in compliance with the basic EPA grant requirements. The Nevada Division of Environmental Protection internal controls for State Revolving Fund (SRF) programs meet or exceed expectations. The Nevada CWSRF and DWSRF financial management system and procedures met applicable federal regulations. NDEP also completed the required financial and program reports. Thank you for the work you have done to maintain your financial systems.

Nevada should focus on the following actions in the coming year:

1. The State must meet EPA's goal to draw down all future grants within two years from the date of grant award. The State should continue to focus on the following ULO reduction techniques as described in the ULO reduction strategy in Appendix F
 - Focus on Ready-To-Proceed Projects
 - Develop a Robust List of Fundable Projects
 - Forecast Financing Capacity through Use of Cash Flow or Similar Analysis
 - Set Aside Accounts management
 - Draw down the Federal Fund and State Match First
 - Accelerate Federal Cash Draws through prompting Invoicing
2. The State must follow the set aside reporting requirements outlined in Appendix G.
3. By September 30, 2016, the State is expected to spend all set aside funding within a year of award (minus small acceptable buffer). The goal is for the State to only take set asides needed for that given year. We would also like the State to

consider the best practices / concepts expressed in Appendix H (ASDWA Recommended Best Practices to avoid Build-up of Set Aside ULOs).

4. The State must comply with the Water Resources Reform & Development Act of 2014 (WRRDA) changes to the CWSRF program. See attached guidance and crosswalk (Appendix I). The State should pay particular attention to equivalency and federal crosscutter rules.

EPA is looking forward to working with the State to implement the actions identified above and make further improvements to the program. If you have any comments or questions regarding the report, please contact me at 415-972-3420 or Eberhardt.doug@epa.gov. We appreciate the assistance received from all of your staff members during the on-site review.

Sincerely,



Douglas E. Eberhardt
Manager, Infrastructure Section

Enclosure: Program Evaluation Report

cc: Adele Basham, NDEP

ATTACHMENT 4

Capacity Development Report

2015 Annual Capacity Development Report to the US Environmental Protection Agency

**State Fiscal Year 2015
(July 1, 2014 – June 30, 2015)**



**State of Nevada
Division of Environmental Protection**

901 S. Stewart Street, STE 4001 ♦ Carson City, Nevada 89701
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September 2015

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Background

The Nevada Division of Environmental Protection (NDEP) implements the state's capacity development program (http://ndep.nv.gov/bffwp/dwsrf1_cap_dev.htm). The following annual capacity development implementation report describes the capacity development efforts conducted by the Office of Financial Assistance (OFA), Bureau of Safe Drinking Water (BSDW), Bureau of Water Pollution Control (BWPC), and technical assistance provider – Nevada Rural Water Association (NvRWA), from July 1, 2014 through June 30, 2015, in the administration of the Capacity Development Program.

The capacity development program is funded primarily with set-aside monies from the Drinking Water State Revolving Fund (DWSRF). In developing and implementing this program, the NDEP accomplished tasks in the following areas:

- ◆ New Systems Program Annual Reporting Criteria
- ◆ Existing System Strategy

A. New Systems Program Annual Reporting Criteria

1. *Has the State's legal authority (statutes/regulations) to implement the New Systems Program changed within the previous reporting year?*

Nevada's legal authority to implement the New Systems Program did not change during state fiscal year (SFY) 2015.

2. *Have there been any modifications to the State's control points?*

There have been no modifications to Nevada's control points during SFY 2015.

3. *List new systems (PWSID & Name) in the State within the past three years and their ETT scores.*

Figure 1 shows the new systems in the State within the past three years and their Enforcement Targeting Tool (ETT) scores.

ACTIVITY DATE	COUNTY	TYPE	PWS ID	PWS NAME	POPULATION	ETT SCORE
6/23/2015	PERSHING	NC	NV0001124	GOLD DIGGERS SALOON & GRUBB HOUSE	25	
5/7/2015	ELKO	NC	NV0002080	WILDHORSE RESORT	25	
2/13/2015	CLARK	NTNC	NV0001140	SLOAN ARMY RESERVE CENTER	348	
2/6/2015	CLARK	NTNC	NV0001139	TIMET CORPORATION	574	
11/21/2014	HUMBOLDT	NTNC	NV0002198	KINGS RIVER ELEMENTARY SCHOOL	27	
10/22/2014	CLARK	C	NV0000415	ELKHORN WELL ASSOCIATION	32	
9/9/2014	ELKO	NC	NV0004005	LDS LEE RECREATION CAMP	100	
9/1/2014	CLARK	NTNC	NV0001137	COSMOPOLITAN HOTEL	5534	
7/15/2014	CLARK	NTNC	NV0001141	WYNN RESORTS	9416	
7/1/2014	LYON	NC	NV0000881	GOLD CANYON CAFE	25	1
12/30/2013	NYE	NC	NV0003035	THE HUBB	25	
12/19/2013	NYE	NC	NV0000386	TOWER PIZZA	25	
11/7/2013	WASHOE	NC	NV0004065	WASHOE VALLEY MEETINGHOUSE FACILITY	108	51
10/17/2013	WASHOE	NTNC	NV0001132	RENO TECHNOLOGY PARK WATER	30	
9/17/2013	EUREKA	C	NV0000414	THE LODGE AT PINE VALLEY	320	
8/13/2013	WHITE PINE	NC	NV0001135	WHIPPLES COUNTRY STORE	25	
8/8/2013	LYON	NTNC	NV0001133	PUMPKIN HOLLOW SHAFT SITE	45	
8/5/2013	CLARK	NC	NV0001101	NDOT SEARCHLIGHT WELCOME CENTER	50	
8/5/2013	WHITE PINE	NC	NV0003046	WARD MOUNTAIN CAMPGROUND USFS	600	
7/23/2013	STOREY	NTNC	NV0000413	COMSTOCK MINING	45	3
6/26/2013	CLARK	NTNC	NV0001127	POLO TOWERS	2300	
6/12/2013	DOUGLAS	NC	NV0002041	BEST WESTERN TOPAZ LAKE INN	300	2
6/7/2013	MINERAL	NC	NV0001128	WILDKAT RANCH	25	
5/7/2013	DOUGLAS	NTNC	NV0002227	THE CLUB AT CLEAR CREEK TAHOE	25	
4/18/2013	NYE	NC	NV0002555	CHAMPIONS	25	
4/15/2013	ELKO	NC	NV0001092	RYNDON COUNTRY STORE LLC	25	
2/19/2013	LYON	NC	NV0004040	STAGECOACH MARKET	25	
2/6/2013	NYE	NTNC	NV0001122	ROUND MOUNTAIN GOLD HILL WATER	250	2
1/14/2013	PERSHING	NC	NV0001125	HUMBOLDT RIVER RANCH ASSOCIATION	150	
1/10/2013	ELKO	NTNC	NV0001126	WEST END WATER COOP ASSOC	25	2
12/6/2012	LYON	NC	NV0000341	CARMENS MEXICAN RESTAURANT	25	
11/8/2012	NYE	C	NV0002571	RANCHO VISTA 4	25	
10/3/2012	CLARK	NTNC	NV0001121	MGM GRAND HOTEL AND CASINO	7500	
9/10/2012	NYE	NC	NV0000829	SULLIVANS PUB	25	
8/16/2012	CLARK	NTNC	NV0001120	MIRAGE RESORT AND CASINO	4400	
8/8/2012	CLARK	NTNC	NV0001119	MANDALAY BAY RESORT AND CASINO	5549	
7/26/2012	CLARK	NTNC	NV0001118	MONTE CARLO RESORT AND CASINO	1980	
7/25/2012	CLARK	NTNC	NV0001117	BELLAGIO RESORT AND CASINO	8171	
7/3/2012	CLARK	NTNC	NV0001107	KAPEX WATER SYSTEM CITY OF NLV	25	
6/22/2012	CLARK	NTNC	NV0001114	EXCALIBUR RESORT AND CASINO	2607	
6/22/2012	CLARK	NTNC	NV0001113	CIRCUS CIRCUS CASINO	2668	
6/22/2012	CLARK	C	NV0001116	SIGNATURE TOWERS	516	
5/9/2012	CLARK	NTNC	NV0001111	LUXOR RESORT AND CASINO	3196	
5/9/2012	CLARK	NTNC	NV0001112	NEW YORK NEW YORK HOTEL AND CASINO	2000	
4/2/2012	CLARK	C	NV0001109	CITY CENTER RESIDENCES	808	
2/24/2012	WHITE PINE	NTNC	NV0000982	BALD MOUNTAIN MINE	110	

Figure 1. New water systems within Nevada in the last 3 years.

B. Existing System Strategy

1. In referencing the State's approved existing systems strategy, which programs, tools, and/or activities were used, and how did each assist existing PWS's in acquiring and maintaining TMF capacity? Discuss the target audience these activities have been directed towards.

Helping water systems develop and maintain capacity is the backbone of the Capacity Development Strategy. Many water systems throughout Nevada have increased their capacity through the technical assistance program. In SFY 2015, NDEP contracted with the NvRWA to provide technical assistance to small water systems. The technical assistance program provides “targeted” assistance by focusing on specific issues or problem areas. Specific assistance to small water systems is shown in Attachment 1. Some of the more recent program highlights are described below.

Compliance with the Safe Drinking Water Act

Our state capacity development coordinators and technical assistance providers work closely with state enforcement staff and review the ETT list provided each quarter to identify systems that lack TMF capacity and to determine steps to help the system return to compliance in a timely manner. With funding provided through the DWSRF small systems technical assistance contract, NvRWA focuses on systems with less than 11 threshold “points” to help keep them off the ETT list altogether. Through this process, Nevada has made significant progress in assisting water systems return to compliance.

There has been an emphasis on requesting technical assistance for public water systems with 6 - 10 points, and the number of systems with points in this range has decreased from 26 to 22 during SFY 2015. As shown in Figure 2 below, non-compliance continues to hit new lows throughout the year. The annual spike in systems that typically occurs in July was the lowest since inception of the ETT. For SFY 2015, the percent of community water systems in compliance with maximum contaminant levels (MCLs) was 91 percent, and the percent of population served by community water systems in compliance with MCLs was 99 percent.

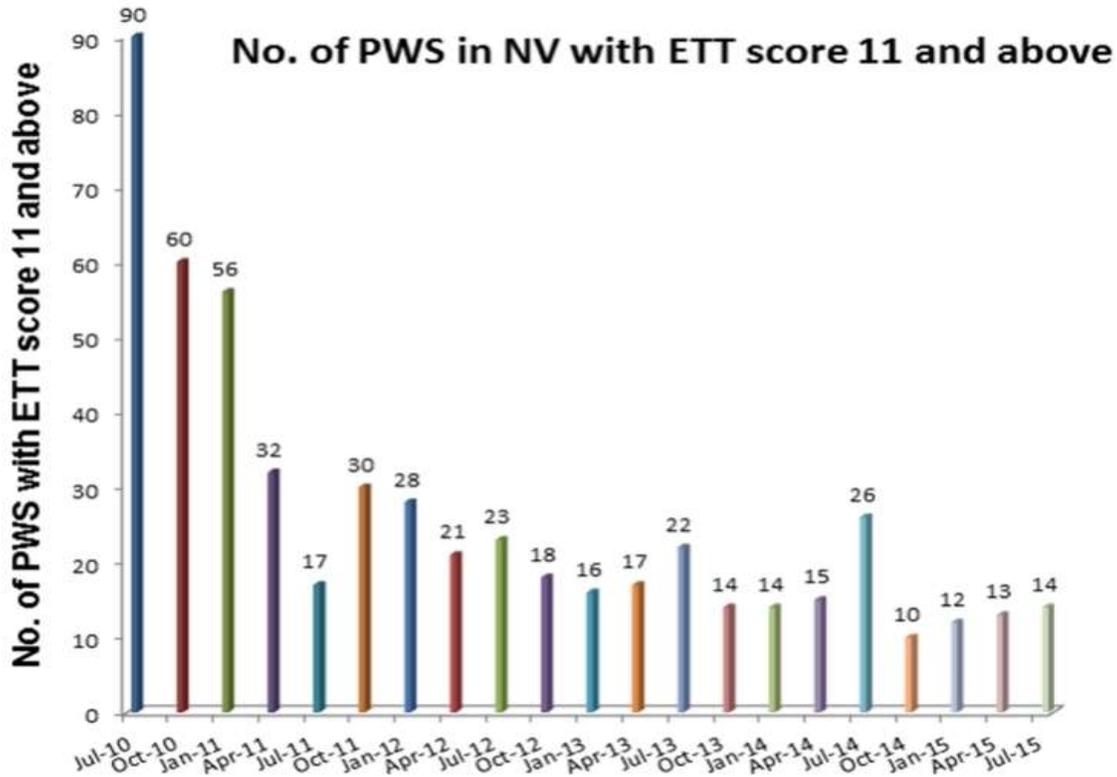


Figure 2. ETT Tracking Over Time

Capacity Assessments

Capacity assessments are useful tools for water systems to measure their strengths and identify weaknesses and are also useful tools for state staff and technical assistance providers to identify the most appropriate assistance for water systems. In addition, the DWSRF uses the capacity assessments as a tool in determining eligibility for loans. Six (6) assessments were conducted at the request of the DWSRF for potential new loan applicants.

Capacity assessments continue to show the following common deficiencies among small water systems:

- ◆ Limited maps and asset information for the water systems
- ◆ Lacking plans for Operation & Maintenance, Emergency Response, Cross Connection Control and Capital Improvement
- ◆ Issues with routine sampling & sampling plans
- ◆ Routine maintenance is lacking
- ◆ Under-staffed and under-funded operations

Nevada is making a special effort to assist systems with these common deficiencies while also continuing to provide assistance to systems for compliance issues, distribution and treatment training, and other TMF capacity development. More information along with our current capacity assessment form is available on our website at:

http://ndep.nv.gov/bffwp/dwsrf1_cap_dev.htm.

Cross-Connection Control, Emergency Restoration, & Operation/Maintenance

Public Drinking Water systems in Nevada are required to have site-specific plans approved by BSDW for cross-connection control, operations and maintenance, and restoration of services in an emergency. Water systems are also required to have a water conservation plan that must be updated every five years and be approved by the Nevada State Engineer's Office. In the past year NvRWA assisted twenty (20) small water systems with these plans. This was accomplished by working closely with system personnel so that they could gain working knowledge and ownership of their site-specific plans. Water loss auditing is an important component of conservation, and three (3) systems received hands-on assistance to identify leaks and training in the leak detection and water loss calculation.

Developing operation and maintenance plans and cross-connection control plans provides staff with an opportunity to systematically examine their customers' and their own facilities. Nationwide, cross-connections represent the single largest source of contamination of drinking water. The challenge is in moving from no program to a costly device installation and testing scenario, which by-and-large impacts businesses. Future efforts will continue to be multi-phased and include: updating plans, additional training for system staff and local governing boards, conducting public education, and finding community-appropriate ways to carry out implementation. DWSRF staff is looking at innovative loan solutions to ease the financial burden of implementation of cross-connection control devices.

Assistance with emergency response and restoration remains an important focus for the capacity development program. Emergency restoration plans provide a framework for dealing with emergencies. The planning exercise is valuable, in itself, as participants gain greater understanding of system vulnerabilities and develop action plans for dealing with unusual conditions. A greater understanding of system responsibilities under the Public Notification Rule is one outcome of this planning process. Testing the plans by conducting tabletop exercises is another way technical assistance providers increase water systems' preparedness.

Water System Mapping

Nevada recognizes that as operators retire, a wealth of system knowledge goes with them and may be, largely, undocumented. In addition, capacity assessments revealed that many water systems had limited mapping of their systems and assets. Maps are critical for basic operations and maintenance, cross-connection control, water conservation, and emergency response. Systems with the highest TMF capacity have digital utility maps, on-hand, of the entire service area that include the location of each water source, treatment facility, pumping station, reservoir, pressure zone, control and isolation valve, hydrant, and meter. Some of these also include future growth areas.

In order to take advantage of available information technologies and to capture and transfer institutional knowledge and outdated paper maps to electronic media, technical assistance is being provided to small water systems to create electronic system maps and asset databases. In the past year, NvRWA worked with thirteen (13) small water systems in an effort to assist

them in identifying their assets and getting them mapped, at no charge, as a part of the DWSRF technical assistance outreach.

Compliance Assistance & Other General Technical Assistance

During SFY 2015, NvRWA initiated an update of the small system operation and maintenance, emergency response and recovery, and cross-connection control template. The template was originally approved by the BSDW in 2007, and there was a need for updating. The revised document has been the subject of meetings between the NDEP and NvRWA and is expected to be in use during SFY 2016. All public water systems need these documents, and the template serves to expedite their development as well as provide the operators and managers with an in-depth study of their physical plant and operations. Using an approved template also expedites review and approval by the BSDW.

NvRWA assisted twelve (12) system operators to understand their sanitary survey results, write corrective action plans, and work to address deficiencies. Triggering this assistance were situations ranging from addressing an immediate coliform positive result, disinfection followed by sampling for coliform, lead and copper reporting, disinfection byproducts compliance, or development of standard operating procedures.

Assistance was provided to twenty-five (25) systems to deal with mechanical-electrical problems, water quality or monitoring issues, and general operations. Working closely with the staff at each system, NvRWA provided hands-on assistance or guidance with troubleshooting, made recommendations for repairs, and helped to identify parts, materials, or actions needed. By working alongside experienced technical assistance providers, system operators gained a deeper knowledge of troubleshooting techniques and of the equipment installed in their facilities, including where to obtain supplies. Where sanitary deficiencies or water quality/monitoring issues needed to be addressed, discussion during examination of the deficiency instilled greater understanding of the concept of sanitation for public health protection.

The success or failure of a water system often depends on the knowledge and experience of its board. The board, working through the operations staff, is ultimately responsible for ensuring that they distribute water that is safe to drink. In addition to the board, administrative staff directly interacts with and supports operations. Seven (7) systems received training and assistance at the board and administrative levels to enhance understanding of their roles in keeping small drinking water systems in compliance and financially viable.

BSDW and NvRWA staff actively worked with fifteen (15) Community and Non-Community water systems to develop or update Site Sampling Plans for compliance with the Revised Total Coliform Rule and the related Groundwater Rule and public notification requirements. Developing these plans requires educating the water systems on the nuances of the Revised Total Coliform Rule, identifying appropriate sample locations, establishing appropriate sampling schedules, and reviewing the plans once submitted. Working with the system personnel, NvRWA staff reviewed each system layout and walked them through identification of appropriate routine, routine follow-up, and groundwater rule compliance sample sites, then

assisted them with development of their own plan for submittal to the BSDW for review and approval. Expanded capacities among these system personnel include: competency about how the rule applies to their system; actions to take in case of positive coliform or E. coli results; timely interaction with the primacy agency; knowledge of the concepts of representative sampling; and the ability to modify their plans as their system grows in the future. With the development of these site sampling plans, the small systems have an additional tool at their disposal in the event of the presence of Total Coliform or E. coli bacteria in the water system or a water related emergency, including effective public notification language and methods.

NvRWA assisted systems to plan valve exercising programs and developed a template for a valve exercising plan. Regular valve exercising is the only way to ensure that valves will be functional when they are needed, and this is often under urgent circumstances. This aspect of maintenance management is needed at many small systems and it is anticipated that the availability of a template having a systematic approach to valve exercising will open operators and managers to implementing the practice.

Operator Training and Certification

Nevada currently has 582 public water systems. These systems include: 213 community water systems; 130 non-transient, non-community water systems; and 239 transient, non-community water systems. Nevada requires all community and non-transient, non-community public water systems to have certified operators; a total of 343 systems. Transient non-community water systems that use surface water or groundwater under the direct influence of surface water must also be operated by a certified operator. Compliance with the operator certification requirements for all water systems statewide is at 99.7 percent.

The NvRWA is instrumental in providing training to small, rural water systems. Considering all system types, 92 percent of water systems in Nevada serve between 25 and 3,300 people. With funding from the DWSRF technical assistance contract, NvRWA provides operator training using remote video-conferencing. This method of offering training has been very successful in part because it meets the needs of a very specific audience, the very small system operators (those that serve between 25-100 customers). The sessions are broadcast to sites all over the state and offer the advantage of being interactive training that is relevant and cost-effective; requiring minimal travel for the participants. In SFY 2015, NvRWA conducted 11 interactive videoconference trainings. These sessions provided a total of 33 hours of training to 493 participants representing 293 water systems. Sessions were broadcast monthly and included a wide array of topics (e.g., *Water Operator Principles - Distribution & Treatment, Practical Steps in Conducting Your Water Audit, Financial Accounting for Small Utilities, Basic Chemistry for Water Operators, and GIS for Rural Water Utilities*). A listing of the topics for SFY 2015 is included in Attachment 1.

In addition to the video-conferencing, NvRWA hosts an annual spring conference in Reno to provide training and general information to water system operators, managers, and board members. The class sessions and vendor displays at this conference give operators information on up-to-date equipment and methods in the industry and focused training in distribution and treatment systems. The conference also helps to prepare operators for certification testing.

The DWSRF technical assistance contract with NvRWA also provides scholarship money to operators to assure that they are able to attend the spring conference and gain the benefits of the certification training and testing. In order to help meet local small system needs, training for Backflow Assembly Tester certification has also been funded using this method.

NDEP has also funded the NvRWA to provide both group and individual operator training at the operator's water system. In seventy-six on-site sessions, NvRWA provided training to 321 operators, 46 managers, 16 administrative staff, and 40 board members representing a total of 218 water systems. Training topics are selected depending on system needs, and often topics are requested by system managers. These sessions are open to any interested individual, and staff from nearby systems often participate. Specific assistance to small water systems in SFY 2015 is shown in Attachment 1. This and other training has been instrumental in helping individuals become certified, including many who needed treatment operator certification as a result of arsenic treatment being implemented at their systems.

In SFY 2015, BSDW worked with the new EPA Small Systems technical assistance providers (Nevada Rural Water Association [NvRWA], Environmental Finance Center [EFC], the American Water Works Association [AWWA] California-Nevada Section, and the Rural Community Assistance Corporation [RCAC]) to bring additional, focused training into Nevada.

BSDW is working with the Department of Veterans Affairs (VA) to provide veterans and other eligible persons the valuable opportunity for reimbursement of certification exams. If approved, these operators will be able to receive testing fee reimbursement from the VA. Water Operator careers are a perfect fit for applying the skills learned from certain Military Operating Specialties (M.O.S.) to civilian jobs. Employing veterans in the role of water system treatment operators and water system distribution operators would provide the opportunity for veterans to continue their careers by being responsible for the operation and maintenance of the water systems that provide safe drinking water to citizens of the State of Nevada.

The Nevada Water and Wastewater Operators Forum (Forum) is hosted by the BSDW and supports the protection of human health and the environment through collaboration among water and wastewater system operators and the NDEP. The Forum provides a regular mechanism for communication among the regulated community of certified operators, the American Water Works Association, NDEP, the Nevada Water Environment Association, and others. BSDW hosts a webpage for the Forum at <http://ndep.nv.gov/dwo/index.html> and supports the administrative needs of the entity.

Integrated Source Water Protection/Wellhead Protection

Groundwater is the source of drinking water for approximately 90 percent of Nevada's public water systems. Nevada created the Wellhead Protection Program in 1994 to assist public water systems and local communities in protecting drinking water supplies from contamination. Since 2009, Nevada has updated and is implementing a multi-faceted Integrated Source Water Protection Program (ISWPP) to help communities coordinate countywide efforts to protect drinking water supply sources. It is Nevada's belief that effective source water protection must be developed and administered by the community in conjunction with local water suppliers. A

local plan should be a long-term commitment on the part of the community to protect its drinking water sources from becoming contaminated or polluted by various land use activities.

The BWPC administers the ISWPP, which provides assistance to communities in the development and implementation of Community Source Water Protection Plans (CSWPPs). Local CSWPPs are developed through a county-wide planning and coordination approach which provides a framework for all public water systems within a specific county to work together to examine shared water sources, evaluate community development impacts to those sources, and discuss how to collectively manage potential risks from a broader perspective.

In addition, the BSDW Vulnerability Assessment and waiver program shares information collected under those program efforts with the ISWPP to document Potential Contaminant Sources (PCS) for public water systems. The Vulnerability Assessment reports document PCS and rank them for potential to adversely impact a water supply source. Initial project implementation efforts were funded by the American Recovery and Reinvestment Act set-asides and continue with a combination of state and federal resources, including the Wellhead Protection DWSRF set-aside.

The ISWPP's multi-jurisdictional approach provides opportunities for public water systems ranging from very small taverns and mobile home parks to larger districts and municipalities in order to pool resources and promote community-wide awareness and implementation of the plan. This ultimately increases opportunities for small public water systems with limited resources and/or capacity to be included under a more comprehensive CSWPP and implementation effort.

The current ISWPP planning schedule and funding allocations allow every public water system in the State of Nevada an opportunity to participate in the planning process over the 12 to 15-year cycle. In addition, the program planning schedule goal is to provide assistance for up to three counties at a time; approximately two years of technical assistance is dedicated for each county to include team building, plan development and implementation, and promoting public acceptance of the plan.

Currently, 237 of the 582 public water systems in Nevada are covered under a source water or wellhead protection plan. Of those, 211 systems are covered under plans that significantly implemented one or more management strategies. Table 1 below lists countywide plan development and implementation projects since the program was updated in 2009.

Plan Approved	Participating Counties	Implementation Activities
2012	Douglas	Public education and outreach, GIS mapping, well abandonment, integration of Source Water Protection Plan into local master planning documents and development/planning tool development
2012	White Pine	Integration of Source Water Protection Plan into local master planning documents, public education and outreach
2012	Nye	Public education and outreach, GIS mapping, technical training, facilitate local agency coordination to facilitate source water protection activities
2014	Lyon	Local source water protection code development & updates, well abandonment
2014	Carson City	Public education and outreach, trail improvement project: Kings Canyon Trail and Waterfall, GIS mapping, multi-agency coordination to facilitate source water protection activities
In Progress	Churchill	TBD
In Progress	Humboldt	TBD

Table 1. Countywide plan development and implementation projects since 2009

For more information on Nevada’s ISWPP visit our website at:

<http://ndep.nv.gov/bwpc/sourcewater.htm>

Sustainable Infrastructure

Nevada’s capacity development efforts support the EPA’s sustainable infrastructure priorities:

- ◆ Better Management
- ◆ Full Cost Pricing
- ◆ Water & Energy Efficiency
- ◆ The Watershed Approach

Nevada has recognized that good management is critical to a well-functioning utility. Nevada offers technical assistance in the form of Board training to assist in better management. In terms of full cost pricing, Nevada’s technical assistance providers have completed a number of rate studies for water systems and presented the findings to the governing boards and the public. Being the driest state in the U.S., Nevada has long recognized the value of water. The Nevada Division of Water Resources requires that every water system submit a Water

Conservation Plan that includes measures to evaluate the effectiveness of the plan. Technical assistance providers have helped a number of communities prepare and update these plans. In addition to user-based conservation measures, systems are being educated to audit and chart the amounts of water produced and sold on a monthly basis. Boards are being informed to ask for this information each month. Once usage patterns are established, changes in use will prompt managers to implement leak detection studies. NvRWA trains water system staff on electronic and acoustic leak detection equipment specifically to enhance their technical capacity by being up-to-date on detection technologies, while also locating any leaks real-time. Control of leakage in water systems not only saves water but pumping costs and energy. Although the concept of “Watershed Approach” is more focused on management of pollution sources, Nevada’s Integrated Source Water Protection Program also fits into this concept.

Funding

The Drinking Water State Revolving Fund (DWSRF) provides low interest loans to both publicly and privately owned water utilities. As part of the DWSRF, Nevada has created a “disadvantaged community” program to address low income areas that have infrastructure deficiencies that pose a health threat. The Nevada Administrative Code defines a disadvantaged community as an area served by a public water system in which the average income per household is less than 80 percent of the median household income of the state. Starting in 2009, the federal appropriations for the DWSRF required that the state use a percentage of its grant to provide additional subsidy to eligible recipients in the form of forgiveness of principal, negative interest loans, or grants or any combination of these. Water systems that qualify for the disadvantaged program may be eligible for this additional subsidy. The additional subsidy requirements allowed resolution of many of the acute and chronic health risk needs. With the most serious health risks addressed, NDEP expanded subsidy eligibility criteria to include small system consolidation with larger systems. The subsidy program funded eight (8) projects totaling approximately \$2.3 million dollars in SFY 2015. The terms and amount of the additional subsidy are determined on a case by case basis based on the individual community’s financial situation.

In SFY 2015, the Nevada DWSRF made significant efforts to reach out to communities with high interest rate debt and offer refinancing at today’s lower interest rates. Projects interested in refinancing had to show that all proceeds were spent on the projects and all relevant federal crosscutting requirements were met. One (1) community was approved for \$13.8M in loan refinancing during SFY 2015. The savings realized through the refinancing helped to keep water rate increases to a minimum and allowed the system to start planning future debt for projects to sustain the system for the long term. Nevada’s Clean Water SRF had even more success in refinancing.

Nevada, as a whole, recognizes that the needs associated with infrastructure deficiencies are increasing while many federal and state funding resources are dwindling. Collaboration between the major funding agencies in the state was initiated in 2006. NDEP hosts a webpage for the joint funders group at <http://ndep.nv.gov/bffwp/nwwpa.htm>. This site offers a "pre-application" common to all of the funders that makes coordination and communication between the funding agencies and applicants simple and allows the funding agencies to suggest

funding solutions that are most appropriate for the communities while leveraging all of the funding available in the state. Along with participating in the annual funders' roundtable session, the Nevada DWSRF also co-sponsored a booth with the USDA at the March 2014 NvRWA Conference. These activities gave water systems the opportunity for more one-on-one time to discuss their system needs and potential funding packages. The SFY 2015 DWSRF/CWSRF program flyer is included as Attachment 2.

Challenges

Impact of the drinking water standard for arsenic on Nevada

In medical studies, arsenic ingestion has been linked to both cancerous and non-cancerous health effects. Arsenic was one of the first regulated drinking water contaminants. On December 24, 1975, under the authority of the Safe Drinking Water Act (SDWA) of 1974, the EPA issued a National Interim Primary Drinking Water Regulation for arsenic of 0.05 mg/L (50 ppb). On January 23, 2001, the arsenic MCL was lowered to 0.010 mg/L (10 ppb) and the standard became enforceable on January 23, 2006.

113 public water systems in Nevada, approximately 35 percent, were impacted by the new standard when compliance determinations were made in 2005. A few systems have since been added to the list based on more recent arsenic data or due to construction of new wells. The Safe Drinking Water Act and Nevada Administrative Code provided eligible systems exemptions to the standard when it changed; allowing them more time to comply. For some systems with small populations and low arsenic concentrations, final compliance deadlines were pushed back to January 23, 2015. All exemption requests were reviewed and approved by the State Environmental Commission.

As of August 2015, 100 affected water systems have met their compliance requirements through treatment or non-treatment solutions. Nine (9) systems in violation of the drinking water standard are working to achieve compliance under a BSDW enforcement approach. Approaches generally include an Administrative Order (unilateral in nature) or a mutually-negotiated Administrative Order on Consent. Both approaches outline a water system's compliance timeframes and place them on a path to compliance. The systems on the Arsenic Rule Compliance Status List, included as Attachment 3, either have an executed Order or are in the queue for establishing one.

The cost impact of the new arsenic standard has been significant. Many systems were not prepared financially or otherwise to meet their compliance deadlines. Funding for arsenic mitigation projects from the State of Nevada is approximately \$78.5M – with grant funding assistance to water systems from the State Capital Improvements Grant Program totaling approximately \$20M and funding from the Drinking Water State Revolving Loan Fund (both regular loans and principal forgiveness loans) totaling approximately \$58.5M to date. Systems also received funding for arsenic mitigation in the form of loans and grants from the US Department of Agriculture – Rural Development, Community Development Block Grants and the US Army Corps of Engineers. Systems faced many hurdles pertaining to regulatory requirements, exemption options and processes, compliance options, treatment options, cost impacts, funding options and strategic planning. Ongoing costs for operations and

maintenance vary widely depending on system size, treatment type, and chemical addition needed, and water usage.

In addition, the requirements for operator certification increased. Previously, systems that only consisted of water storage and distribution were not required to have a treatment-certified operator. Systems that now employ treatment must have a treatment-certified operator, and the more complex the treatment, the higher the certification level required. This, too, has increased the long-term costs of operation.

Drought

The summer of 2015 is revealing the effects of ongoing drought. A few communities are experiencing a drop in groundwater levels that are affecting operation of wells or flow from springs. Improving system capacity includes discussions related to predicting potential drought impacts and planning responses before the situation becomes critical.

In April 2015, Governor Brian Sandoval signed an Executive Order establishing the Nevada Drought Forum. “The Nevada Drought Forum will bring together some of the best minds in the water science, conservation, government and industry sectors to ensure that Nevada’s path forward is clear. The Forum will provide an opportunity for all Nevadans – urban and rural, north and south – to come together to help address this most critical challenge.”

The drought forum consists of members of local water municipalities, state government, higher education, and climate experts and is tasked with examining water policies currently in effect around the state and recommending any changes. Information and updates on the drought and activities related to the Forum are available at <http://drought.nv.gov/>.

Managerial Capacity

Despite the evolution and maturing of Nevada’s Capacity Development Program, the greatest areas of weakness in rural Nevada continue to be in managerial capacity. Managerial capacity is directly affected by the individual water system operators, managers and board members. Nevada has some very small water systems (31% of the community water systems in Nevada serve a population less than 100 people) and often there is not even one full time employee. Finding and retaining qualified and experienced water system operators, managers and board members is limited in rural areas and may be attributed to the following causes:

- ◆ Aging Workforce. There have been several published reports regarding the aging workforce in the water industry and the lack of qualified professionals to succeed those that are retiring. Attracting qualified individuals to very small, rural communities adds to the challenge.
- ◆ Salaries. Due to the competition in the marketplace, rural water systems typically do not offer enough money to attract experienced operators and managers. They will usually settle for someone less qualified that will work for a lower wage. This in turn affects the managerial capacity of the water system.

- ◆ Board Members without Utility Backgrounds. In rural communities, water systems are fortunate to find enough individuals to serve on a board. Many board members in rural areas lack a fundamental understanding of water system operations, finance, and management. This can be overcome where an experienced water system manager is in place, but when the manager is lacking experience, this situation can be problematic. Unfortunately, some boards tend to micro-manage water systems, and when they lack the appropriate background or experience this can lead to a serious decline in the capacity of a water system.

Water systems that are led by a capable, experienced manager, who are supported by a competent and progressive governing board, tend to have high capacity in all areas. On the other hand, water systems that are led by managers with little experience or technical ability who report to an unsupportive or uninformed board tend to struggle with capacity in many areas.

The Future

As the capacity development program grows and evolves, lessons learned have resulted in a program that continues to improve and better serve the needs of Nevada's water systems. From the beginning of the program, Nevada has maintained that the Capacity Development Strategy is a 'living' document and will be revised as needed. Although the Strategy document, itself, has not been revised, the method of implementation of the Strategy has evolved.

While all systems are unique, the vast majority of water systems in Nevada still need particular assistance with managerial and financial principles and planning. Full cost pricing is required in order for a water system to fully function as it should. Operation and maintenance activities, such as valve exercising and line flushing, are also important to extending the life of the infrastructure and maintaining high water quality.

Proper management of infrastructure assets is critical to sustainability. Although the concept of managing assets is relatively simple, many water utilities do not understand how to design and implement an effective asset management program. Managing a utility effectively requires a proactive approach to managing infrastructure assets. The primary objective of asset management is to manage system assets in a way that meets long-term service requirements reliably and cost-effectively. Future technical assistance efforts will include asset management training and assistance to:

- ◆ develop a record of their assets & create a tailored asset management plan
- ◆ perform all required maintenance tasks
- ◆ understand their financial situation and assure proper rates are in place to keep the water system sustainable and provide the level of service expected by customers

There are new requirements and issues that will challenge many Nevada water systems in the coming years. Among them are the Stage 2 Disinfectants and Disinfection Byproducts Rule, the Groundwater Rule, the Revised Total Coliform Rule, impacts caused by growing or declining populations, the need to conserve the State's precious water resources, and finding qualified

professionals in the water industry. The focus of technical assistance over the near term will be on the critical issues that are identified above.

- 2. Based on the existing system strategy, how has the State continued to identify systems in need of capacity development assistance?*

Compliance problems, sanitary survey deficiencies, requests for technical assistance, and capacity surveys are all used to identify systems in need of capacity development assistance.

- 3. During the reporting period, if statewide PWS capacity concerns or capacity development needs (TMF) have been identified, what was the State's approach in offering and/or providing assistance?*

Technical assistance has been offered both by state staff and through third party contractors (see technical assistance section above).

- 4. If the State performed a review of implementation of the existing systems strategy during the previous year, discuss the review and how findings have been or may be addressed.*

Nevada evaluates the effectiveness of the existing systems strategy on an ongoing basis and adjusts the program when needed improvements are identified.

- 5. Did the State make any modifications to the existing system strategy?*

No changes to Nevada's Capacity Strategy were made during SFY 2015.

**ATTACHMENT 1 –Technical Assistance to Small Systems
Provided by Nevada Rural Water Association**

Technical Assistance provided by Nevada Rural Water Association (Components A & B)

The following list identifies the initiation of technical assistance. Completion of assistance may take longer than one quarter.

Water System Name	Description of Assistance
Jul-Sep 2014	
1 Canyon GID (NV0005056)	Assisted with sampling procedures & requirements, provided direction with pump contractor at Well 1
2 Constock Mining (NV0000413)	Assisted with plan of action to address sanitary survey significant deficiencies
3 Hawthorne Utilities (NV0000073)	Reviewed water quality sampling requirements with utility manager
4 Imlay Water System (NV0000226)	Reviewed water quality sampling & operator certification requirements with new operator
5 Riverside Resort (NV0001042)	Reviewed anomalous arsenic results & subsequent follow-up results
6 Rye Patch Travel Center (NV0002222)	Assisted with system disinfection & testing after positive TC & Boil Water Notice
7 Schurz Elementary School (NV0000897)	Assisted with actions to address sanitary survey significant deficiencies
8 Hillcrest Manor (NV0000145)	Reviewed O&M manual for necessary updates
9 Lovelock Meadows Water District (NV0000161)	Reviewed existing CCCC & implementation progress
10 Riverbelle MHP (NV0000244)	Assisted with updates to Water Conservation Plan
11 Dutchman Acres (NV0000909)	Reviewed needed modifications to plans per PUC
12 Humboldt River Ranch Assoc (NV0001125)	Conducted TMF capacity survey
13 Lovelock Meadows Water District (NV0000161)	Reviewed meter testing with operators after customer complaints
14 Mt Rose Bowl HOA (NV0000732)	Conducted TMF capacity survey
15 Oroveda GID (NV0003032)	Review ETT & water system in general with Board member
16 Round Mountain (NV0004047)	Review of Cle-Val operations & free Cl in system
17 Shoshone Estates (NV0005028)	Assisted with system controls - repair & settings
18 Silver Springs Mutual Water Co (NV0000223)	Reviewing progress on Deodar Well rehabilitation with operator
19 Steamboat Springs (NV0000282)	Assisted with system mapping, wellhead protection plan, & hydraulic modeling
20 Tonopah Public Utilities (NV0000237)	Demonstrated the use of ArcGIS online
21 Walker Lake GID (NV0000268)	Assisted with identifying water leak; reviewed status of production wells with new manager
22 Weed Heights (NV0000242)	Assisted operator in finding correct pump packing & seals
23 West Wendover (NV0000248)	Assisted with conversion of system CAD maps to GIS base
24 Winnemucca Farms (NV0002098)	Assisted with chlorine pump issues
25 Winnemucca Farms (NV0002098)	Assisted GID with Davis-Bacon certified payroll
26 Winnemucca Farms (NV0002098)	Training: D1 Operator Certification (3 people, 1 system, 5 hours)
27 Canyon GID (NV0005056)	Training: D1 Operator Certification (2 people, 1 system, 6 hours)
28 Imlay Water System (NV0000226)	Assisted with troubleshooting water quality issue after well rehabilitation
29 R&M Mobile Home Park (NV0000054)	Assisted with updates to the TCR SSP
30 Rye Patch Travel Center (NV0002222)	Assisting with basic O&M, ERP & CCCC & finding information to replace or reactivate the treatment (Fe & Mn?) system
31 Rye Patch Travel Center (NV0002222)	Training: Taking TC+ bacteriological samples & completing chain-of-custody paperwork for lab 1 person, 1 system, 1 1/4 hours
32 Rye Patch Travel Center (NV0002222)	Assisted with O&M plan; reviewed issue with leak in fire line
33 Topaz Ranch Estates GID (NV0000239)	Conducted IDC for new operators
34 Rye Patch Travel Center (NV0002222)	Assisted with O&M, ERP, & CCCC
35 Beauty Water & Sanitation Dist (NV0000009)	Reviewed failure of EW-4 pump
36 Lahontan Dam State Park (NV0002028)	Assisted with requirements for hauling water after spring source dried up
37 Silver Knolls HOA (NV0004021)	Reviewed arsenic treatment plans & provided input
38 Steamboat Springs (NV0000282)	Conducted TMF capacity survey
39 Steamboat Springs (NV0000282)	Reviewed issues with isolation valve project & need for valve exercising program
40 Tonopah Public Utilities (NV0000237)	Assisted with asset layer creation (e.g., hydrants)
41 Town of Minden (NV0000168)	Assisted with Fe bacteria issue & information for the Town
42 Walker Lake GID (NV0000268)	Provided direction in use of Alcrete as a patch to seal cracks in pedestals

Technical Assistance provided by Nevada Rural Water Association (Components A & B)

The following list identifies the initiation of technical assistance. Completion of assistance may take longer than one quarter.

<u>Water System Name</u>	<u>Description of Assistance</u>
Jul-Sep 2014	
31 Yerington (NV0000255)	Provided overview of ArcGIS online & assisted water system in developing shapefile layers to capture asset information
Winnemucca Farms (NV0002098)	Training: D1 Operator Certification (3 people, 1 system, 5 hours)
Winnemucca Farms (NV0002098)	Training: D1/D2 Operator Certification (3 people, 1 system, 5 hours)
Yerington (NV0000255)	Reviewed EPA regulations on water treatment plant operations with system personnel
32 Hollyhock Skate (NV0002586)	Assisted with disinfection of well & required sampling after TC+; review of proper sampling procedures with operator
Imlay Water System (NV0000226)	Assisted with troubleshooting of hypochlorinator after drop in system free chlorine
33 Midas Water Coop (NV00003071)	Assisted with disinfection of well & required sampling after TC+, updated O&M manual with proper flushing & chlorinating, assisted with sanitary survey corrective action plan
Schurz Elementary School (NV0000897)	Assisted with update of TCR SSP & selecting an appropriate sampling site for the Lead & Copper Rule
Walker Lake GID (NV0000268)	Reviewed requirements for backflow & system valve operations with system operator;
Winnemucca Farms (NV0002098)	Assisted with corrective actions after system turned on an unapproved well
34 Caliente Public Utilities (NV0000013)	Conducted TMF capacity survey
Canyon GID (NV00005056)	Provided direction with operations of Well 1 & WTP 1 after pump repairs
Yerington (NV0000255)	Reviewed treatment plant operation, treatment math & reporting of free chlorine residual with operator
35 Goldfield Town Water (NV00000072)	Assisted with setup of ArcGIS online & arranging/creating data file
36 Indian Springs (NV0000082)	Reviewed water system layout & assisted with GIS data preparation from CAD information
37 Jarbidge Water System (NV00002070)	Assisted with GPSing of assets in the field & GIS data preparation from CAD information
38 Montello Water System (NV0000169)	Participated in sanitary survey with Washoe Co, PUC & owner
39 Rosemount Water Company (NV00000767)	Provided valve exercising program materials
Steamboat Springs (NV0000282)	Assisted with watershed delineation & mapping
40 Tuscarora Water System (NV0000189)	Participated in site visit to review service area, system conditions, water quality issues & customer complaints with PUC
41 Verdi Meadows Utility Company (NV0000196)	Conducted TMF capacity survey
Virgin Valley Water District (NV0000167)	Assisted in GPSing water system assets for electronic map layers
West Wendover (NV0000246)	Training: D3 Operator Certification (2 people, 1 system, 8 hours)
42 Fernley Public Works (NV0000062)	Training: D3 Operator Certification (3 people, 2 systems, 8 hours)
Fernley Public Works (NV0000062)	Training: Compiled a list of expected management reports for the Town Board (1 person, 1 system, 2 hours)
Tonopah Public Utilities (NV0000237)	Training: Conducted training at the Fernley WTP for a Yerington operator (1 person, 1 system, 8 hours)
Yerington (NV0000255)	Training: D1 Operator Certification (2 people, 1 system, 8 hours)
Winnemucca Farms (NV00002098)	Training: D1 Operator Certification (4 people, 1 system, 8 hours)
Winnemucca Farms (NV0002098)	Training: D1 Operator Certification (4 people, 2 systems, 8 hours)
Winnemucca Farms (NV0002098)	Training: T3/T4 Operator Certification (7 people, 2 systems, 8 hours)
43 Washoe County (NV00002525)	Training: T3/T4 Operator Certification (15 people, 3 systems, 6 hours)
Washoe County (NV00002525)	
Oct-Dec 2014	
44 Tolas Waterworks Coop (NV00000055)	Pre-sanitary survey preparation with operator
45 Wildes Manor (NV0000058)	Assisted with review of blockage & bypass hoses in distribution system
Silver Springs Mutual Water Co (NV00000223)	Provided direction with water quality/bacteriological sampling & well disinfection
46 Topaz Ranch Estates GID (NV0000239)	Provided review & direction with the water quality results for D/DBP
47 Wells Municipal Water Dept (NV00000246)	Assisted with disinfection of Well 6 after TC+ results
48 Buckboard General Store (NV00000389)	Reviewed system & sanitary survey with operator
49 Laferme Restaurant (NV00002053)	Assisted with SOPs & proper sampling procedures after TC+; reviewed sanitary survey & assisted with response letter

Technical Assistance provided by Nevada Rural Water Association (Components A & B)

The following list identifies the initiation of technical assistance. Completion of assistance may take longer than one quarter.

Water System Name	Description of Assistance
Oct-Dec 2014	
50 Winnemucca Farms (NV0002098)	Assisted with disinfection of Well 2 & reviewed flushing/dechlorination procedures
51 Camp Galilee (NV0004033)	Assisted with possible contamination of a cistern by providing hands-on training in bacteriological sampling
HeyDay Inn (NV0004037)	Assisted with the preparation of and need for a ERP/O&M manual/CCCP required after recent sanitary survey
Shoshone Estates (NV0005028)	Provided input on POU customer entry agreements
52 Buckboard General Store (NV0000389)	Assisted with the preparation of a ERP/O&M manual/CCCP for the system
Lovelock Meadows Water District (NV0000161)	Provided direction with a 2-inch commercial service line installation complete with backflow prevention valve & meter
53 Montello Water System (NV0000169)	Assisted with more asset GPSing & enhanced layers with linked photos
West Wendover (NV0000246)	Updates to water maps & enhanced GIS layers with linked photos
Walker Lake GID (NV0000268)	Assisted with backflow preventer & issues with constant pressure pump for Zone 3
Florida Canyon Mining Inc (NV0000864)	Reviewed proper installation of backflow preventer on boiler & provided information on bacteriological sampling procedures
54 Kings River Elementary - Humboldt (NV0002198)	Assisting with necessary compliance documents and procedures for this new 'found' system
Wildes Manor (NV0000558)	Assisted with: revisions to the TCR SSP due to loss of sample site, free chlorine residual sampling, and bact testing
Laferme Restaurant (NV0002053)	Assisted with TCRP
Steamboat Springs (NV0000282)	Assisted with valve exercising plan
55 Oasis Springs (NV0000921)	Assisted with questions on water conservation plan
Canyon GID (NV0005056)	Assisted with recalculations for the hypochlorinators
Goldfield Town Water (NV0000072)	Assisted with updates to the drinking water system maps
Silver Springs Mutual Water Co (NV0000223)	Follow-up on construction progress of new storage tank and plans to restart the rehabilitated Decodar Well
Weed Heights (NV0000242)	Follow-up on WTP repairs and assisted with sampling problems
Yerington (NV0000255)	Assisted with processing of data & images for Yerington's GIS system
Town of Minden (NV0000168)	Presented information on iron bacteria to Board
56 Riverside Resort (NV0001042)	Training: Interpreting lab results (1 person, 1 system, 3/4 hr)
Silver Knolls HOA (NV0004021)	Training: Board Training (5 people, 1 system, 2 hrs)
Silver Knolls HOA (NV0004021)	Training: Board Training (4 people, 1 system, 2.5 hrs)
Silver Knolls HOA (NV0004021)	Training: Board Training (1 person, 1 system, 2 hrs)
Sierra Estates GID (NV0000030)	Training: Meter Issues; Uranium Mitigation (1 person, 1 system, 3/4 hr)
57 Kings River Elementary - Humboldt (NV0002198)	Assisted with O&M, ERP, CCCP, & TCR SSP
Steamboat Springs (NV0000282)	Collecting, reviewing & analyzing customer usage data/patterns
Town of Minden (NV0000168)	Assisted with iron bacteria treatment processes & information
Verdi Meadows Utility Company (NV0000196)	Assisted with O&M, ERP & CCCP, & TCR SSP
Canyon GID (NV0005056)	Training: Sampling (1 person, 1 system, 2 hours)
Wells Municipal Water Dept (NV0000245)	Training: Well 6 water quality sampling (1 person, 1 system, 1 hour)
58 Hawthorne Utilities (NV0000073)	Training: Free chlorine residuals in system (1 person, 1 system, 2 hours)
Kenshaw Ryan State Park (NV0002121)	Training: Issues with continuing bacteriological issues (1 person, 1 system, 1 hour)
Wells Municipal Water Dept (NV0000245)	Assisted with review of engineering proposals for design of fulltime disinfection of system wells
Rye Patch Travel Center (NV0002222)	Training: Water quality sampling for chemical & bacteriological requirements (1 person, 1 system, 1 hour)
Silver Knolls HOA (NV0004021)	Training: Board Training on budgeting (5 people, 1 system, 2 hrs)
Wells Municipal Water Dept (NV0000245)	Assisted with hypochlorite pump sizing & review of removal of reverse ratchet on motor at Well 6
City of Fallon (NV0000045)	Training: D2 Operator Certification (8 people, 3 system, 4 hours)
Gerlach GID (NV0000071)	Provided information on rate modification public notice requirements

Technical Assistance provided by Nevada Rural Water Association (Components A & B)

The following list identifies the initiation of technical assistance. Completion of assistance may take longer than one quarter.

<u>Water System Name</u>	<u>Description of Assistance</u>
Oct-Dec 2014	
59 Wildes Manor (NV0000058)	Training: D1 Operator Certification (1 person, 1 system, 2 hours)
Roark Estates Water Association (NV00000319)	Assisted in review of the preliminary engineering report for arsenic mitigation
Imlay Water System (NV00002226)	Assisted with issues with residential water meters
Lovelock Meadows Water District (NV0000161)	Training: D3 Operator Certification (1 person, 1 system, 1 hour)
Rye Patch Travel Center (NV0002222)	Training: Water quality sampling for chemical & bacteriological requirements (1 person, 1 system, 1 hour)
Wells Municipal Water Dept (NV0000245)	Training: Disinfection & surging Well 6 (1 person, 1 system, 8 hour)
Roark Estates Water Association (NV0000319)	Provided information on POU agreement form
Roark Estates Water Department (NV0000038)	Discussions with staff & BSDW on implementation of CCCP
Ely Municipal Water District (NV0000161)	Provided instruction on LMI hypochlorinator calculations for pump output
Canyon GID (NV0005056)	Provided instruction on end of year reports
Silver Springs Mutual Water Co (NV00000223)	Provided instruction on storage tank paint curing & VOC/bacteriological sampling
60 Stagecoach GID (NV0000224)	Provided instruction with seal replacement on booster pump motor
Silver Knolls HOA (NV0004021)	Reviewed financial statements to assist in budget training
Jan-Mar 2015	
62 Lone Mountain Station (NV0004086)	Assisted with O&M, ERP, & CCCP
Rye Patch Travel Center (NV0002222)	Training: Water quality sampling for chemical & bacteriological requirements (1 person, 1 system, 1 hour)
Silver Knolls HOA (NV0004021)	Assisted with O&M & TCR SSP
Silver Springs Mutual Water Co (NV00000223)	Assisted with 2015 CCR
Tolas Waterworks Coop (NV0000055)	Reviewed updates to O&M manual after treatment plant modifications
Silver Springs Mutual Water Co (NV00000223)	Assisted with ERP & CCCP (including backflow test forms & notification letters)
Dutchman Acres (NV0000809)	Conducted SRF capacity survey
Dutchman Acres (NV0000809)	Assisted in the creation of a wellhead protection plan
Lovelock Meadows Water District (NV0000161)	Conducted SRF capacity survey
Moapa Valley Water District (NV0000160)	Assisted with updates to GIS system and information database
Riverside Resort (NV0001042)	Assisted with well disinfection protocol
63 Roark Estates Water Association (NV00000319)	Assisted with Board & public workshop on arsenic mitigation
Tuscarora Water System (NV0000189)	Research & location of old mining tunnels that might pose a risk to public health & water system infrastructure - adding to the systemwide GIS map
Virgin Valley Water District (NV0000167)	Assisted operator with entering new asset points into GIS system
Walker Lake GID (NV0000268)	Assisted with problems with Zone 3 pump controller
Ely Municipal Water Department (NV0000038)	Training: Cross-connection control program management (2 people, 1 system, 6 hrs)
Ely Municipal Water Department (NV0000038)	Assisted with cross-connection inspections & reporting
Wells Municipal Water Dept (NV0000245)	Assisted with course of action & training on disinfection & water quality testing of Well 6
Comstock Mining (NV00000413)	Assisted with water hauling permit & system sampling
Genlach GID (NV0000071)	Assisted with review of budget, water rates, & projected water loss revenue
Lovelock Meadows Water District (NV0000161)	Conducted tours/training for the Lovelock Meadows operators at the Fernley & Silver Springs treatment plan
Schurz Elementary School (NV0000897)	Provided direction for distribution/treatment study for operator's exams
Silver Knolls HOA (NV0004021)	Assisted with budget & water rates training
64 Tonopah Public Utilities (NV0000237)	Training: D2 Operator Certification (2 people, 1 system, 8 hours)

Technical Assistance provided by Nevada Rural Water Association (Components A & B)

The following list identifies the initiation of technical assistance. Completion of assistance may take longer than one quarter.

Water System Name	Description of Assistance
Jan-Mar 2015	
64	<p>Topopah Public Utilities (NV0000237) Training: D2 Operator Certification (2 people, 1 system, 8 hours) Training: Shock chlorination & residual testing (9 people, 9 systems, 4 hours) Assisted operator with system electrical questions</p>
65	<p>Wildes Manor (NV0000058) Attended board meeting to present information about GIS mapping of the water system</p> <p>Lander Co Water & Sewer Dist 2 (NV00000006) Reviewed potential updates to O&M, ERP, CCCP, & TCR SSP</p> <p>Steamboat Springs (NV0000282) Training: D1/D2/T1 Operator Certification (4 people, 2 systems, 8 hours)</p> <p>Indian Hills GID (NV00000355) Training: D2 Operator Certification (3 people, 2 systems, 8 hours)</p> <p>Yerington (NV0000255) Training: D2 Operator Certification (1 person, 1 system, 8 hours)</p> <p>Fernley Public Works (NV0000062) Training: D3/T3/T4 Operator Certification (5 people, 1 system, 8 hours)</p> <p>Fernley Public Works (NV0000062) Training: D3/T3/T4 Operator Certification (5 people, 1 system, 8 hours)</p> <p>Schurz Elementary School (NV0000897) Training: D1/T1 Operator Certification (2 people, 1 system, 8 hours)</p> <p>Schurz Elementary School (NV0000897) Training: At Fernley WTP for treatment exam (2 people, 1 system, 8 hours)</p> <p>66 Truckee Meadows Water Authority (NV0000190) Training: D1/D2 Operator Certification (11 people, 1 system, 8 hours)</p> <p>Truckee Meadows Water Authority (NV0000190) Training: D3/D4 Operator Certification (14 people, 1 system, 8 hours)</p> <p>Walker Lake GID (NV0000268) Provided information on water rights questions & assisted with ERP update</p> <p>Walker Lake GID (NV0000268) Reviewed issues with existing Mallet Well & possibility of new production well</p> <p>Canyon GID (NV00005056) Assembled system data & created an ArcGIS online account & webmap; trained personnel in accessing information</p> <p>67 McGill Water & Sewer District (NV0000163) Assisted with the digitizing of the water distribution system for use with ArcGIS online</p> <p>Moapa Valley Water District (NV0000160) Assisted system with a restoration of GIS maps after the installation of a new server</p> <p>Vardi Meadows Utility Company (NV0000196) Installed new maps to system's computer & instructed operator in the use of the ArcGIS online system</p> <p>Yerington (NV0000255) Assisted with data layer creation for ArcGIS online account</p> <p>Multiple - NVRWA Conference Training: Asset Management (11 people, 8 systems, 1 hour)</p> <p>Multiple - NVRWA Conference Training: Valve Exercising (35 people, 23 systems, 1.75 hours)</p> <p>Multiple - NVRWA Conference Training: D3/D4 Operator Certification (24 people, 16 systems, 3 hours)</p> <p>Multiple - NVRWA Conference Training: D1/D2 Operator Certification (48 people, 28 systems, 3 hours)</p> <p>Multiple - NVRWA Conference Training: D1/D2 Operator Certification (4 people, 1 system, 2 hours)</p> <p>Multiple - NVRWA Conference Training: Mapping Guidelines (15 people, 10 systems, 1 hour)</p> <p>Multiple - NVRWA Conference Training: ArcGIS Online (18 people, 14 systems, 1 hour)</p> <p>Gerlach GID (NV0000071) Training: Policies & Procedures: Open Meeting Law, Agenda Structure (1 person, 1 system, 4 hours)</p> <p>Gerlach GID (NV0000071) Training: Open Meeting Law (2 people, 1 system, 1 hour)</p> <p>Gerlach GID (NV0000071) Training: Policies & Procedures (4 people, 1 system, 1.5 hours)</p> <p>68 Kennametal Inc (NV0002024) Assisted with sanitary survey issues regarding cross-connection control</p> <p>69 Old River Water Company (NV0000223) Assisted with issues of non-compliance with the arsenic rule</p> <p>Silver Springs Mutual Water Co (NV0000223) Conducted SRF capacity survey</p>
Apr-Jun 2015	
	<p>Indian Springs Water Co (NV0000082) Conducted SRF capacity survey</p> <p>Kings River Elementary - Humboldt (NV0002198) Assisted with corrective action plan response to sanitary survey</p> <p>Roark Estates Water Association (NV00000319) Conducted SRF capacity survey</p> <p>Spirit Mountain Utility (NV0000221) Conducted SRF capacity survey</p> <p>70 Dutchman Acres (NV00000809) Set up ArcGIS online account in preparation of onsite training</p>

Technical Assistance provided by Nevada Rural Water Association (Components A & B)

The following list identifies the initiation of technical assistance. Completion of assistance may take longer than one quarter.

<u>Water System Name</u>	<u>Description of Assistance</u>
Apr-Jun 2015	
Lander Co Water & Sewer Dist 2 (NV00000006)	Assisted system with mapping of water system assets
Spring Creek Utilities (NV00000036)	Assisted with organizing existing system GIS data, updating their version of ArcMap & preparing training materials
Tuscarora Water System (NV0000189)	Assisted system with mapping of water system assets & creating new map layers from georeferenced pdf documents
71 Gardnerville Ranchos GID (NV0000066)	Assisted in locating original water conservation plan so the system could make updates & submit to DWR
Gerlach GID (NV0000071)	Assisted system personnel with certified payrols during construction
Kennametal Inc (NV0002024)	Assisted system with cross-connection control survey of facility
72 McDermit GID (NV0000162)	Reviewed & provided comments on new pumphouse plans
Roark Estates Water Association (NV0000319)	Provided input to system personnel on compliance response to BSDW
Silver Springs Mutual Water Co (NV0000223)	Assisted with valve exercising plan
Lahontan Dam State Park (NV0002028)	Assisted with installation of ArcMap & organized recently collected data
73 Stagecoach GID (NV0000224)	Demonstrated ArcGIS Online
74 Ace Apartments (NV0000702)	Assisted with TCR SSP
Alamo Sewer & Water GID (NV0000005)	Conducted SRF capacity survey; assisted with understanding of ETT score
Beatty Water & Sanitation Dist (NV0000009)	Conducted SRF capacity survey
75 Berlin Ichthyosaur State Park (NV0002151)	Provided leak detection equipment & assisted with finding water main leak
Canyon GID (NV0000506)	Assisted with CCR explanation of high arsenic results
Comstock Mining (NV0000413)	Training: D1 Operator Certification (9 people, 5 systems, 4 hours)
76 Dutch Wife Motel (NV0000721)	Assisted with TCR SSP
Gerlach GID (NV0000071)	Conducted SRF capacity survey
Gerlach GID (NV0000071)	Training: Open Meeting Law (1 person, 1 system, 3 hours)
Gerlach GID (NV0000071)	Reviewed GID's by-laws
77 Red Rock Canyon Visitors Center (NV0005011)	Training: D1/T1 Operator Certification (6 people, 3 systems, 6 hours)
Roark Estates Water Association (NV0000319)	Assisted with SRF loan application
Silver Springs Mutual Water Co (NV0000223)	Assisted with hydrant repair
78 Silver Spur Motel (NV0000798)	Assisted with TCR SSP
Stagecoach GID (NV0000224)	Assisted with additional data for CCR
Tolas Waterworks Coop (NV0000055)	Assisted with CCR & O&M manual
Weed Heights (NV0000242)	Assisted with O&M manual for water treatment plant
79 Whiskey Peles (NV0001073)	Assisted with tank chlorination calculations
80 Westerner Motel (NV0000781)	Assisted with TCR SSP
Winnemucca Farms (NV0002098)	Training: D1 Operator Certification (2 people, 1 system, 4 hours)

General Training provided by Nevada Rural Water Association (Component C)

<u>Course Title</u>	<u>Date</u>	<u>Contact Hours</u>	<u>Number of Participants</u>	<u>Number of Systems</u>	<u>Locations</u>
Updates on Ductile Iron Pipe	7/18/2014	3.00	31	15	Videokonference to multiple locations
Fire Hydrants: History, Operation, Maintenance & Security	8/15/2014	3.00	29	15	Videokonference to multiple locations
How to Avoid Becoming Uninsurable	9/12/2014	3.00	14	12	Videokonference to multiple locations
Applied Methods for Well Rehab, System Cleaning & Leak Detection	10/17/2014	3.00	73	45	Videokonference to multiple locations
Regulatory Matters - Revised Total Coliform Rule, Lead Free Re-defined & Other Topics	11/14/2014	3.00	89	50	Videokonference to multiple locations
Tapping Sleeves, Repair Couplings, Restraints, Fittings & Product Installation Techniques	12/12/2014	3.00	45	29	Videokonference to multiple locations
Gate Valves & Fire Hydrants - Applications, Operations & Maintenance	1/16/2015	3.00	34	17	Videokonference to multiple locations
Watersheds, Groundwater & Surface Water	2/20/2015	3.00	56	33	Videokonference to multiple locations
Backflow Specialist Refresher Training	4/17/2015	3.00	34	20	Videokonference to multiple locations
Water Rights & Water Quality	5/12/2015	3.00	40	23	Videokonference to multiple locations
Small System Compliance: Drinking Water Monitoring & Reporting	6/17/2015	3.00	48	31	Videokonference to multiple locations

ATTACHMENT 2 – SFY 2015 DWSRF/CWSRF Program Flyer



Office of Financial Assistance for Drinking Water and Clean Water Project Funding

Do you own or operate a public or private water system that needs funding to meet EPA standards, rehabilitate an aging system, or improve an existing system for efficiency and environmental changes?

For information:
775.687.9489



Mountain City pond rehabilitation

What cannot be funded by the Office?

- ◆ Construct or rehabilitate a dam
- ◆ Purchase water rights
- ◆ Construct or rehabilitate a reservoir except finished water reservoirs or those that are part of a treatment process
- ◆ Monitoring costs and laboratory fees
- ◆ Operating and Maintenance costs
- ◆ Projects mainly for fire protection
- ◆ Projects solely for future growth (DW only)
- ◆ Refinancing loans for private systems
- ◆ Projects for systems that fail to meet financial, managerial, and technical capacity.

Want more information?

Drinking Water Website:
<http://ndep.nv.gov/bd/wrp/dwsrf1.htm>

Clean Water Website:
<http://ndep.nv.gov/bd/wrp/csr/f01.htm>

Program Manager:
Dorahyn Dohson
775.687.9489
ddohson@ndep.nv.gov

What can the Office of Financial Assistance do for you?

The Office provides loans for infrastructure construction to publicly-owned and privately-owned systems in Nevada.

Financing is available at below market rates.

Disadvantaged communities defined by administrative codes could qualify for principal forgiveness loans.

Systems may be eligible to refinance existing loans that were issued for qualified projects.



Searchlight new drinking water source



Minden Cardnerville Sanitation District wastewater energy co-generation enhancement



Las Vegas finished water reservoir rehabilitation

What is the benefit of obtaining funding through the Office?

The following table illustrates the potential cost savings of obtaining a loan with the Office versus traditional financing. The Loan assumes a public entity taking a 20 year loan with a market rate of 4%.

Size of Loan	Interest Savings
\$2,000,000	\$175,034
\$10,000,000	\$608,739
\$50,000,000	\$3,043,795

The Program currently has unallocated funds available for new loans totaling:

Drinking Water: \$ 20,000,000

Clean Water: \$ 50,000,000

As of December 1, 2014.

What can be funded with Drinking Water funds?

- ◆ Safe Drinking Water Act (SDWA) exceedances and prevention of future SDWA exceedances
- ◆ Well rehabilitation and drilling
- ◆ Rehabilitation of failing systems
- ◆ Consolidation and interties to other systems
- ◆ Storage, treatment, transmission, distribution, and SCADA
- ◆ Preliminary Engineering Reports, planning and design
- ◆ Security
- ◆ Energy efficiency upgrades
- ◆ Climate change remediation

This list is not all-inclusive

To date, Nevada has obligated \$180,850,869 in loans, benefiting 84 projects in 52 separate jurisdictions across Nevada. Contract amounts have ranged from \$20,000 to \$21.9 million. No minimum or maximum loan amount is established to obtain funding.

What can be funded with Clean Water funds?

- ◆ Clean Water Act (CWA) exceedances and prevention of future CWA exceedances
- ◆ Rehabilitation of failing systems
- ◆ Septic to sewer conversion
- ◆ Collection, interceptors, treatment, pumping stations, and SCADA.
- ◆ Preliminary Engineering Reports, planning and design.
- ◆ Energy efficiency upgrades
- ◆ Landfill foreclosures, stream bank restoration, and wetland flood prevention, and other nonpoint source pollution mitigation.

This list is not all-inclusive

To date, Nevada has obligated \$439,362,757 in loans, benefiting 75 projects in 36 separate jurisdictions across Nevada. Contract amounts have ranged from \$43,005 to \$46.5 million. No minimum or maximum loan amount is established to obtain funding.

ATTACHMENT 3 – NDEP Bureau of Safe Drinking Water Arsenic Rule Compliance Status List

August 4, 2015

	COUNTY	PWS ID#	PUBLIC WATER SYSTEM NAME	ARSENIC (ppb)	POP	STATUS
Systems Working to Achieve Compliance Under an NDEP Enforcement Approach						
1	HU	NV0000162	MC DERMITT WATER SYSTEM	19	200	AO, new source pending
2	CH	NV0000055	TOLAS WATERWORKS	35	110	AO, Plant Modified
3	CH	NV0000303	OLD RIVER WATER COMPANY	32	300	AO, installing POU
4	CL	NV0000149	DESERT PARADISE MOBILE HOME PARK	16	70	AOC, consolidation with NLV??
5	WA	NV0004021	SILVER KNOLLS MUTUAL WATER COMPANY	13	120	AO, treatment plant online
Systems Working to Achieve Compliance Under Other NDEP Approaches						
1	CH	NV0000058	WILDES MANOR	20	70	Will likely employ POU
3	CL	NV0000319	ROARK ESTATES WATER ASSOC.	18	62	Funding for POU granted
4	EL	NV0000928	LAMOILLE VALLEY PLAZA	24	25	Installing POU
6	NY	NV0005028	SHOSHONE ESTATES WATER COMPANY	30	240	Will likely employ POU

ATTACHMENT 5

Balance of Banked Authority

**DWSRF Banked Authority Worksheet
as of 10/12/15**

Grant Award Date	Grant Name	Amount	Loans				4% Admin				2% SSTA				10% Prog				15% Local (cannot bank)			
			Award	Amend	Banked Authority Used for Loans	Total Used for Loan	Award	Amend	Banked Authority	Total Used for Set-aside	Award	Amend	Banked Authority	Total Used for Set-aside	Award	Amend	Banked Authority	Total Used for Set-aside	Award	Amend	Banked Authority	Total Used for Set-aside
9/1/1999	FS-99996099	14,585,100	11,633,199	0		11,633,199	583,404			583,404	291,702			291,702	1,396,795			1,396,795	680,000			680,000
11/21/1999	FS-99996098	12,558,800	9,808,687	0	0	9,808,687	502,352			502,352	223,608			223,608	559,006			559,006	1,465,147			1,465,147
8/24/2001	FS-99996001	7,757,000	6,209,147	0	0	6,209,147	310,280			310,280	155,140			155,140	742,433			742,433	340,000			340,000
7/29/2002	FS-99996002	15,841,600	14,486,848	(2,055,806)	0	12,431,042	249,251	384,413		633,664	124,626	192,206		316,832	623,128	961,032		1,584,160	357,747	(518,155)		875,902
9/24/2003	FS-99996003	8,004,100	5,522,829	0	0	5,522,829	320,164			320,164	160,082			160,082	800,410			800,410	1,200,615			1,200,615
1/18/2005	FS99996005	8,303,100	6,286,391	668,411	0	6,954,802	332,124			332,124	166,062			166,062	516,926			516,926	1,001,597	668,411		333,186
7/5/2005	FS99996005-1	8,285,500	6,532,421	831,589	0	7,364,010	331,420			331,420	165,710			165,710	296,998			296,998	958,951	831,589		127,362
6/16/2006	FS99996006	8,229,300	6,213,769	0	128,168	6,341,937	329,172		128,168	201,004	164,586			164,586	642,027			642,027	879,746			879,746
7/3/2007	FS99996007	8,229,000	6,135,889	0	437,210	6,573,099	329,160		329,160	0	164,580	108,050		56,530	635,121			635,121	964,250			964,250
10/1/2008	FS99996008	8,146,000	5,945,553	0	0	5,945,553	325,840			325,840	162,920			162,920	703,000			703,000	1,008,687			1,008,687
9/2/2009	0F00T04909 0 ARRA	19,500,000	16,380,000	0	2,659,051	19,039,051	780,000		763,230	16,770	390,000		390,000	0	1,950,000		1,505,821	444,179	0			0
5/1/2010	FS99996010-0	21,719,000	14,986,110	1,397,053	742,026	17,125,189	868,760		231,804	636,956	434,380			434,380	2,171,900		510,222	1,661,678	3,257,850	1,397,053		1,860,797
FFY11	FS99996011	9,268,000	6,394,920	0	171,378	6,566,298	370,720			370,720	185,360			185,360	926,800		171,378	755,422	1,390,200			1,390,200
FFY12	FS99996012	9,125,000	6,296,250	376,996	859,334	7,532,580	365,000		65,000	300,000	182,500			182,500	912,500		794,334	118,166	1,368,750	376,996		991,754
FFY13	FS99996013	8,421,000	5,810,490	1,263,150	1,010,520	8,084,160	336,840			336,840	168,420		168,420	0	842,100		842,100	0	1,263,150	1,263,150		0
FFY14	FS99996014	12,614,000	8,703,660	1,418,460	1,127,685	11,249,805	504,560		404,560	100,000	252,280	127,930	24,350	227,930	1,261,400	562,625		698,775	562,625	1,418,460		473,640
FFY15 Pending	FS999960145	12,531,000	9,326,040		529,960	9,856,000	501,240		126,240	375,000	250,620		100,620	150,000	1,253,100		303,100	950,000	1,200,000			1,200,000
		193,117,500	146,672,203	3,899,853	7,665,332	158,237,388	7,340,287	384,413	2,048,162	5,676,538	3,642,576	320,136	791,440	3,043,342	16,233,644	1,523,657	4,825,730	12,368,946	19,228,790	5,437,504	0	13,791,286