



NEVADA DIVISION OF ENVIRONMENTAL PROTECTION
CLEAN WATER STATE REVOLVING FUND

ANNUAL REPORT FY 2007



Oxidation Ditch at the Reno-Stead Water Reclamation Facility

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I. INTRODUCTION / BACKGROUND:

The State of Nevada, through the Department of Conservation and Natural Resources, Nevada Division of Environmental Protection (NDEP), is pleased to present the Annual Report on the Clean Water State Revolving Fund (CWSRF) for State Fiscal Year (SFY) 2007 (July 1, 2006 through June 30, 2007). This report describes Nevada's efforts to meet the goals and objectives of its Clean Water State Revolving loan program for fiscal year 2007 as identified in the Intended Use Plan (IUP).

The Federal Water Quality Act (the Clean Water Act amendments) of 1987 ended the construction grants program in 1990 and instead provided federal assistance for transition into a low interest loan program aimed at funding public wastewater projects. The legislation also included a condition that each state must provide 20 percent match to the federal assistance, which also provided more total funds available for loans. Nevada received the first federal assistance for the newly created loan program in the form of a Capitalization Grant awarded on September 29, 1989. After the creation of State statutes and regulations in 1991, Nevada's Clean Water State Revolving Fund (CWSRF) program began. Nevada then issued a bond to provide the 20 percent state match for both the 1989 and 1990 grants and awarded its first loan to the City of Mesquite in September of 1991.

In order to increase available funding for the CWSRF loan program, Nevada also issued its first leveraged bond in 1995, and has since provided approximately \$104 million in leveraged funds to enhance Nevada's ability to fulfill more loan needs. The combination of federal grants, state match, leveraged funds, and principal and interest paid on existing loans has given Nevada the ability to obligate approximately \$292 million into loans since the inception of the CWSRF program in 1991 through FY2007.

Nevada's CWSRF program provides low interest loans to local government entities or other publicly owned facilities for a wide range of wastewater projects. Only projects included on the CWSRF Project Priority List can apply for a loan (see Attachment 1 for FY2007 Project Priority List). Prior to the beginning of each funding period, NDEP conducts a survey of proposed wastewater treatment projects within the state. All eligible loan applicants with a project needing potential funding from the CWSRF must complete a form to provide a description, justification, estimated cost, and implementation schedule of the project. NDEP then reviews each project form received for classification, ranking, and placement onto the Nevada's Project Priority List based on numerous factors including threat to public health and the environment, need due to population growth, etc.

An entity ready to secure a loan from the fund then submits an application. Providing the requesting entity and project are ranked high enough on the finalized Priority List, and the CWSRF has the funds available, the loan binding commitment process begins. At the time of each loan contract, the Nevada program determines the interest rate for each loan at 62.5% of the current Bond Buyer's Index. The average interest rate in FY2007 was a low 3.32%, making the CWSRF program an excellent choice for project funding.

II. GOALS AND ACCOMPLISHMENTS:

The following long-term and short-term goals and accomplishments are identified in the FY2007 Intended Use Plan (IUP). The staff of the CWSRF program continually strives to reach and maintain each goal of the IUP. Throughout the next few years, program staff will evaluate each goal and amend, change, or delete it, and add new goals as appropriate due to changes that have occurred since the start of the program in 1991.

A. LONG-TERM GOALS

***Long-Term Goal 1:** 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.*

Progress toward Goal 1:

Projects funded from the SRF help eliminate discharges to waters of the state and provide capacity to serve the communities' growing populations. Nevada's CWSRF program funded five projects this year to help attain this goal:

- Washoe County received a loan for \$6,500,000 to fund flood control channels for stormwater conveyance. This is a nonpoint source project that will reduce the erosion of sediment to the highly sensitive Truckee River.
- The City of Sparks received a loan for \$13,401,271 to fund the next phase of the large diameter interceptor required to pick up additional flows in the rapidly growing area of Spanish Springs in the City of Sparks. This project will prevent surcharging in manholes and potential sewage spills from the undersized collection system. Completion of this project will protect the public health from possible wastewater contact. Additionally, existing septic systems will connect to the sewer system reducing the concentration of nonpoint source pollution.

***Long-Term Goal 2:** Provide the best available financial assistance to municipalities and interstate agencies through the management of the SRF.*

Progress toward Goal 2:

The state's financial advisor and bond counsel assist NDEP staff and local governments in the administration of the SRF program and in the sale of State Matching Bonds. The Nevada State Treasurer is responsible for managing the SRF monies and for making payments and receiving loan repayments.

Two loans were generated in 2007 out of 19 possible projects eligible for funding. Some of the projects not funded are expected to be resubmitted in fiscal year 2008. While timing issues and readiness factors continue to dictate actual loans made, the value of projects on the priority list continues to top \$300 million.

Long-Term Goal 3: *Ensure technical integrity of the SRF program through adequate and effective planning, engineering reviews and compliance inspection.*

Progress toward Goal 3:

The Bureau of Water Pollution Control provides technical support to the Office of Financial Assistance. Other disciplines (chemists, geologists, hydrologists) are available within the Division to provide assistance as necessary.

Although the Bureau of Water Pollution Control has fifteen engineers, only one (1) is dedicated part-time to the CWSRF for a total of approximately 10% FTE. During fiscal year 2007, he performed the following compliance inspections:

Truckee Meadows	NV0020150	May 30, 2007	No Compliance Items
City of Reno-Stead	NV0020168	March 8, 2007	No Compliance Items
Lyon Co (Rolling A)	NEV2000500	May 15, 2007	No Compliance Items
Douglas County SID		May 2, 2007	No Compliance Items

Long-Term Goal 4: *Ensure proper accounting, audit and fiscal procedures.*

Progress toward Goal 4:

The CWSRF accounting functions are performed by the accountant who serves both the Clean Water SRF and the Drinking Water SRF and by the Management Analyst who serves the CWSRF.

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. The Nevada State's Financial Advisor prepares a comprehensive annual overview of the program, prepares loan repayment schedules, analyzes the funds capability to provide loans and provides other financial services as requested.

The accountant and the management analyst work in tandem to prepare financial statements and reports to assist in funding scenarios and advise the program manager on fiscal and accounting issues.

Long-Term Goal 5: *Maintain an adequate data management system.*

Progress toward Goal 5:

All program data is administered within the Office of Financial Assistance by the CW/DWSRF Administrative Services Officer, the CW/DWSRF Accountant and the CWSRF Management Analyst. This database tracks most program and

financial data related to the loan fund and aids in the submission of the National Information Management System (NIMS) report.

Long-Term Goal 6: *Administer the CWSRF so that its revolving nature is assured in perpetuity.*

Progress toward Goal 6:

The primary function of the CWSRF is to provide loans at attractive rates of interest, in order to encourage municipalities to fund improvements to their wastewater treatment and disposal facilities and non-point source projects.

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 Nevada State Treasurer, in accordance with limitations imposed by state law, invests balances of the CWSRF.

The average loan interest rate for FY2007 was 3.32%. Nevada’s CWSRF program calculates the interest rate at the time the loan contract is signed using 62.5% of the 20 year Municipal Bond Index rate. Therefore, as market rates increase, loan rates increase; as market rates decrease, loan rates decrease accordingly. In order to determine the best mechanism to set loan rates, the financial advisor and staff will be reviewing the process currently used and explore how other states set rates. The current rate structure however, does appear to provide low rates while allowing the fund to grow sufficiently and insure its lending capacity is maintained.

The following table indicates the loans issued the interest rate for each loan, and a comparison of Nevada’s average rate with the average market rate. A more detailed table indicating the total savings to all CWSRF borrowers over the life of each 20-year loan is located in Attachment 6.

Loan Recipient	Loan #	Interest Rate
Washoe County	CS32-0208	2.9313%
City of Sparks	CS32-0609	2.6874%
Average Nevada CWSRF Interest Rate		2.8093%
Average Market Rate		4.4950%
Average Interest Savings for Loan Recipients		2.4020%

B. SHORT-TERM GOALS

The following short-term goals were included in the FY 2007 Intended Use Plan.

Short-Term Goal 1: *Develop a project priority list annually:*

Progress toward Goal 1:

Although there were 19 projects on the priority list, only Washoe County and the City of Sparks were ready to proceed during FY 2007. Many projects were still in the design and facility planning stages. Entities apply for the priority list even though they might not be ready to ensure that they will not lose funds, should they find that they are able to accelerate their timetable and take the money during the fiscal year. Attachment 2 indicates projects included on the Priority List in FY 2007 but not funded.

Short-Term Goal 2: *Develop and implement an annual IUP and submit it with the annual grant application, provided grant funds are authorized.*

Progress toward Goal 2:

The 2007 IUP was submitted in May of 2006. EPA awarded the 2007 Capitalization Grant (appropriation year FY 2007) to the SRF program on August 8, 2006 in the amount of \$4,242,300.

Short-Term Goal 3: *Have an audit every 3 years conducted in accordance with generally accepted government accounting standards.*

Progress toward Goal 3:

NDEP is on a 3-year audit schedule.

Short-Term Goal 4: *Prepare and submit an annual report to EPA covering the accomplishments of the IUP.*

Progress toward Goal 4:

This report includes more information and exhibits than previously reported. One is the table on environmental statements, another is the environmental benefits form and the last one includes a series of graphs that include a comparison of national and state program and financial indicators.

Short-Term Goal 5: *Provide loans to municipalities to assist them in providing adequate wastewater collection, treatment, and disposal facilities for their rapidly expanding population.*

Progress toward Goal 5:

Two projects were ready to construct in 2007 and received loans from the CWSRF:

- The City of Sparks received a loan for \$13,401,271 to fund the next phase.

Environmental Benefit: This project will prevent surcharging in manholes and potential sewage spills from the undersized collection system. Completion of this project will protect public health from possible wastewater contact. Additionally, existing septic systems will connect to the sewer system reducing the concentration of non-point source pollution.

- Washoe County received a loan for \$6,500,000 to fund flood control channels for stormwater conveyance.

Environmental Benefit: This project is to fund flood control channels for storm water conveyance in northern Washoe County. Prior to completion of this project, this area had earthen storm water conveyance channels that were not adequately sized. Run-off from these channels would result in flooding in areas of the basin and sediment run-off to the Truckee River. This is a non-point source project that will correct these problems by providing a properly sized system of concrete channels and rip-rapped outlets which will reduce the erosion of sediment to the Truckee River. The environmental benefit is non-point source pollution reduction.

Short-Term Goal 6: The NDEP will encourage municipalities to use loans and other financial assistance from the CWSRF to construct projects that will improve and protect the quality of the waters of the state; including projects for the control of non-point sources of pollution.

Progress toward Goal 6:

Nineteen (19) projects applied for and were included on the FY 2007 Project Priority List (Attachment 1) with a projected total cost of \$312,713,000.

On a regular basis, staff continues to meet with an umbrella group called Infrastructure of Nevada Communities (INC), which consists of funding entities as well as recipient communities to discuss projects that may need financial assistance.

Short-term Goal 7:

The NDEP agrees to complete the one page CWSRF Benefits Assessment worksheet for all binding commitments annually.

III. DETAILS OF ACCOMPLISHMENTS:

- Number of loans for fiscal year 2007: 2
 - Assistance amount: \$19,901,271
 - Assistance disbursed: 38
 - Principal debt service payments: \$5,920,000
 - Interest debt service payments: \$4,752,213
 - Average interest rates: 2.8093%
 - Interest earnings and investments: \$1,298,209
 - Principal paid on leveraged: \$4,370,000
 - Match bonds: \$2,000,000
 - Principal payments received: \$9,122,373
 - Interest payments received: \$6,245,486
 - Administrative expenses from CWSRF: \$280,550
 - Loan Servicing Fees: \$99,500
- The following table shows the performance of the Nevada CWSRF over the past three state fiscal years as compared with national 2008 targets.

Financial Indicators	Nevada Averages			2008 National Targets
	SFY04	SFY05	SFY06	
Federal Return on Investment (cumulative)	\$2.00	\$2.18	\$2.23	\$2.37
CWSRF Assistance as a % of Funds Available	86%	90%	95%	94%
Disbursements as a % of Executed Loans	70%	100%	100%	--

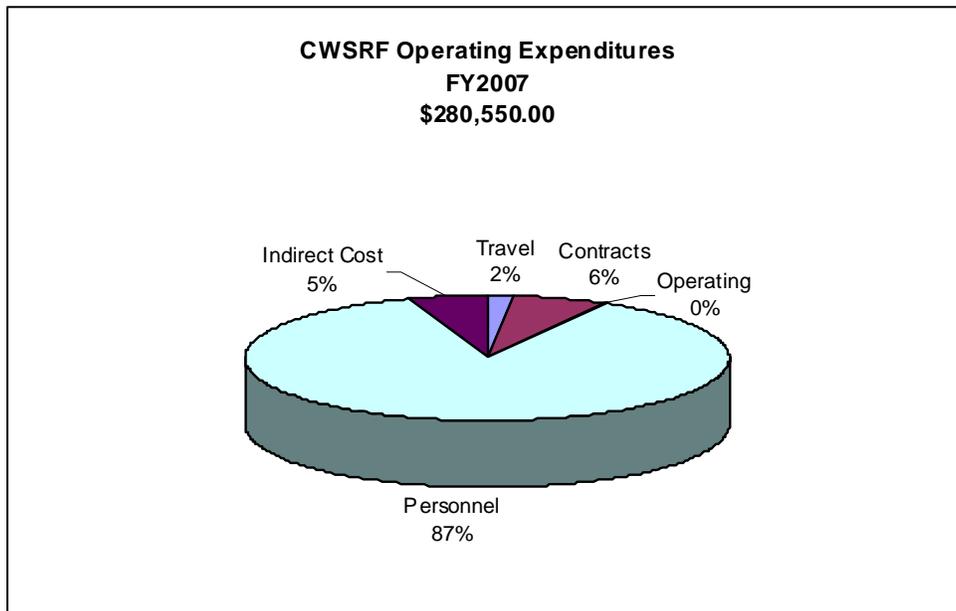
Nevada's federal return on investment (cumulative) continues to rise and move closer to the 2008 national target of 237% indicating that the pace of loans and their disbursements continues to increase. Coupled with disbursements as a % of loans, demonstrate that funds are not sitting in the CWSRF, but are being put to their intended use in a timely fashion helping the program achieve its intended objectives.

The major focus of Nevada's program has always been to move the money out as expeditiously as possible and to bring projects to conclusion as quickly as possible. However, NDEP's control of the pace and timing of loans is limited. Nevada has a small pool of borrowers. The major entities in the state include Clark County in the south and Washoe County in the north. Because the growth rate in the south is so high and the size of the projects so large. With such a small pool of borrowers, it is not inconceivable that in any one year, there may be only one loan (possibly no loans). The indicators in any one-year then will reflect the readiness of the northern borrowers to take the money and construct. While we feel indicators can be of value in assessing program performance, we feel that they are of much greater value when viewed over a longer period than a year. We believe performance over several years gives a more accurate picture of performance for a small State like Nevada. In any

case, Nevada always tries to keep the pace high and to loan the money as quickly as projects are ready.

IV. FINANCIAL SUMMARY:

- Currently the CWSRF is considering the possibility of going for an RFP that would secure audit services for conducting audits including 2 years of financial statements.
- **SINGLE AUDIT** – The State Controller’s office has not submitted a schedule for a Single Audit Act audit for 2006 or 2007. The last single audit done in 2002 had no material findings resulting in the program being placed on a 3-year schedule. At this time it is not known when the 2007 audit will be conducted.
- The CWSRF program sets aside a portion of each Capitalization Grant received by EPA for the administration expenses of the program including personnel costs, travel, operating, contracts and indirect costs. In FY 2007, a total of \$280,550 was spent on the administration of the program. The following chart shows the percentage spent on each category of administration costs:



- The State received one Capitalization Grant in 2007 in the amount of \$4,242,300 of which \$4,072,608 was available for loans. Additional funds for loans will consist of match bonds, which are general obligation bonds, as well as carry forward funds and leveraged bonds as needed. The 2007 and 2008 match bonds will be derived from the Series 2003H Water Pollution Control Revolving Fund Leveraged Bonds. This will allow NDEP to generate the necessary state match funds without having to issue new debt.

- In FY 2006, the CWSRF implemented a loan origination fee for all loans beginning in March 01, 2006. Because of federal cut backs in federal programs, it was necessary to implement loan processing fees to make up for the loss of federal funds.

V. COMPLIANCE WITH FEDERAL REQUIREMENTS:

- All municipalities in Nevada are audited annually. Copies of the loan recipients' audits are reviewed each year and kept in an audit file.
 - The loan contract requires the loan recipient to comply with Federal "crosscutters" as well as other State and Federal requirements.
 - There has been no evidence that loan recipients have failed to comply with any of the Federal crosscutters, where applicable, nor any other applicable Federal or State statute or regulation.
 - CWA Section 602(b)(3) requires that the state must enter into binding commitments in an amount equal to 120% of each capitalization grant payment within 1 year of the date payment was made.
 - At the end of FY 2007, the required cumulative binding loan commitments equaled 120% x \$113,973,100 or \$136,767,720 Nevada well exceeded this requirement by the end of FY 2007 with the cumulative binding loan commitments equal to \$291,008,910 (212%), resulting in an overmatch of 92%.
 - MBE/WBE reports were submitted for the fourth quarter of State FY 2007. The only MBE/WBE use of federal funds (administrative portion) reported was to Bonanza Travel in the amount of \$928.42.
 - The NDEP has negotiated the fair share for MBE/WBE/DBE with the EPA MBE/WBE coordinator. Nevada's fair share for MBE is 9.6%, WBE is 15.4%. There is no goal for DBE.
 - Given the questions raised regarding MBE/WBE analysis is in the process of addressing questions raised by EPA head quarters regarding methodology used in reaching the final MBE/WBE/DBE figures in the availability analysis itself. The Bureau of Administrative Services has submitted an interim availability analysis that will establish the basis for current fair share negotiations.
1. **Defaults on loan payments** – There have been no defaults on loans and all loan payments have been received on time.

VI. CERTIFICATIONS:

I hereby certify to the following:

- 1) Grant payments have been accepted and expended in accordance with state law.

- 2) The Nevada Bureau of Administrative Services has administered the CWSRF in accordance with federal laws and regulations and to the best of my knowledge loan recipients have complied with the federal "crosscutters".

Morris Kanowitz
SRF Program Manager
Nevada Bureau of Administrative Services

Attachment 1
FY2007 Priority List
PROJECTS NOT FUNDED

**FY2007 Priority List
Projects Not Funded**

Loan Recipient	Project Description	Reason For Not Funding	Permit #
Washoe County CS32-0701	Spanish Springs Effluent Recharge	Not ready to proceed	NEV40024
Washoe County CS32-0102	Spanish Springs Septic to Sewer	Not ready to proceed	NEV40024
Humboldt County CS32-0105	Collection System & Treatment Plant- Grass Valley	Project on hold indefinitely	No permit
Washoe County CS32-0702	Cold Springs Collection System	Not ready to proceed	NEV40024
Nye Co. Public Works CS32-0703	Upgrade to the Town of Gabbs treatment plant	Not ready to proceed	No permit
City of Reno CS32-0704	Stead Water Reclamation Facility Expansion	Not ready to proceed	NV0020168
City of Ely CS32-0705	Upgrades to Treatment Plant: New Secondary Clarifier	Not ready to proceed	NEV70015
Clark County Water CS32-0603	Searchlight WWTP – new treatment plant and upgrade existing lift station	Not yet ready to proceed	No permit
City of Reno CS32-0706	Effluent Reuse Extension: Mira Loma Effluent Line	Not ready to proceed	NV0020168
City of North Las Vegas CS32-0504	Construct new water reclamation facility	Not ready to proceed	No permit
City of Reno CS32-0707	Sewer line rehabilitation project: North Virginia Street	Not ready to proceed	NV0020168

Loan Recipient	Project Description	Reason For Not Funding	Permit #
City of Reno CS32-0708	Sewer Line Rehabilitation project: Keystone Avenue	Not ready to proceed	NV0020168
City of Reno CS32-0709	Sewer Line Rehabilitation project: 9 th Street/Moana Lane	Not ready to proceed	NV0020168
Lyon County CS32-0710	Sewer Rehabilitation: Rose Peak Lift Station	Not ready to proceed	No permit
Clark County Water Reclamation District CS32-0608	Indian Springs WWTP	Not ready to proceed	NONE
Washoe County CS32-0111	Pleasant Valley Interceptor	Not ready to proceed	NEV40024
Washoe County CS32-0610	Lawton-Verdi Interceptor: Extension to Gold Ranch	Not ready to proceed	NEV40024
Washoe County CS32-0413	Huffaker Hills Reservoir Relining	Not ready to proceed	NEV40024
Douglas County SID #2 CS32-0712	Phase III	Not ready to proceed	NEV80033
Douglas County SID #1 CS32-0711	Redundant Forcemain Project	Not ready to proceed	NEV80033

Attachment 2

Status of CWSRF Projects

Status of CWSRF Projects

Loan Recipient	Loan Closing	Initiation of Operation
City of Henderson C32-1001 Phase III Phase IV Phase V Phase VI RIBs	10/24/91 - - - - -	 09/04/91 11/11/91 03/29/93 02/06/91 03/29/93
City of Winnemucca C32-1002	12/10/91	05/01/91
City of Elko C32-1003	12/02/91	06/29/92
City of Mesquite C32-1004	09/27/91	06/10/91
City of Yerington C32-1005	10/29/92	06/10/93
Incline Village GID C32-1006	10/29/92	07/03/93
City of West Wendover C32-1008	10/27/92	08/01/93
City of Henderson C32-1010, 1018, 1024	10/29/92	11/01/94
Fernley Utilities C32-1012	10/28/92	09/01/94
City of Elko C32-1013 1st Contract 2nd Contract	06/21/94	 05/04/95 06/26/95
Elko County Jackpot C32-1014	06/09/94	09/15/94
Carson City C32-1016 1st Contract 2nd Contract	06/27/94	 12/16/94 01/10/97
City of Sparks C32-1009	05/15/96	08/22/97
City of Mesquite C32-1022	10/27/95	07/21/97
Carson City C32-1011	08/17/95	07/25/97
Washoe County	08/12/97	07/29/98

Loan Recipient	Loan Closing	Initiation of Operation
Washoe County C32-9702	03/26/98	12/10/02
Silver Springs C32-9801	07/26/00	03/21/01
Carson City C32-9802	08/14/99	10/10/00
Lovelock C32-9804	08/14/99	10/17/99
City of Elko C32-9905	08/14/99	11/99
Indian Hill GID C32-9903	09/01/99	12/05/00
Fallon C32-0001	12/15/99	11/02/00
Sparks (3) C32-9902	03/02/00	02/01
WC STM Solids Handling C32-9904	06/30/00	06/30/01
WC Horizon Hills C32-9906	06/30/00	06/30/01
Battle Mountain CS32-0104	01/02/01	08/01/02
WC STMWRF CS32-0108	01/24/01	08/14/03
Sparks CS32-0110	09/10/01	05/01/03
Sparks CS32-0101	06/27/02	07/01/03
IVGID CS32-0204	10/09/02	05/01/04
Sparks CS32-0303	10/28/03	03/31/06
City of Reno CS32-0405	04/06/04	02/06/06
WC Cold Springs CS32-0107	06/11/04	09/29/05
City of Reno CS32-0407	07/13/04	02/06/06

Loan Recipient	Loan Closing	Initiation of Operation
City of Reno CS32-0403	08/25/04	07/05/06
City of Sparks CS32-0409	04/19/05	11/30/05
City of Reno CS32-0112	07/27/05	Open
Lyon County CS32-0503	08/19/05	Open
City of Sparks CS32-0408	09/28/05	Open
Incline Village GID CS32-0404	03/29/06	Open
Douglas County SID	05/29/06	Open
City of Sparks		Open
Washoe County		Open

Attachment 3

Sources of Project Funds

Sources of Project Funds

Project Name	Loan Number	Needs Category	Assistance Amount	Federal Share	State match Bonds	Reloan Funds	Leveraged bond
City of Henderson	C32-1001	II	7,221,110	6,017,592	1,203,518		
City of Winnemucca*	C32-1002	I	1,000,000	833,333	166,667		
City of Elko	C32-1003	I	1,000,000	833,333	166,667		
City of Mesquite*	C32-1004	I	1,280,000	1,066,667	213,333		
City of Yerington	C32-1005	I	1,325,313	1,104,428	220,885		
Incline Village GID	C32-1006	I	3,925,398	3,271,165	654,233		
City of West Wendover	C32-1008	I	2,500,000	2,083,333	416,667		
City of Henderson	C32-1010	I	12,300,000	10,250,000	2,050,000		
Fernley Town Utilities	C32-1012	IIIB	2,000,000	1,666,667	333,333		
City of Henderson	C32-1018	I	12,410,431	10,342,026	2,068,405		
City of Carson City	C32-1016	IVA	2,400,000	2,000,000	400,000		
City of Elko	C32-1013	I	2,500,000	2,083,333	416,667		
Elko County-Jackpot	C32-1014	I	900,000	750,000	150,000		
City of Sparks	C32-1009	II	6,814,488	3,474,100	694,820		2,645,568
City of Carson City	C32-1011	II	2,120,000	1,766,667	353,333		
City of Sparks	C32-1017	IVB	4,700,000	3,916,667	783,333		
City of Mesquite	C32-1022	I	6,600,000	124,206	24,841	6,450,953	
City of Henderson	C32-1024	I	9,504,950				9,504,950
Washoe County	C32-9701	IIIB, IVA	1,249,137	395,501	79,101	774,535	
Washoe County	C32-9702	VI	5,957,456	3,629,030	755,806	695,937	906,683
Silver Springs	C32-9801	IVA	3,000,000			3,000,000	

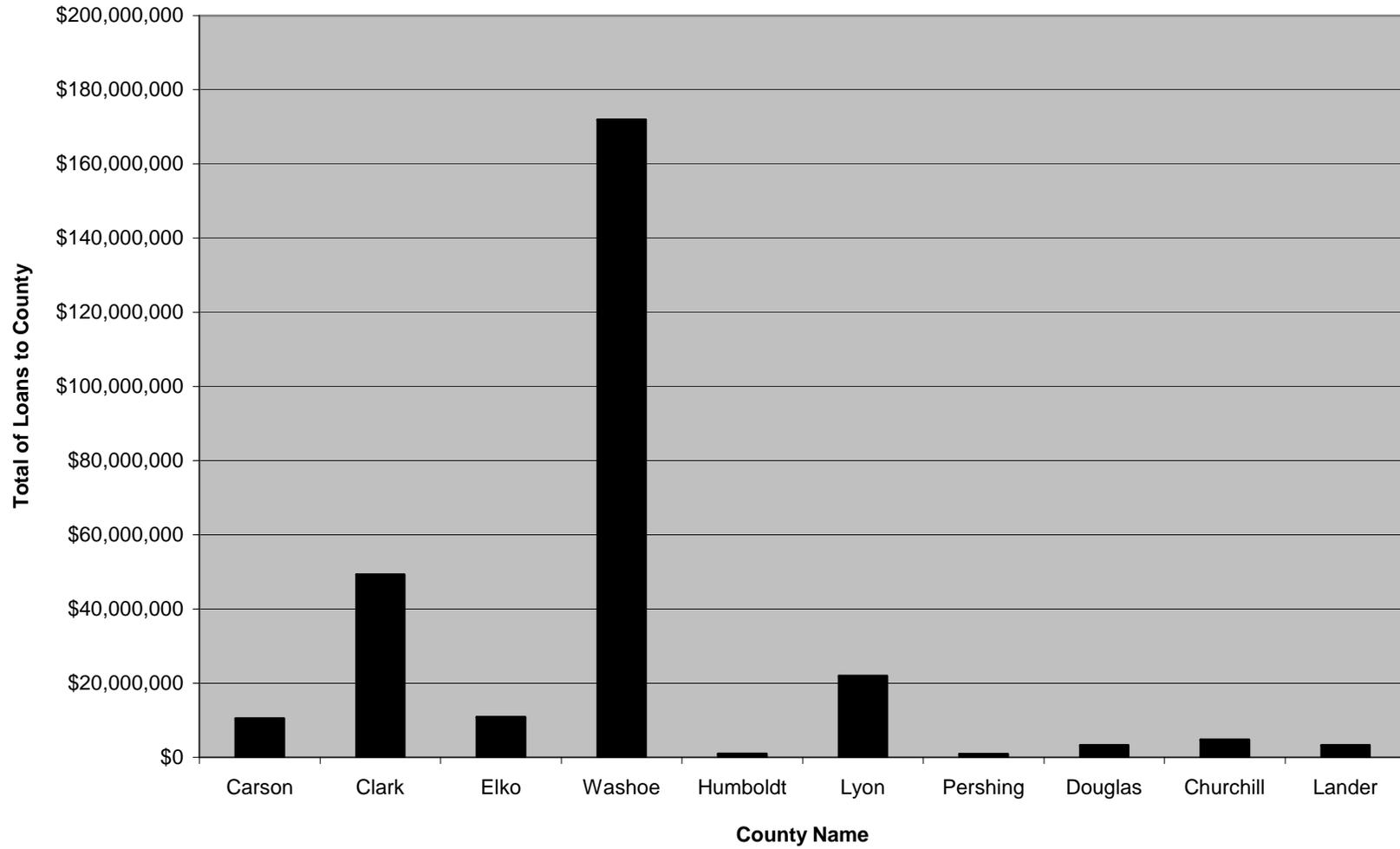
Project Name	Loan Number	Needs Category	Assistance Amount	Federal Share	State match Bonds	Reloan Funds	Leveraged bond
Carson City	C32-9802	I, IV	6,000,582	2,595,932	519,186	2,885,464	
Lovelock	C32-9804	I, IV	876,611			876,611	
City of Elko	C32-9905	I	4,000,000	3,333,333	666,667		
Indian Hills GID	C32-9903	I	1,300,000	955,960	191,192	152,848	
Fallon	C32-0001	I	4,750,000	3,958,333	791,667		
Sparks (3)	C32-9902	II	3,070,670	1,444,344	288,869	1,337,458	
Washoe County STM	C32-9904	I	899,228			899,228	
Washoe County Horizon Hills	C32-9906	IIIA, IIIB	178,316			178,316	
Battle Mountain	CS32-0104	II	3,252,846	2,710,703	542,143		
W.C. STMWRF	CS32-0108	I	21,000,000			1,389,600	19,601,400
Sparks	CS32-0110	IVB	7,038,807	5,865,670	1,173,137		
Sparks	CS32-0101	II	3,082,359	2,568,632	513,729		
IVGID	CS32-0204	I	2,130,000	1,775,000	355,000		
Sparks	CS32-0303	II	9,000,000	2,464,549	492,910		6,042,541
City of Reno	CS32-0405	IIIB	46,523,205			4,209,247	42,313,958
Washoe County Cold Springs	CS32-0107	IIIB	3,000,000	2,500,000	500,000		
Reno-Stead	CS32-0403	I	15,690,010	7,164,834	1,432,967		7,092,209
Reno Rehab Project	CS32-0407	IVA	12,610,785				12,610,785
Sparks Vista-Prater	CS32-0409	IVB	4,209,247				4,209,247
City of Reno	CS32-0112	IVB	8,122,272	6,768,560	1,353,712		
Lyon County	CS32-0503	IIIB	15,980,733	5,732,735	1,146,547	8,047,682	1,053,769
City of Sparks	CS32-0408	IVB	5,862,359	4,885,299	977,060		

Project Name	Loan Number	Needs Category	Assistance Amount	Federal Share	State match Bonds	Reloan Funds	Leveraged bond
Incline Village GID	CS32-0404	IVA	3,000,000			3,000,000	
Douglas County SID	CS32-0502	IIIB	2,000,000			2,000,000	
City of Sparks	CS32-0609	IVB	13,401,271	4,072,608	814,522	8,514,141	
Washoe County	CS32-0208	VI	6,500,000			6,500,000	

TOTALS			294,187,584	114,404,540	22,910,917	50,912,020	105,981,110
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Attachment 4
Committed Loan Funds by County
FY1992 thru FY2007

Committed Loan Funds by County FY92 Thru FY07



Attachment 5
CWSRF BORROWER SAVINGS
FY1992 – FY2007

State of Nevada
Clean Water State Revolving Fund
Borrower Savings -- Historical

Borrower	Loan #	Loan Amount	Interest Rate	Total Paid after 20 years -- SRF	Market Rate	Total Paid after 20 years -- Market	Borrower Savings
City of Henderson	C32-1001	7,234,185.00	4.00000%	10,578,041.70	6.40000%	12,926,648.08	2,348,606.39
City of Elko	C32-1003	1,000,000.00	4.00000%	1,462,229.91	6.40000%	1,786,883.81	324,653.90
City of Winnemucca	C32-1002	1,000,000.00	4.00000%	1,462,229.91	6.40000%	1,786,883.81	324,653.90
City of Henderson	C32-1010	12,300,000.00	4.00000%	17,985,427.92	6.40000%	21,978,670.91	3,993,242.99
City of Mesquite	C32-1004	1,280,000.00	4.00000%	1,871,654.29	6.40000%	2,287,211.28	415,556.99
City of West Wendover	C32-1008	2,500,000.00	4.00000%	3,655,574.78	6.40000%	4,467,209.53	811,634.75
Fernley Town Utilities	C32-1012	2,000,000.00	4.00000%	2,924,459.82	6.40000%	3,573,767.63	649,307.80
City of Yerington	C32-1005	1,325,313.00	4.00000%	1,937,912.31	6.40000%	2,368,180.35	430,268.04
Incline Village GID	C32-1006	3,925,398.00	4.00000%	5,739,834.37	6.40000%	7,014,230.15	1,274,395.78
City of Henderson	C32-1018	12,410,431.00	4.00000%	18,146,903.43	6.40000%	22,175,998.28	4,029,094.85
Jackpot	C32-1014	900,000.00	4.00000%	1,316,006.92	6.40000%	1,608,195.43	292,188.51
City of Elko	C32-1013	2,500,000.00	4.00000%	3,655,574.78	6.40000%	4,467,209.53	811,634.75
Carson City	C32-1016	2,400,000.00	4.00000%	3,509,351.79	6.40000%	4,288,521.15	779,169.36
City of Sparks	C32-1017	4,700,000.00	3.82500%	6,767,457.01	6.12000%	8,212,400.69	1,444,943.68
Carson City	C32-1011	2,120,000.00	3.82500%	3,052,555.07	6.12000%	3,704,316.91	651,761.83
City of Henderson	C32-1024	9,504,950.00	3.82500%	13,686,029.89	6.12000%	16,608,182.53	2,922,152.65
City of Mesquite	C32-1022	6,600,000.00	3.67500%	9,377,809.80	5.88000%	11,310,755.86	1,932,946.06
City of Sparks	C32-1009	6,814,488.00	3.66300%	9,672,251.93	5.86080%	11,660,129.11	1,987,877.19
Washoe County	C32-9701	1,249,137.00	3.33125%	1,721,125.98	5.33000%	2,046,140.53	325,014.55
Washoe County	C32-9702	5,957,456.00	3.25000%	8,148,542.04	5.20000%	9,653,466.66	1,504,924.62
City of Lovelock	C32-9804	876,611.00	3.23000%	1,196,852.86	5.16800%	1,416,667.38	219,814.52
City of Elko	C32-9905	4,000,000.00	3.23000%	9,557,226.69	5.16800%	11,312,511.08	1,755,284.39
Carson City	C32-9802	6,000,582.00	3.23000%	8,192,703.20	5.16800%	9,697,378.62	1,504,675.42
Silver Springs	C32-9801	2,700,000.00	3.50000%	3,776,985.84	5.60000%	4,522,485.77	745,499.93
Indian Hill GID	C32-9903	1,300,000.00	3.48000%	1,815,296.32	5.56800%	2,171,771.71	356,475.39
Fallon	C32-0001	4,750,000.00	3.67000%	6,746,183.60	5.87200%	8,135,027.94	1,388,844.34
City of Sparks	C32-9902	3,070,670.00	3.71000%	4,376,632.82	5.93600%	5,286,326.92	909,694.10
Washoe County	C32-9906	178,316.00	3.70000%	253,928.77	5.92000%	306,582.87	52,654.10
Washoe County	C32-9904	899,228.00	3.70000%	1,280,534.89	5.92000%	1,546,063.73	265,528.84
Battle Mountain	C32-0104	3,252,846.00	3.28000%	4,461,277.38	5.24800%	5,292,067.03	830,789.65
Washoe County	C32-0108	21,000,000.00	3.12500%	28,400,138.12	5.00000%	33,462,435.86	5,062,297.74
City of Sparks	C32-0110	7,038,807.00	3.13750%	9,530,004.56	5.02000%	11,234,879.31	1,704,874.76
Washoe County	CS32-0107	3,000,000.00	3.21250%	3,922,575.89	5.14000%	4,545,925.80	623,349.91
City of Sparks	C32-0101	3,082,361.00	3.21250%	4,201,745.72	5.14000%	4,969,662.98	767,917.25
Incline Village GID	C32-0204	2,130,000.00	3.14375%	2,885,492.90	5.03000%	3,402,626.52	517,133.63
City of Sparks	CS32-0303	9,000,000.00	3.05000%	12,088,743.13	4.88000%	14,196,511.79	2,107,768.66
City of Reno	CS32-0405	46,523,205.00	2.75625%	60,830,267.39	4.41000%	70,497,012.63	9,666,745.24
City of Reno	CS32-0407	12,610,785.00	3.11250%	16,938,726.73	4.98000%	19,892,128.67	2,953,401.93
City of Reno	CS32-0403	15,690,010.00	2.98750%	21,074,722.30	4.78000%	24,749,268.00	3,674,545.70
City of Sparks	CS32-0409	4,209,247.00	2.88125%	5,567,304.95	4.61000%	6,488,833.65	921,528.69
City of Reno	CS32-0112	8,122,272.00	2.65000%	10,516,379.37	4.24000%	12,127,993.34	1,611,613.97
Lyon County	CS32-0503	15,980,733.00	2.93130%	21,233,841.35	4.69008%	24,804,440.30	3,570,598.96
City of Sparks	CS32-0408	5,862,359.00	2.66000%	7,597,364.46	4.25600%	8,765,709.75	1,168,345.29
Incline Village GID	CS32-0404	3,000,000.00	2.72500%	3,911,288.62	4.36000%	4,526,344.34	615,055.72
Douglas County	CS32-0502	2,000,000.00	3.23750%	2,732,488.69	5.18000%	3,235,390.50	502,901.81

Attachment 6
FY2007 FINANCIAL STATEMENTS

State of Nevada
Clean Water State Revolving Fund
Statement of Net Assets
June 30, 2007
(Comparative Totals as of June 30, 2006)

		<u>Assets</u>	
		<u>2007</u>	<u>2006</u>
Current assets:			
	Cash with Treasurer	\$ 20,022,975	\$ 42,025,615
	Pooled Investments	136,594	
	Loan interest receivable	3,180,859	3,162,307
	Due from EPA	38,524	25,691
	Investment interest receivable	247,719	449,759
	Loans receivable-current portion	15,984,753	8,688,952
	Cost of Issuance refund receivable	-	100
	Total current assets	\$ 39,611,424	\$ 54,352,425
	Loans receivable-long term portion	202,043,754	187,805,766
	Unamortized cost of bond issuance	278,039	302,289
	Total Assets	\$ 241,933,217	\$ 242,460,480
		<u>Liabilities</u>	
Current liabilities:			
	Due to other funds	\$ 45,226	\$ 30,416
	Construction Costs Payable	-	1,415,970
	Bond interest payable	1,910,707	2,036,646
	Bonds payable-current obligations	5,985,000	5,920,000
	Arbitrage rebate payable	28,432	
	Total current liabilities	\$ 7,969,365	\$ 9,403,032
Long term liabilities:			
	Bonds payable	93,874,193	99,912,470
	Total Liabilities	\$ 101,843,558	\$ 109,315,502
		<u>Net Assets</u>	
	Restricted for revolving loans	\$ 139,623,911	\$ 132,796,373
	Unrestricted	465,748	348,605
	Total net assets	\$ 140,089,659	\$ 133,144,978
	Total liabilities and net assets	\$ 241,933,217	\$ 242,460,480

The accompanying notes are an integral part of the financial statements

State of Nevada
Clean Water State Revolving Fund
Statement of Revenues, Expenses and Changes in Net Assets
Year ended June 30, 2007
(Comparative Totals for the year ended June 30, 2006)

	<u>2007</u>	<u>2006</u>
Revenues:		
Loan interest revenue	\$ 6,264,038	\$ 5,848,599
Investment revenue	1,298,209	2,035,184
Loan Servicing Revenue	99,500	25,000
EPA contributed revenue	234,438	242,878
Total Revenues	<u>\$ 7,896,185</u>	<u>\$ 8,151,661</u>
Expenses:		
Net decrease in fair market value of investments	\$ 131,920	34,349
Bond interest	4,572,997	4,826,557
Amortization of bond issuance costs	24,250	28,840
Arbitrage Rebate Expense	28,432	
<u>Administrative costs:</u>		
Salaries & benefits	197,907	179,173
Operating costs	38,810	67,247
Indirect costs	44,608	44,793
Total Expenses	<u>\$ 5,038,924</u>	<u>\$ 5,180,959</u>
Operating Income	\$ 2,857,261	\$ 2,970,702
Non-operating income:		
EPA contributions	4,087,419	21,462,992
Change in Net Assets	6,944,680	24,433,694
Net assets, beginning of year	133,144,979	108,711,284
Net assets, end of year	<u><u>\$ 140,089,659</u></u>	<u><u>\$ 133,144,978</u></u>

The accompanying notes are an integral part of the financial statements

State of Nevada
Clean Water State Revolving Fund
Statement of Cash Flows
Year ended June 30, 2007
(Comparative Totals for the year ended June 30, 2006)

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Loan Servicing	\$ 99,500	\$ 25,000
Treasurer's interest distribution	1,500,248	1,766,093
Interest received from borrowers	6,245,486	4,794,166
Principal received from borrowers	9,122,373	7,231,974
Transfer for administrative costs	(266,514)	(303,477)
EPA grant for administrative costs	221,605	252,752
Proceeds from the sale of bonds	100	
Loan Disbursements	(32,072,132)	(55,513,941)
Net cash used in operating activities:	\$ (15,149,334)	\$ (41,747,433)
Cash flows from noncapital financing activities:		
Grants from EPA	\$ 4,087,419	\$ 21,462,993
Bond Proceeds		1,961,254
Bond principal redemption	(5,920,000)	(3,275,000)
Bond interest payments	(4,752,212)	(4,909,266)
Net cash used in noncapital financing activities:	\$ (6,584,793)	\$ 15,239,981
Cash flows from investing activities:		
Adjustment to fair market value of pooled investments	(268,514)	(34,349)
Net cash used in investing activities:	\$ (268,514)	\$ (34,349)
Net increase (decrease) in cash	(22,002,641)	(26,541,801)
Cash and cash equivalents July 1, 2006	42,025,615	68,567,416
Cash and cash equivalents June 30, 2007	\$ 20,022,974	\$ 42,025,615
Reconciliation of operating income to net cash provided by operating activities		
Operating Income (loss)	\$ 2,857,261	\$ 2,970,701
Adjustments to reconcile operating income to net cash provided by operating activities:		
Amortization of cost of issuance	\$ 24,250	\$ 28,941
Interest on bonds	4,572,997	4,826,557
Change in assets and liabilities:		
(Increase) in pooled investments	(136,594)	
(Increase) in loan interest receivable	(18,552)	(1,054,433)
(Increase) in investment interest receivable	202,040	(269,092)
Decrease in fair market value of investments	268,514	34,349
(Increase) decrease in federal grants receivable	(12,833)	9,874
(Increase) in refunds receivable	100	(100)
(Increase) in loans receivable	(21,533,789)	(49,697,937)
Increase in Arbitrage rebate payable	28,432	
Increase (decrease) in construction costs payable	(1,415,970)	1,415,970
Increase (decrease) in obligations to other funds	14,810	(12,263)
Total adjustments	\$ (18,006,595)	\$ (44,718,134)
Net cash provided (used) by operating activities	\$ (15,149,334)	\$ (41,747,433)

The accompanying notes are an integral part of the financial statements

NEVADA STATE DIVISION OF ENVIRONMENTAL PROTECTION
Clean Water State Revolving Fund
Notes to Financial Statements
June 30, 2007

1. Organization of the Fund

The Nevada Water Pollution Control Revolving Fund Program (the Program) 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 State Revolving Fund (SRF) is to provide low interest loans to local governments for constructing wastewater treatment facilities and non-point source projects. The loan repayment period is normally twenty years, and all repayments, including interest and principal, must be credited to the SRF.

The Program has been capitalized by a series of grants from the U.S. Environmental Protection Agency (EPA) since 1989. The State is required to provide an additional 20 percent of the Federal capitalization grant amount as matching funds in order to receive the grant from EPA. As of June 30, 2007, EPA awarded \$118,215,400 in capitalization grants to the State, and the State is required to provide \$23,643,080 to the Program as its matching share. The state match is provided by state bonds issued on behalf of the Program by the State Treasurer's Office.

The SRF Program is administered by the State of Nevada's Division of Environmental Protection (NDEP). The Program has developed policies and procedures to meet the objectives of the State and Federal Acts and to properly manage and coordinate activities. The Division determines the level of funding to be contributed to the loan fund and used for loans. The Division's primary responsibilities for the SRF include obtaining capitalization grants from EPA, soliciting potential interested parties for loans, negotiating loan agreements with local communities, reviewing and approving payment requests from loan recipients, monitoring the loan repayments and conducting inspection and engineering reviews to ensure compliance with all applicable laws, regulations, and program requirements.

The Division has two full-time, and numerous part-time employees to work on Clean Water Program activities. The allocated portion of salaries and benefits of employees for time spent working on Program activities, as well as indirect costs based on payroll costs, are charged to the Program. NDEP staff charges the Program for time spent on SRF activities, and the Program reimburses NDEP for such costs in the following month. The charges include the salaries and benefits of the employees, as well as indirect costs allocated to the Program. Employees charging time to the Program are covered by the benefits available to Nevada State Employees.

The Program financial statements, footnotes, and related schedules are presented for the U.S. Environmental Protection Agency. The Program's account balances and activities are included in Nevada's Comprehensive Annual Financial Report (CAFR) as part of the Water Projects Loan Fund, a major enterprise fund which uses the accrual basis of accounting. Because the Program is blended with other water pollution control programs, its assets, liabilities, equity and activities are not identifiable in Nevada's CAFR. Also, because of the different reporting methods, there may be differences between the amounts reported in these financial statements and Nevada's CAFR.

2. Summary of Significant Accounting Policies

Basis of Accounting

The program presents its financial statements as an enterprise fund. This method follows the accrual method of accounting, whereby revenues are recorded as earned and expenses are recorded when the liability is incurred. All assets and liabilities associated with the operations of the Program are included in the balance sheet. An enterprise fund is used since the Program's operations are similar to a financing institution where net income and capital maintenance are appropriate determinations of accountability that provide information to the EPA in evaluating whether the Program is operating

within the requirements of the Clean Water Act. In preparing the Program's financial statements, Nevada follows the accounting pronouncements of the *Governmental Accounting Standards Board* (GASB), as well as statements issued by the *Financial Accounting Standards Board* (FASB) before November 30, 1989, unless FASB pronouncements conflict with or contradict GASB pronouncements.

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 owning fund as discussed in Note 3. 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. Invested funds are considered to be cash equivalents. Management of the Program does not have control over the investment of excess cash, and 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 Treasurer are accounted for on the balance sheet as cash and cash equivalents, and are adjusted at year end for any increase or decrease in fair market value. Investment interest earnings on these deposits are received by the Program on a quarterly basis.

Loans Receivable

Nevada operates the Program as a direct loan program, whereby the loans made to waste water treatment facilities are funded by the Federal capitalization grants, State match bond proceeds, revolving funds that have been repaid to the Program, investment earnings and from leveraged bond proceeds. The Program's loans are evidenced by a formal loan contract between the Division and the borrower. Loan funds are disbursed to borrowers after they incur costs for the purposes of the loan, request reimbursement from the Program, and the Program receives the Federal share from EPA. Interest rates are based on the Bond Buyer Municipal Index, which is published on a weekly basis each Friday, and currently range from 2.76 to 4.0 percent over a term of 20 years. In determining the interest rate that is offered to a loan recipient, the rate of interest as published by the Bond Buyer Municipal Index on the Friday preceding the date of contract is multiplied by a percentage, which is currently 62.5%. Interest is accrued and payable during the construction period. After the final loan disbursement has been made, the loan and agreement amounts are adjusted for the actual amounts disbursed. No provision for doubtful accounts has been made as all loans are current, and management believes that all loans will be repaid according to the loan terms.

2. Summary of Significant Accounting Policies (continued)

Bonds Payable

The State issues water pollution control bonds to meet its state match obligation. The State has also issued leveraged bonds to accelerate financing certain projects beyond amounts made available by the Federal capitalization grants. Bond discounts, premiums and costs of issuing the bonds are amortized over the life of the bonds. All bonds are backed by the full faith and credit of the State of Nevada, for which the Program is primarily responsible for repayment. During 2007, EPA granted permission for the Program to use \$2,000,000 of the 2003H leverage bond proceeds to provide match for grant awards, thereby avoiding arbitrage potential on leverage funds that were deobligated for loan commitments. The conversion was reviewed and approved by bond counsel.

Capitalization Grants

In accordance with GASB 34, funds received from the EPA for the capitalization of the Program are considered a voluntary non-exchange transaction and are recognized as non-operating revenues when all grant conditions are met for each draw request.

3. Cash and Cash Equivalents

All monies in the Program are deposited with the State Treasurer's Office and are considered to be

cash. The Treasurer is responsible for maintaining and investing the pooled cash balances in accordance with Nevada State laws. 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. The Program's share of the investment income is based on the average daily balance for the period and is credited to the Program quarterly. Details of the investments can be obtained from the State Treasurer's Office.

All cash and investments are stated at fair market value, adjusted at year-end. Investments held by the State Treasurer's Office are not categorized because they are not evidenced by securities that exist in physical or book entry form.

	Cash	Cash & Pooled Investments
Not subject to categorization:		
Consolidated Cash Pool	<u>\$ 20,022,974</u>	<u>\$20,159,568</u>

4. Loans Receivable

The Program makes loans to qualified entities for projects that meet the eligibility requirements of the Clean Water Act. Loans are financed by capitalization grants, state match, interest earnings, revolving funds, and leveraged funds. Interest rates on the loans are based on 62.5 percent of the Bond Buyers Index rate and vary between 2.76 and 4.0 percent. Loan maturities are 20 years. Semiannual payments are due on January 1st and July 1st. Interest during the construction period is calculated from the date funds are advanced until the final loan closing. In accordance with Nevada Revised Statute 445A.290, the State Treasurer has adopted financial policies governing the issuance and management of debt. Pursuant to the 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. Interest on the reserve fund is to be accrued and distributed to the benefit of the loan recipient.

The Program has issued loans for constructing wastewater treatment facilities and for non-point source projects. Three local agencies have been provided loans for refinancing in the amount of \$14,690,431.

4. Loans Receivable (continued)

Details of loans receivable as of June 30, 2007:

	Authorized loan amounts	Amount disbursed	Principal paid	Balance
Completed Projects	\$235,681,809	\$235,681,809	\$58,911,849	\$176,769,960
Projects in progress	54,866,635	41,258,542	- 0-	41,258,542
Totals	<u>\$290,548,444</u>	<u>\$276,940,351</u>	<u>\$58,911,849</u>	<u>\$ 218,028,502</u>
				Less: Amounts due within one year: \$ 15,984,753
				Non-current loans receivable June 30, 2007: \$ 202,043,749

Loans mature at various intervals through January 1, 2032. The scheduled principal repayments for completely disbursed loans in subsequent years are as follows:

Year ending June 30:	<u>Amount</u>
2008	\$ 15,984,753
2009	13,182,246
2010	13,896,349
2011	14,210,774
2012	14,530,916
2013-2017	62,685,204
2018-2022	52,521,105
2023-2029	<u>31,017,155</u>
Total	\$218,028,502

Loans to Major Local Agencies:

As of June 30, 2007, the Program had made loans to seven local agencies whose contract amounts exceeded \$5 million and whose year-end principal balances in the aggregate exceeded \$150 million. The outstanding principal balances of these loans represent approximately 90 percent of the total loans receivable, as follows:

<u>Borrower</u>	<u>Original Loan Amount</u>	<u>Outstanding Balance</u>
City of Henderson	\$ 41,436,491	\$ 17,694,145
City of Sparks	55,940,519	38,868,923
Carson City	10,520,582	6,711,082
Washoe County	38,784,137	32,835,276
City of Mesquite	7,880,000	3,812,713
City of Reno	81,255,434	80,283,169
Lyon County	<u>15,980,733</u>	<u>15,614,757</u>
Total loans to major agencies:	251,797,896	195,820,065
Loans to all other agencies	<u>38,750,548</u>	<u>22,208,437</u>
Total loans receivable June 30, 2007	\$290,548,444	\$218,028,502

5. Bonds Payable

Bonds Payable - All Series (State Match, Leveraged and Refunded)

The State provides the required matching funds through state match bonds. As of June 30, 2007, Nevada's total of such bonds was \$28.49 Million: \$26.49 Million had been issued prior to FY 2007 and \$2 Million of leveraged bonds were converted to match bonds in FY 2007. As of June 30, 2007, \$2,502,117 in state match bond funds were available to match EPA draws. The State also issues leveraged bonds for financing selected projects that exceed the amount of available funding. As of June 30, 2007, \$113,175,000 in leveraged bonds had been issued, of which \$2,000,000 were converted to match bonds and \$171,198 in obligated funds remained to be drawn. In May 2001, the State defeased \$3,170,000 of older state match bonds and \$8,875,000 of leveraged bonds in an advanced refunding in order to take advantage of lower interest rates. These bonds were refunded in the 2001A1 series issued for \$28,720,000. Proceeds of the new bond were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Program's financial statements. In accordance with generally accepted accounting principles, the deferred amount of \$409,765 on refunding is reported as a deferred charge and is amortized over the remaining life of the refunded debt. This amount is deducted from the outstanding balance of the 2001A1 bonds for financial statement presentation.

Details of bonds payable as of June 30, 2007 are as follows:

State Match Bonds:	<u>Balance</u>	<u>Current</u>	<u>Long-term</u>
Series July 1, 1998D , General Obligation Water Pollution Control Revolving Fund Matching Bonds, interest of 4.25% to 4.875% due semiannually, principal due annually to August 1, 2013.	1,680,000	230,000	1,450,000
Series September 1, 1999C , General Obligation Water Pollution Control Revolving Fund Match Bonds, interest of 5.25% to 5.3% due semiannually, principal due annually to August 1, 2012.	720,000	105,000	615,000
Series July 1, 2000C , General Obligation Water Pollution Control Revolving Fund Matching Bonds, interest of 5% to 5.25% due semiannually, principal due annually to August 1, 2011.	750,000	135,000	615,000
Series May 1, 2001 B , General Obligation (Limited Tax) Water Pollution Control Revolving Fund Matching and Refunding Bonds, interest of 4% to 4.7% due semiannually, principal due annually to August 1, 2013.	1,580,000	570,000	1,010,000
Series November 25, 2003G , General Obligation Water Pollution Control Revolving Fund Match Bonds, interest of 2.00% to 4.00% due semiannually, principal due annually to August 1, 2013.	1,945,000	250,000	1,695,000
Series September 14, 2005M, General Obligation (Limited Tax) Water Pollution Control Revolving Fund Matching Bonds, interest of 4% due semiannually, principal due annually to February 1, 2016	<u>1,820,000</u>	<u>170,000</u>	<u>1,650,000</u>
Total State match bonds payable:	8,495,000	1,460,000	7,035,000

5. Bonds Payable (continued)

Leveraged Bonds:	<u>Balance</u>	<u>Current</u>	<u>Long-term</u>
Series May 1, 2001A-1, General Obligation (Limited Tax) Water Pollution Control Revolving Fund Leveraged and Refunding Bonds, interest of 4% to 5% due semi-annually, principal due annually to August 1, 2019.	23,700,000	1,655,000	22,045,000
Series May 1, 2001A-2, General Obligation (Limited Tax) Water Pollution Control Revolving Fund Leveraged Bonds, interest of 6% to 6.5% due semiannually, principal due annually to August 1, 2017.	5,490,000	360,000	5,130,000

Series November 25, 2003H, General Obligation (Limited Tax) Water Pollution Control Revolving Fund Leveraged Bonds, interest of 3.0% to 5.0% due semiannually, principal due annually to August 1, 2023.

	61,050,000	2,510,000	58,540,000
<hr/>			
Total Leveraged bonds payable	90,240,000	4,525,000	85,715,000
Total State match and leveraged bonds	98,735,000	5,985,000	92,750,000
Bond premiums and discounts	<u>1,462,331</u>		
Total bonds payable	<u>\$100,197,331</u>	<u>\$5,985,000</u>	<u>\$94,212,331</u>

The debt service requirements to maturity, excluding unamortized premium and discounts, are as follows:

	Principal	Interest	Total
2008	\$ 5,985,000	\$ 4,474,481	\$ 10,459,481
2009	5,995,000	4,186,488	10,181,488
2010	6,055,000	3,918,119	9,973,119
2011	6,275,000	3,664,454	9,939,454
2012	6,575,000	3,383,633	9,958,633
2013-2017	31,520,000	12,339,189	43,859,189
2018-2022	26,270,000	5,278,356	31,548,356
2023-2024	10,060,000	468,459	10,528,459
Totals	<u>\$ 98,735,000</u>	<u>\$37,713,179</u>	<u>\$136,448,179</u>

7. Interfund transfers

All administrative costs of the Program are initially paid by the Agency's General Fund accounts. EPA grants directly reimburse the General Fund accounts for 83.33% of the costs, and the remaining balance is paid from the SRF fund through quarterly interfund transfers. Amounts due to other funds represent administrative costs incurred by general fund accounts for Program expenditures which are payable at year end.

8. Contributed Capital and Fund Balance

The Program is capitalized by EPA grants authorized by the Clean Water Act. All EPA funds drawn for loans are recorded as non-operating revenues from EPA. The State of Nevada is responsible for matching 20 percent of the EPA capitalization grants and this obligation is met by issuing state match bonds, which are repaid from loan interest receipts (discussed under Note 5). As of June 30, 2007, EPA has awarded capitalization grants of \$118,215,400 to the State, of which \$112,600,920 has been drawn for loans and administrative expenses.

The following summarizes the EPA capitalization grants awarded, amounts drawn on each grant as of the balance sheet date, and balances available for future draws:

	GRANT AMOUNT	Cumulative Draws as of JUNE 30, 2006	2007 Draws	Cumulative Draws as of JUNE 30, 2007	Grant Funds Available JUNE 30, 2007
1989	\$ 4,577,200	\$ 4,577,200		\$ 4,577,200	0
1990	4,738,000	4,738,000		4,738,000	0
1991	10,074,800	10,074,800		10,074,800	0
1992	9,534,900	9,534,900		9,534,900	0
1993	9,431,000	9,431,000		9,431,000	0
1994	5,813,800	5,813,800		5,813,800	0
1995	6,007,800	6,007,800		6,007,800	0
1996	9,904,700	9,904,700		9,904,700	0
1997	2,990,500	2,990,500		2,990,500	0
1998	6,577,300	6,577,300		6,577,300	0
1999	6,577,900	6,577,900		6,577,900	0
2000	6,555,200	6,469,728		6,555,200	0
2001	6,496,100	4,857,166	42,598	4,899,764	1,596,336
2003	6,510,800	6,293,773	0	6,293,773	217,027
2004	6,467,800	6,087,344	164,862	6,252,206	215,594
2005	6,471,800	5,732,735	449,024	6,181,759	290,041
2006	5,243,500	2,716,785	1,583,433	4,300,218	943,282
2007	4,242,300	0	1,890,100	1,890,100	2,352,200
Totals	<u>\$118,215,400</u>	<u>\$108,385,431</u>	<u>\$4,130,017</u>	<u>\$112,600,920</u>	<u>\$5,614,480</u>

Contingencies

The Program is exposed to various risks of loss related to torts, thefts of assets, errors or omissions, injuries to state employees while performing Program business, or acts of God. The State maintains insurance for all risks of loss that is included in the indirect costs allocated to the Program. There have not been any claims against the Program since its inception in 1989.

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.

Subsequent Events

The Nevada Division of Environmental Protection was awarded an additional EPA Federal Grant of \$5,207,300 on July 16, 2007.

Attachment 7

ENVIRONMENTAL NARRATIVE

**FY2007
Project Priority List
Environmental Statements**

CS32-0701

Washoe County: Spanish Springs effluent recharge

This project is to install a sewer collection system in the Spanish Springs area to extend wastewater treatment to the unsewered region. Tertiary treated effluent from the jointly owned plant in Sparks will be pumped back to the area for reuse. This project will conserve water in the basin and reduce the level of pollution from on-site systems.

CS32-0102

WASHOE COUNTY: SPANISH SPRINGS SEPTIC-TO-SEWER

This project is to help defray the large costs associated with paying connection fees to the proposed sewer. Benefit includes removal of septic tanks in the area and protection of the aquifer and public drinking water supply.

CS32-0413

Washoe County: Huffaker Hills Reservoir relining

This storage reservoir contains treated effluent from the Washoe County South Truckee Meadows Facility. Engineering analysis of the reservoir has demonstrated excessive seepage from the earthen reservoir beyond what is allowed by NDEP.

To protect the regions groundwater quality and maximize the volume of treated effluent, the county will re-line the reservoir to prevent excess water loss through the ground under the reservoir.

CS32-0105

Humboldt County: Grass Valley collection & treatment system

Grass Valley has areas of high density where the method of sewage disposal is septic tanks. An ongoing study by Humboldt County indicates nitrate pollution in the valley groundwater that is a direct result of septic effluent. The construction of this treatment facility would protect the valley aquifer that is used for a drinking water supply.

CS32-0702

Washoe County – Cold Springs collection system

This project will extend the collection system in the Cold Springs Valley of Washoe County for service at the County treatment plant. This project will benefit the basin by removing homes that are currently on septic systems to connect to the County plant.

CS32-0502**Douglas County SID #1: Round Hill Reservoir lining project & improve secondary clarifiers.**

Presently, secondary treated effluent is stored in an unlined reservoir within the Lake Tahoe Basin prior to pumping over to Carson Valley in Douglas County for agricultural irrigation. NDEP is concerned that excessive reservoir leakage has or may impact Lake Tahoe water quality. Therefore, Douglas County has been directed by NDEP to line the reservoir in accordance with the state standards for a storage pond.

CS32-0703**Nye County Public Works – Upgrade to the town of Gabbs treatment plant**

This project involves the rehabilitation of the wastewater treatment ponds in the Town of Gabbs, to meet the current state standards for a treatment system. The ponds will be lined to reduce the infiltration of wastewater to the subsurface and the treatment levels enhanced by proper design.

CS32- 0704**City of Reno – Stead Water Reclamation Facility Expansion**

The Stead Water Reclamation facility is a tertiary treatment facility that discharges effluent to Lemmon Lake and to reuse irrigation sites. This project is for the expansion of the treatment facility to handle the rapid growth rate in the north valleys. Water conservation and the preservation of wildlife habitat are the benefit of this project.

CS32-0705**City of Ely – Upgrades to treatment plant: New Secondary Clarifier**

This project involves the upgrade of the Ely treatment plant to improve the plant reliability in meeting its discharge permits. The present system has an undersized secondary clarifier that does not provide any flexibility for operations. This project will provide for a more efficient treatment plant.

CS32-0603**Clark County Water Reclamation District- Searchlight Wastewater Treatment Plant.**

The Town of Searchlight in southern Clark County plans on upgrading their pond system to a mechanical treatment plant. Construction of this facility will improve the effluent quality and allow for beneficial reuse of the effluent.

CS32-0504**City of North Las Vegas: Construct new water reclamation facility**

Currently, the City of North Las Vegas has only collection lines which discharge to the City of Las Vegas WWTP. The community intends to build their own plant so they can take advantage of reclaimed wastewater for reuse irrigation in this rapidly developing City. This operation will help conserve water in this desert community.

CS32-0707**City of Reno – Sewer Line Rehabilitation project: North Virginia Street**

This sewer rehabilitation project will repair and replace existing sewer lines that presently have excessive infiltration and exfiltration. This project will reduce the pollution from sewer exfiltration and reduce the loading excess infiltration to the treatment facility.

CS32-0708**City of Reno – Sewer Line Rehabilitation project: Keystone Avenue**

This sewer rehabilitation project will repair and replace existing sewer lines that presently have excessive infiltration and exfiltration. This project will reduce the pollution from sewer exfiltration and reduce the loading excess infiltration to the treatment facility.

CS32-0709**City of Reno – Sewer Line Rehabilitation project: 9th Street/Moana Lane**

This sewer rehabilitation project will repair and replace existing sewer lines that presently have excessive infiltration and exfiltration. This project will reduce the pollution from sewer exfiltration and reduce the loading excess infiltration to the treatment facility.

CS32-0710**Lyon County – Sewer Rehabilitation: Rose Peak Lift Station**

This project will involve the installation of new pumps and other upgrades to the older lift station that serves a growing part of this County. By upgrading this station, the Utility is decreasing the opportunity for a SSO which can impact public health.

CS32-0711**Douglas County Sanitation District # 1 – Redundant Forcemain Project**

This project will entail the construction of a redundant pipeline to the existing forcemain that conveys all flow to the treatment plant. The existing force main has had several breaks over the last 10 years and is in need of relief. This project will increase the reliability of wastewater collection in this important lake environment.

CS32-0608**Clark County Water Reclamation District- Indian Springs Wastewater Treatment Plant Upgrades**

This District has just recently taken over operation of this aged treatment facility and has plans to replace the main lift station, 5,600 feet of raw wastewater forcemain, 6,800 feet of sewer lines, and install a new mechanical treatment facility. Presently the Indian Springs system consists of substandard treatment ponds that have impacted the groundwater quality in the local region. These numerous upgrades will provide a more reliable treatment facility with effluent quality that will meet groundwater discharge standards.

CS32-0111**Washoe County: Pleasant Valley interceptor**

Rapid growth in southern Washoe County where septic tanks have been used as a method of sewage disposal is a potential threat to the water supply. The Pleasant Valley Interceptor is a septic-to-sewer project that will allow conveyance of wastewater to a water reclamation facility which provides treated effluent for irrigation.

CS32-0208**Washoe County: Spanish Springs Stormwater control (flood control channels)**

This project is to fund flood control channels for stormwater conveyance. This is a non-point source project that will reduce the erosion of sediment to the highly sensitive Truckee River.

CS32-0609**City of Sparks: Spanish Springs Reliever (Phase 2)**

The next phase of the large diameter Interceptor is required to pick up additional flows in the rapidly growing area of Spanish Springs in the City of Sparks. This project will prevent surcharging in manholes and potential sewage spills from the undersized collection system. Completion of this project will protect public health from possible wastewater contact. Additionally, existing septic systems will connect to the sewer system, reducing the concentration of non-point source pollution.

CS32-0610**Washoe County: Lawton-Verdi interceptor**

There are many septic tanks near the Truckee River in Verdi which pose a potential non-point threat to River water quality and to groundwater that is used for drinking water. The Lawton-Verdi Interceptor project is a septic-to-sewer project that will eliminate this threat and allow for the conveyance of wastewater to the regional tertiary treatment facility.

CS32-0111**Washoe County: Pleasant Valley interceptor**

Rapid growth in southern Washoe County where septic tanks have been used as a method of sewage disposal is a potential threat to the water supply. The Pleasant Valley Interceptor is a septic-to-sewer project that will allow conveyance of wastewater to a water reclamation facility which provides treated effluent for irrigation.

CS32-0611**Lyon County: Moundhouse Wastewater Treatment Facility**

Moundhouse is a highly industrialized area of Lyon County where all wastewater is handled by on-site septic systems. Due to the high density of septic tanks in this area, groundwater protection is a concern since this is used as a drinking water source. This septic-to-sewer project will eliminate this non-point source pollution problem.

CS32-0411**Washoe County: Verdi septic-to-sewer**

Sewering of residences and businesses in the Verdi area will allow for elimination of this non-point source of pollution. Given the proximity of the Truckee River to this community, this project will protect both groundwater resources and the river water quality.

CS32-0208**Washoe County: Spanish Springs Stormwater control (flood control channels)**

This project is to fund flood control channels for stormwater conveyance. This is a non-point source project that will reduce the erosion of sediment to the highly sensitive Truckee River.

CS32-0610**Washoe County: Lawton-Verdi interceptor**

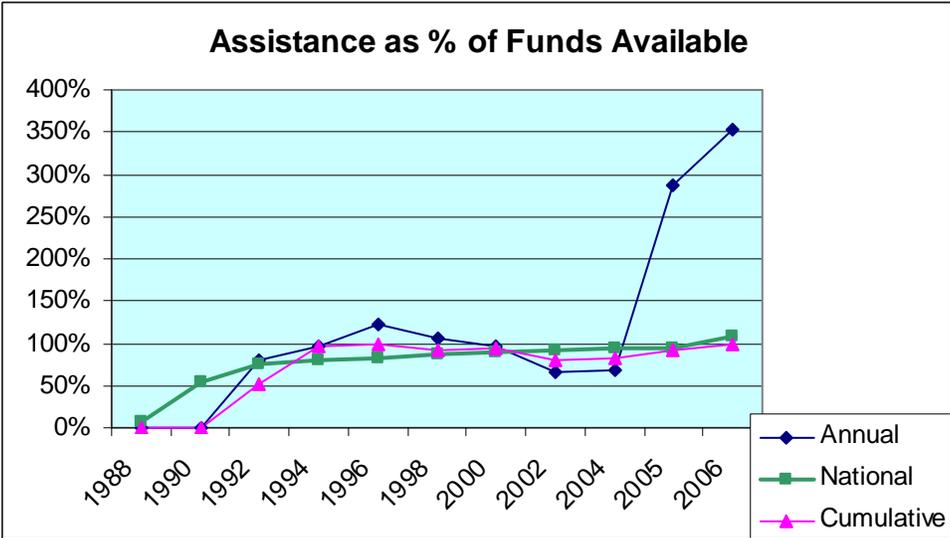
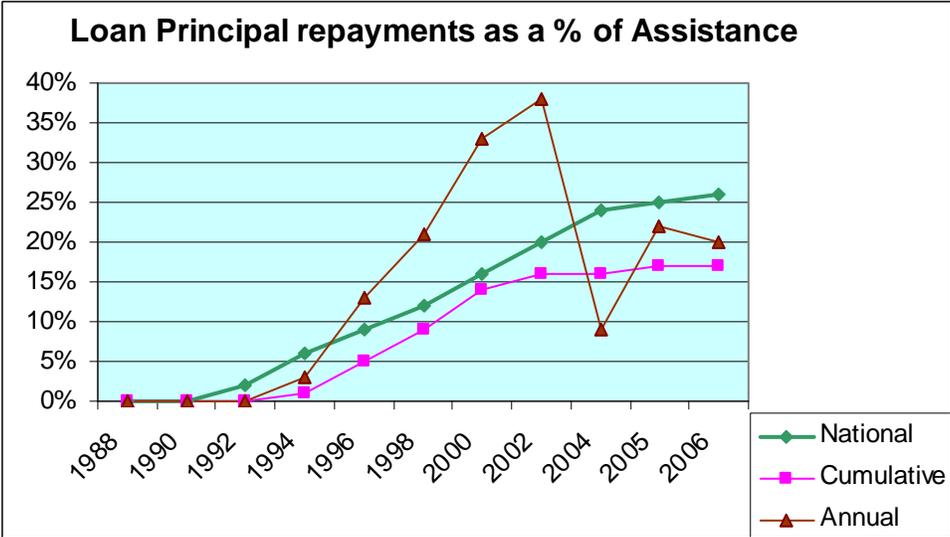
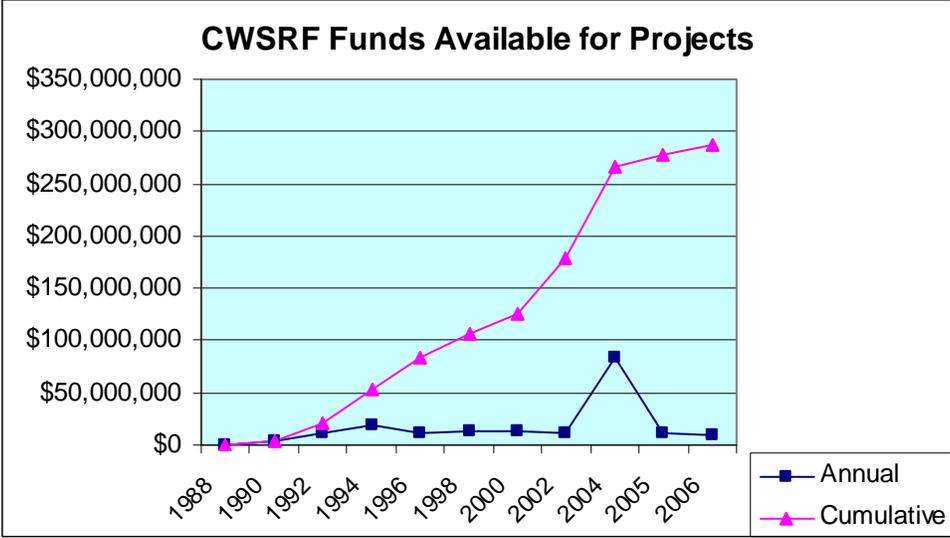
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Attachment 8

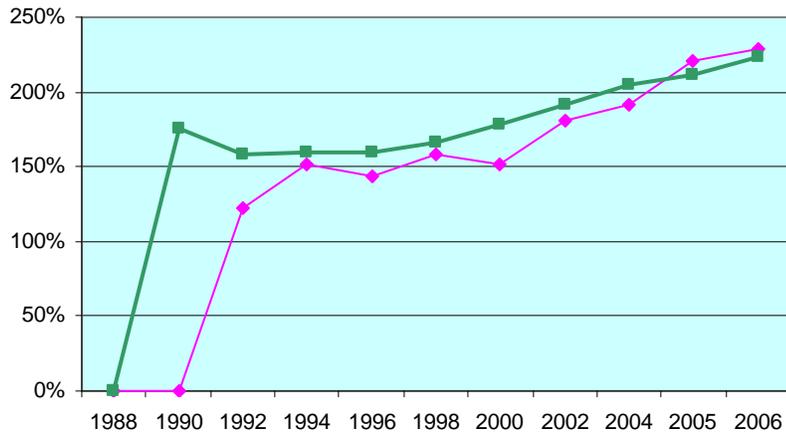
ENVIRONMENTAL BENEFITS FORM

Attachment 9

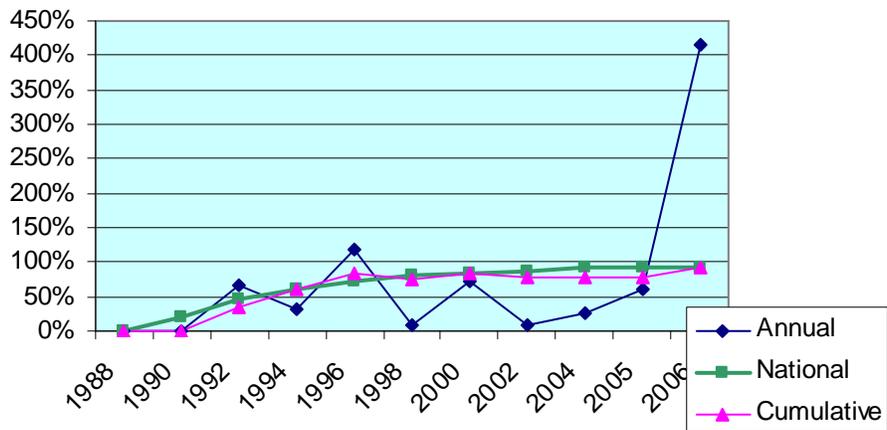
PROGRAM INDICATORS



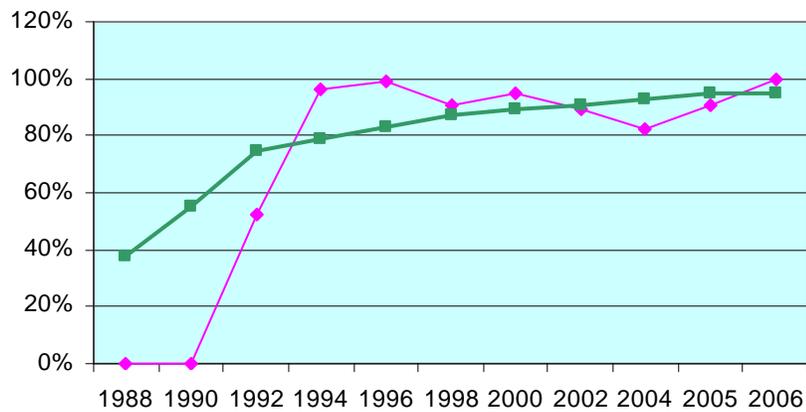
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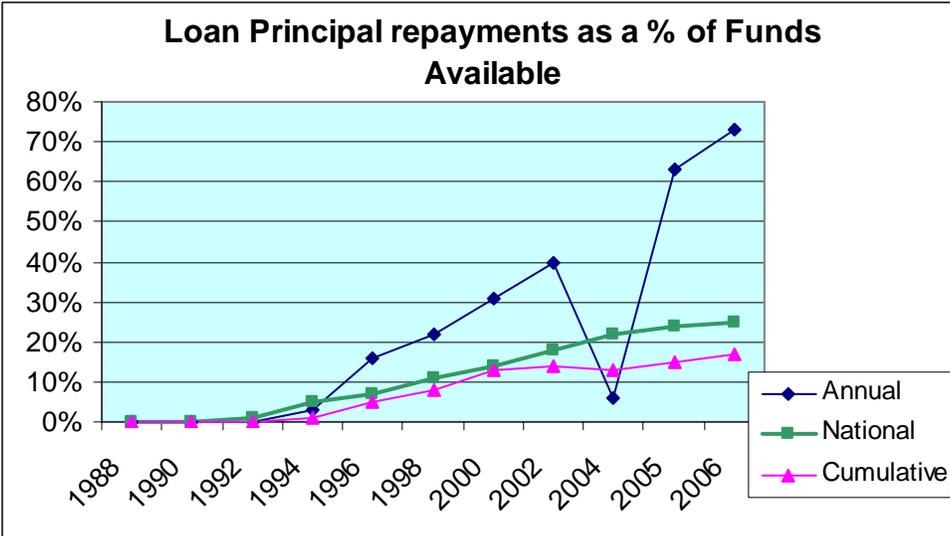
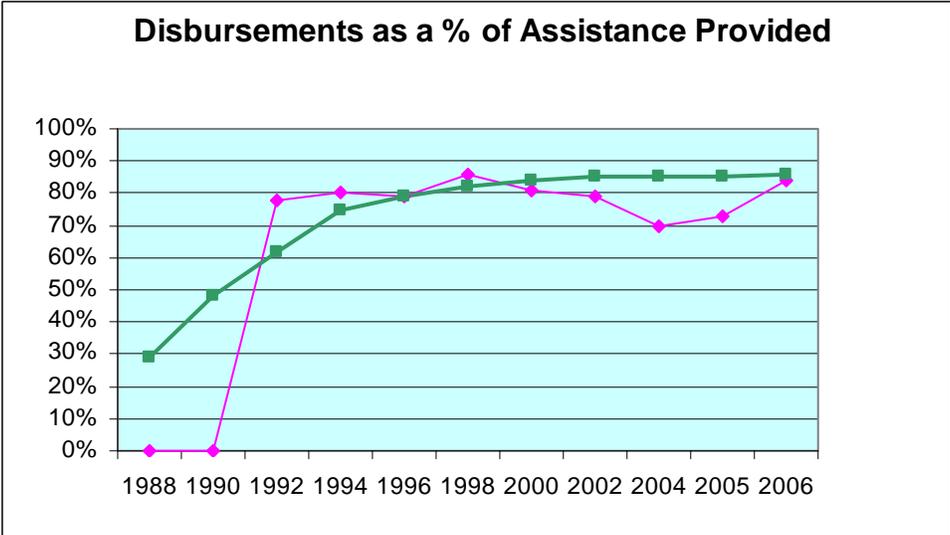
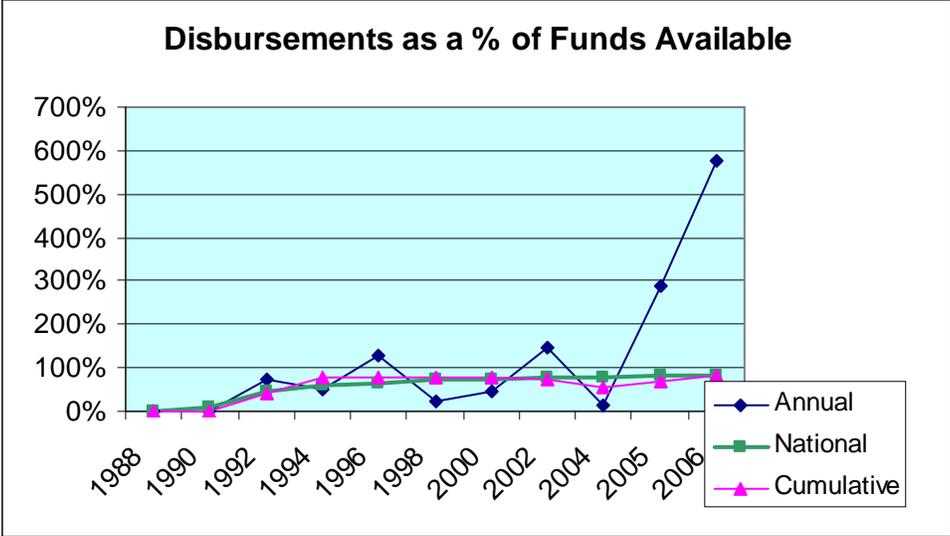


Outlays as a % of Capitalization Grants

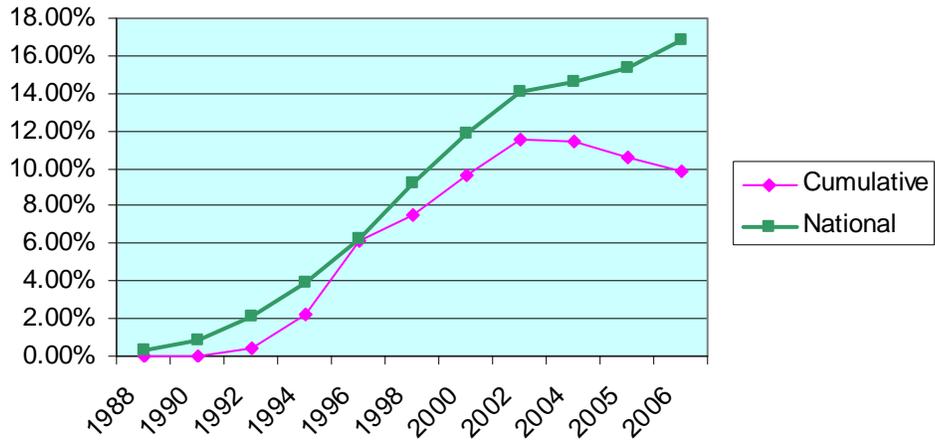


Assistance Provided as a % of Funds Available





Net Return on Contributed Capital



Disbursements as a % of Assistance

