



STATE OF NEVADA  
DIVISION OF ENVIRONMENTAL PROTECTION  
CLEAN WATER STATE REVOLVING FUND  
Annual Report

State Fiscal Year 2013  
(July 1, 2012 – June 30, 2013)



*Mountain City, Elko County – Facultative & Polishing Ponds Lined with HDPE (Photos courtesy of Day Engineering & NDEP)*

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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), Office of Financial Assistance (OFA) is pleased to present the Annual Report on the Clean Water State Revolving Fund (CWSRF) for State Fiscal Year (SFY) 2013 (July 1, 2012 through June 30, 2013). This report describes Nevada's efforts to meet the goals and objectives of its Clean Water State Revolving loan program, as identified in the CWSRF Intended Use Plan (IUP). There were no substantial changes to the IUP.

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. Projects are not always funded in order due, in large part, to their readiness-to-proceed. Projects that are bypassed are provided notice and an opportunity to object as required by NAC 445A.7675. Funds for loans consisted of \$6,908,000 in federal Title VI grant (2012 year's appropriation), a portion of the \$4.7 million in state match (deposited 12/21/2010), and principal and interest payments collected from existing loan recipients. Although Nevada reserved the right to transfer funds between the CWSRF and Drinking Water State Revolving Fund (DWSRF) programs in the IUP, no funds were transferred. NDEP met all Federal Cross-Cutters and DBE certification requirements. There were 4 initiations of operations totaling \$4.7 million and 3 construction startups in SFY 2013.

## II. GOALS AND ACCOMPLISHMENTS

The following long-term and short-term goals and accomplishments are identified in the FY 2013 IUP. The long-term goals provide the framework that guides management decisions for the CWSRF program. The short-term goals support the implementation of the long-term goals and are activities initiated, and in some cases, completed within a year. 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 the program evolves and changes.

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

Nevada's CWSRF Priority List ranking criteria ([http://ndep.nv.gov/bffwp/docs/cwsrf\\_ranking\\_criteria\\_2014.pdf](http://ndep.nv.gov/bffwp/docs/cwsrf_ranking_criteria_2014.pdf)) supports these

long-term goals. As the driest state in the country, Nevada also encourages the reclamation and reuse of wastewater.

***Long-Term Goal 2:*** *Ensure 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.*

**Progress toward Long-Term Goal 2:** 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, prepares loan repayment schedules, 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).

***Long-Term Goal 3:*** *Provide low-cost financing for important water quality projects while maintaining the perpetuity of the CWSRF.*

**Progress toward Long-Term Goal 3:** 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).

***Long-Term Goal 4:*** *Work with other funding sources within the state to coordinate water quality financing.*

**Progress toward Long-Term Goal 4:** 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.

Assistance provided was at 174% of SRF funds available with a project disbursement rate of 189%. OFA's fund utilization rate targeted continues to be 95%; the actual for SFY 2013 was 174%.

**B. SHORT-TERM GOALS**

Progress towards short-term goals included in the SFY 2013 Intended Use Plan is discussed below.

***Short-Term Goal 1: Issue loans totaling \$10,500,000.***

***Progress toward Short-Term Goal 1:*** The goal of issuing loans in the amount of \$10,500,000 was not met. See below for details

**Elko County for Mountain City** received a principal forgiveness loan in September 2012 in the amount of \$347,500. Sludge was removed from the existing treatment ponds, 80-mil high density polyethylene (HDPE) liners were installed, and the pond embankments were raised to increase treatment capacity and effectiveness. The lift station from the treatment ponds to the RIBs was rehabilitated. The RIBs were reconditioned and the isolation valves were replaced. An additional monitoring well was required down gradient of the existing RIBs and was installed as a part of this project. A final project element is the rehabilitation of the primary lift station in town and the addition of an ultrasonic level probe, along with the necessary telemetry, for flow monitoring. This treatment facility came on-line in April 2013 with subsequent SCADA for remote monitoring of the system in progress at this time.

**Clark County Water Reclamation District** received a CWSRF loan in the amount of \$30,000,000 (listed in the 2012 IUP) in July 2012 for the installation of 30 mgd capacity, membrane/ozonation facilities (Phase 2) in their Central Plant. Due to some restructuring of the projects by the system, the additional \$10,000,000, as listed in the 2013 IUP, was not finalized until SFY 2013.

**Gabbs**

The Gabbs projected listed on the 2013 IUP was not completed as the community did not have the resources to move forward with the project. NDEP will continue to work with this community to fund the project in the future.

<u>Project Funding During SFY2013</u>					
<u>Borrower</u>	<u>Loan Amount</u>	<u>Loan Execution Date</u>	<u>Subsidy</u>	<u>Green</u>	<u>Construction Starts</u>
Clark County Water Reclamation District	\$30,000,000	7/13/2012	No	Yes, Partial/ 2012 IUP	No
Elko County for Mountain City	\$347,500	9/10/2012	Yes	No	Yes
<b>Total</b>	<b>\$30,347,500</b>				

**Short-Term Goal 2:** *Effectively manage day to day operation of CWSRF by continuing to meet goals and restructure program duties as needed.*

**Progress toward Short-Term Goal 2:** The OFA continues to meet objectives and properly manage and coordinate activities within the program. During the year, OFA upgraded several procedures to the SRF programs. A review and update of the existing priority list system, making it more refined and easier to understand was completed and will go into effect in SFY 2014. Evaluation of the LGTS system has been completed and it is the intention of the OFA to enter into contract for necessary upgrades in SFY 2014. A new Operating Agreement which updates and combines both the Clean Water and Drinking Water Programs was submitted to Region 9 in January 2013.

**Short-Term Goal 3:** *Fund green infrastructure, water and energy efficiency, and environmentally innovative projects in an amount that is at least ten percent (\$7,598,800 x 10% + \$759,880) of the capitalization grant.*

**Progress toward Short-Term Goal 3:** OFA did not meet its goal of awarding a \$10,000,000 (\$1,000,000 GPR) to Clark County; see section II.B Short Term Goal #1 for details. OFA will continue to work with Clark County to finalize this loan.

**Short-Term Goal 4:** *Fund subsidy projects in an amount of between \$422,312 and \$633,470 of projected.*

**Progress toward Short-Term Goal 4:** As Gabbs was not ready; OFA did not meet this goal, but did awarded \$347,500 in subsidy to the Town of Mountain City. NDEP anticipated that \$500,000 would be awarded to the Town of Gabbs to meet the anticipated 2013 Grant subsidy requirement. Elko County submitted an application for the Town of Mountain City, included on the priority list, for pond lining and facility repairs and up-grades. Details on this project are included in Section II B under Short-term Goal 1 and in the table below. These subsidies are directed toward projects in communities that would otherwise not be able to afford financing and, in the case of the Mountain City project that repaired existing infrastructure (“fix it first”).

NDEP anticipates that, through outreach, the additional subsidy requirement for the 2013 grant will be met or exceeded in its entirety in SFY 2014.

<b>Subsidy Projects</b>		
<u>Borrower</u>	<u>Loan Amount</u>	<u>Loan Execution Date</u>
Mountain City/Elko County	\$347,500	9/10/2012
<b>Total</b>	<b>\$347,500</b>	

### III. FINANCIAL SUMMARY

Listed in the table below is a summary of the financial activity for state fiscal year 2013. This information is derived from the state's financial data system. There may be some discrepancies between the information below and the financial statements, which will be submitted in December 2013, due to timing differences in recognizing revenues and expenses between the cash and accrual basis accounting. The state's financial data system utilizes a modified accrual basis while the financial statements utilize an accrual basis of accounting. A 189% ratio of disbursement of funds available was achieved.

The 2013 IUP requested \$0.00 of administrative set-aside funds from the 2013 grant. NDEP has banked authority in the amount of \$3,629,482 (see Attachment 6). Additional set-aside funding authority was banked for the FFY2013 grant, but was not awarded until September 2013. The actual set-aside cost for SFY 2013 was \$221,621.

NDEP applies a loan origination fee of 0.5% of the amount of base loans. Fee income will eventually help cover the cost of program administration. A fee of \$150,000 was received for the Clark County Water Reclamation District in SFY 2013 year and will be included in financial statements; however due to timing differences, the loan was accounted for in SFY 2012 and is not reflected in goals met for SFY 2013.

See Attachment 2 for further financial information.

	FY13	Cumulative
Traditional loans	2	59*
ARRA loans	0	13
Assistance amount	\$30,347,500	\$393,659,533
Assistance amount disbursed	\$32,988,311	\$388,425,810
Principal debt service payments	\$7,030,000	\$61,225,000
Interest debt service payments	\$3,007,444	\$48,964,847
Average interest rates	2.3562%	
Interest earnings & investment	\$195,419	\$17,767,683
Match bonds	\$3,021,350	\$33,742,843
Principal payments received	\$15,233,477	\$158,603,798
Interest payments received	\$5,390,074	\$81,672,422
CWSRF administrative expenses	\$221,621	\$4,320,224
Loan servicing fees	\$150,000	\$532,914

\* Four (4) ARRA loans that also received additional subsidy from later grants were inadvertently counted twice. The cumulative traditional loan count now agrees with the Portfolio in Attachment 5.

### **2013 Conversion of Bonds to Match**

On 2/20/13 \$3,021,350 of leverage bonds were converted to match bonds and are being used for the partial match of the 2012 grant, and the match for the 2013 and 2014 grants. (See Attachment 7)

## **IV. AUDITS AND REPORTS**

1. **Single Audit.** A single audit was performed in January of 2013 for SFY 2012 with findings and response under attachment 8.
2. **Annual Audit.** The Program's account balances and 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. In addition, a single audit has been performed for FY11, 12, & 13. While materiality it is a major concern to the EPA program staff, they agreed that having the CWSRF audited separately is not an efficient or effective use of State funds. Rather, the EPA is considering a number of "agreed-upon procedures" be performed on the CWSRF annual financial statements. In the meantime, EPA is allowing NDEP to provide a reconciliation of the most recently audited CAFR and the related unaudited financial statements.
3. **Program Evaluation Report.** See Attachment 9

## **V. COMPLIANCE WITH FEDERAL REQUIREMENTS**

### ***Compliance with elements required by 40 CFR 35.3165(b):***

1. **Reviewed all CWSRF funded Section 212 projects in accordance with approved environmental review procedures.** All SRF funded projects are subjected to NDEP's environmental review procedures. Nevada does not have a SERP, but follows National regulations.
2. **Deposited its match on or before the date on which each quarterly grant payment was made.** Refunded match bonds were converted to match bonds on 2/20/2013 prior to NDEP requesting grant payment. No funds were requested that exceed the 20% match before that date.
3. **Assured compliance with requirements of Section 35.3135(f).** Section 35.3135(f) requires compliance with Title II requirements for equivalency projects. All projects funded by NDEP are reviewed for compliance with the Title II requirements of Section 35.3135(f).
4. **Made binding commitments to provide assistance equal to 120 percent of the amount of each grant payment within one year after receiving the grant award.**

NDEP strives to expend all funds in an expeditious and timely manner. Outlays as a % of Capitalization Grants were at 119% for SFY 2013.

**5. Expended all funds in an expeditious and timely manner.** NDEP strives to expend all funds in an expeditious and timely manner. Outlays as a % of Capitalization Grants were at 130% for SFY 2013.

**6. First used all funds as a result of capitalization grants to assure maintenance of progress toward compliance with the enforceable requirements of the Act.** The major publicly owned treatment works (POTWs) within the state are in compliance with the enforceable requirements of the Act.

***Compliance with Grant Conditions:***

Compliance with the Programmatic Conditions of the grant award is as follows:

**P1. Operating Agreement:** NDEP has operated the SRF program in accordance with the provisions and requirements of the Clean Water Act; applicable portions for the federal regulations; SRF Guidance; Operating Agreement; Intended Use Plan; and other applicable statutes, regulations, and authorities.

**P2. Annual Reporting & Strategic Planning:** Financial and program information has been entered into both CWSRF Benefits Reporting (CBR) and the National Information Management System (NIMS). FFATA reporting requirements were met.

**P3. Equipment:** There were no purchases of equipment exceeding \$5,000 during SFY13.

**P4. Grant Payment, Binding Commitments, Loan Agreements and Disbursement Schedule:** Nevada's SRF binding commitments, final loan agreements, and disbursements met or exceeded the minimum SRF program pace for efficient, timely, and expeditious expenditures of funds.

**P5. Staffing & Travel:** The CWSRF program has maintained staffing levels sufficient to ensure the financial, administrative, and managerial capacity to operate. Staff attended the annual Council of Infrastructure Authorities (CIFA) and the national SRF conference.

**P6. Loan Fees:** NDEP applies a loan origination fee of 0.5% of the amount of base loans. The fee is applied on a case by case basis. The fee income will eventually help cover the costs of administration. None of the fees collected have been used at this time. The balance of fees collected through SFY 2013 is \$532,914. A fee of \$150,000 was collected in SFY 2013.

**P7. Final Guidance:** The FY-13 guidance, finalized in August 2013, was adhered to.

**P8. Data Reporting:** NDEP has been entering the required information into the CWSRF Benefits Reporting database no less than quarterly. Information required by the 2013 guidance on Green Project Reserve and additional subsidization is included in Attachment 1. Printouts from the CWSRF Benefits Reporting for the projects funded in SFY 2013 are included in Attachment 4.

- P9. Annual Report Requirements:** This Annual Report includes information on
- 1) Achievement of the outputs and outcomes established in the Intended Use Plan: see Section II of this report.
  - 2) The reasons for delays if established outputs or outcomes were not met: all goals were met.
  - 3) Any additional pertinent information on environmental results: see Section II A: Progress towards Long-Term Goal 1.
  - 4) Compliance with Green Project Reserve requirement: see Section 11 B: Short-Term Goal 1 & Attachment 1
  - 5) Compliance with additional subsidization requirement: see Section 11 B: Short-Term Goal 1 & Attachment 1
- P10. Additional Subsidies:** NDEP provided additional subsidies in the form of forgiveness of principal to communities that could not afford to borrow the money. The projects receiving additional subsidy involved repairing, replacing, or upgrading existing infrastructure. Additional details on these projects are provided in Section II B Progress towards Short-Term Goal 4 and Attachment 1.
- P11. Green Project Reserve:** When developing the annual Priority List, NDEP has solicited for projects that address green infrastructure, water, or energy efficiency improvements or other environmentally innovative activities. OFA did not meet the goal of the 2013 IUP. See further details under 11.B. Short term Goal 3.
- P12. Davis-Bacon Wage Rate Requirements:** NDEP has included a condition requiring compliance with Davis Bacon Wage Rates in all loan agreements executed on or after October 30, 2009. NDEP provides all assistance recipients with the specific EPA Davis-Bacon contract language that is to be included in bid specifications and/or contracts. Additionally, NDEP collects certification of Davis-Bacon compliance from the assistance recipients with each loan disbursement request.
- P13. The Workplan is applicable to the Drinking Water SRF only.**

# **ATTACHMENT 1**

## **REQUIRED DATA ELEMENTS FOR SUBSIDY AND GREEN PROJECTS**

## Projects Receiving Additional Subsidy

**Assistance Recipient Name:** Mountain City/Elko County

**Total Amount of SRF Assistance Provided:** \$347,500

**Project Identification Number:** CW1301

**Project Description:** Sludge removal, lining of both ponds, increase treatment capacity, rehabilitation of two lift stations, and SCADA with solar power.

**Project Location:** Mountain City, Elko County

**Type of Additional Subsidy:** Principal Forgiveness

**Amount of Additional Subsidy:** \$347,500

**Would the recipient have been able to afford a loan without additional subsidy?** No

**Population:** 60

## Green Projects

**Assistance Recipient Name:** Clark County Reclamation District

**Total Amount of SRF Assistance Provided:** \$30,000,000

**Project Identification Number:** CW1202

**Project Description:** Replace and up-grade 30 mgd of the Central Plant media filters and include energy efficient: lighting, motors and blowers, and UV treatment system.

**Project Location:** Clark County

**Type of Green Infrastructure:** Energy efficiency

**Amount of Green Funding:** \$3,000,000 ( FFY12 Grant)

**Population:** 864,569



**ATTACHMENT 2**

**FINANCIAL STATEMENTS**

State of Nevada Clean Water Revolving Fund Program  
June 30, 2013

The accompanying statement of net assets of the Nevada Clean Water State Revolving Fund Program (Program) as of June 30, 2013, the related statement of revenues, expenses, and changes in net assets, and the statement of cash flows for the fiscal year then ended have been prepared by the Program's management. These financial statements are the sole responsibility of the Program's management and are meant to provide the reader with information regarding the current financial status, as well as the results of operations of the Program, over the fiscal year ended June 30, 2013.

The data contained in the financial statements was extracted from the Nevada Comprehensive Annual Financial Report (CAFR), which is independently audited by Kafoury, Armstrong and Co. The statements are compiled in accordance with current accounting and financial reporting principles promulgated by the Governmental Accounting Standards Board (GASB) for an Enterprise Fund. Management of the Program is solely responsible for the accuracy of the data presented and the completeness and fairness of presentation, including all disclosures.

These financial statements are not independently audited and as such, have not been subjected to examination by an outside "independent auditor". In our opinion, these statements present fairly, in all material respects, the financial position of the Program as of June 30, 2013, and the results of its activities and its cash flows for the year then ended in conformity with general accepted accounting principles in the United States. These statements are not intended to present the financial position or results of operations for the State of Nevada or the Nevada Division of Environmental Protection, of which the Program is a part.

Management  
Clean Water State Revolving Fund  
Carson City, Nevada

**Statement of Net Assets  
for Proprietary Funds**  
For the Fiscal Year Ended June 30, 2013

	<u>Clean Water Program</u>	
	State FY13	State FY12
<b>Assets</b>		
<b>Current assets</b>		
Cash and Pooled Investments	\$ 49,313,825	\$ 58,719,301
Accounts receivable		
Federal Government	21,525	32,035
Loan interest	2,893,392	2,590,154
Investment interest	187,959	288,240
Loan principal	<u>16,066,805</u>	<u>15,133,345</u>
Total current assets	<u>68,483,506</u>	<u>76,763,075</u>
<b>Non-current assets</b>		
Loan principal	198,871,358	183,765,806
Bond deferrals	<u>2,174,832</u>	<u>2,413,868</u>
Total non-current assets	<u>201,046,190</u>	<u>186,179,673</u>
<b>Total Assets</b>	<b><u>\$ 269,529,697</u></b>	<b><u>\$ 262,942,748</u></b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable		
Payroll and benefits	9,291	12,382
Administration	3,724	9,006
Bond interest	1,017,075	1,309,051
Principal Forgiveness	-	-
Bond principal	<u>8,931,615</u>	<u>7,626,866</u>
Total current liabilities	<u>9,961,704</u>	<u>8,957,305</u>
<b>Non-current Liabilities</b>		
Bond principal	58,812,055	67,617,424
Payroll and benefits	<u>2,465</u>	<u>3,230</u>
Total non-current liabilities	<u>58,814,520</u>	<u>67,620,654</u>
<b>Total Liabilities</b>	<u>68,776,224</u>	<u>76,577,958</u>
<b>Net Assets</b>		
Restricted for revolving loans	200,753,472	186,364,789
<b>Total Net Assets</b>	<u>200,753,472</u>	<u>186,364,789</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 269,529,696</u></b>	<b><u>\$ 262,942,748</u></b>

The notes to the financial statements are an integral part of this statement.

Data compiled from the CAFR. This report is not independently audited.

**Statement of Revenues, Expenses  
and Changes in Fund Net Assets  
for Proprietary Funds**  
For the Fiscal Year Ended June 30, 2013

	<u>Clean Water Program</u>	
	State FY13	State FY12
<b>Operating</b>		
<b>Revenues</b>		
Service fees	\$ 150,000	\$ -
Administrative grant funds	221,621	156,663
Loan interest	<u>5,693,313</u>	<u>5,551,812</u>
Total operating revenue	<u>6,064,934</u>	<u>5,708,475</u>
<b>Expenses</b>		
Salaries and benefits	141,890	97,799
Administration	77,360	59,077
Principal forgiveness disbursements	1,727,200	2,437,879
Bond issuance cost amortization	<u>456,624</u>	<u>342,410</u>
Total operating Expenses	<u>2,403,074</u>	<u>2,937,165</u>
Net Income (loss) from Operations	<u>3,661,860</u>	<u>2,771,310</u>
<b>Non-operating revenues (expenses)</b>		
EPA Contributions	11,758,168	13,062,887
Investment Income	1,014,933	(888,824)
Transfers to other funds	-	-
Arbitrage Rebate	-	-
Interest payable on bonds	<u>(2,046,278)</u>	<u>(2,342,173)</u>
Total non-operating revenues (expenses)	<u>10,726,822.87</u>	<u>9,831,889</u>
<b>Change in net assets</b>	14,388,683	12,603,199
<b>Net assets, July 1</b>	186,364,789	173,761,590
<b>Net assets, June 30</b>	<u>\$ 200,753,472</u>	<u>186,364,789</u>

The notes to the financial statements are an integral part of this statement.

Data compiled from the CAFR. This report is not independently audited.

**Statement of Cash Flows  
for Proprietary Funds**  
For the Fiscal Year Ended June 30, 2013

	Clean Water Program	
	State FY13	State FY12
<b>Cash flows from operating activities</b>		
Receipt of service fees	\$ 150,000	\$ -
Receipt from other funds	-	-
Receipts of principal on loans	15,233,477	17,322,649
Receipts of interest on loans	5,390,074	5,442,046
Receipts from federal government	220,752	176,330
Disbursements of forgiven principal	(1,727,200)	(2,437,879)
Disbursements for employees	(145,221)	
Disbursements for operations	(44,974)	(229,559)
Disbursements to sub-recipients	(31,261,111)	(14,773,275)
<b>Net cash provided by (used for) operating activities</b>	<b>(12,184,202)</b>	<b>5,500,312</b>
<b>Cash flows from noncapital financing activities</b>		
Grants from EPA	11,769,547	14,011,408
Proceeds from the sale of bonds	1,895,771	3
Disbursements on refunding bonds	(1,865,240)	
Disbursements for bond principal	(7,030,000)	(7,030,000)
Disbursements for bond interest	(3,007,444)	(3,006,765)
Disbursements for financing assistance	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>1,762,633</b>	<b>3,974,646</b>
<b>Cash flows from capital and related financing activities</b>		
Proceeds from the sale of assets	-	-
Disbursements for capital assets	-	-
<b>Net cash provided by (used for) capital and related financing activities</b>	<b>-</b>	<b>-</b>
<b>Cash flows from investing activities</b>		
Proceeds from the sale of investments	-	-
Purchase of investments	-	-
Interest, dividends and gains (losses)	1,016,093	(1,179,005)
<b>Net cash provided by (used for) investing activities</b>	<b>1,016,093</b>	<b>(1,179,005)</b>
Net Increase (decrease in cash)	(9,405,476)	8,295,953
Cash and cash equivalents, July 1	58,719,301	50,423,348
<b>Cash and cash equivalents, June 30</b>	<b>\$ 49,313,825</b>	<b>\$ 58,719,301</b>
<b>Reconciliation of Operating Income (loss) to net change in cash from operations</b>		
Net income (loss) from operations	3,661,860	2,771,310
Loan Receivables Change	(15,374,820)	57,857
Loan Interest receivables change	(303,238)	
Federal government receivables change	10,510	
Deferred charges change	(20,583)	2,336,642
Other assets change	(358,364)	(7,907)
Bond interest payable change	(285,150)	
Other payables change	28,958	
Amortization of bonds and related costs	456,624	342,410
<b>Cash provided by operating activities</b>	<b>\$ (12,184,203)</b>	<b>\$ 5,500,312</b>

The notes to the financial statements are an integral part of this statement.

Data compiled from the CAFR. This report is not independently audited.

## **Note 1: Organization of the Fund**

The Nevada Clean Water 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 Program is to provide low interest loans to local governments for constructing wastewater treatment facilities and non-point source projects.

The Program is 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 Program's objectives and to comply with the SDWA and State Statutes. NDEP determines funding levels of the Program's activities, approves loan applicants based upon financial capacity, and prepares priority lists with those compliance-related projects addressing public health risks receiving the highest ranking. NDEP staff also reviews project engineering reports and management functions to ensure the project can meet its technical and managerial requirements.

The Division has a small professional staff dedicated solely to performing services for 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. Employees charging time to the Program are covered by the State of Nevada Public Employee's Benefit Plan.

The Program is funded by federal capitalization grants from the U.S. Environmental Protection Agency (EPA), State of Nevada General Obligation bonds, and re-loan funds. Details of the funding levels and commitments are found in subsequent notes to these financial statements.

Since Fiscal Year 2008, the Program and the Drinking Water State Revolving Fund Program, along with the Brownsfield Remediation SRF Program, have been presented in a single Enterprise Fund. Administrative costs of all programs have been paid directly by the fund, via a shared administrative budget account. EPA grants directly reimburse this account for 100% of the costs.

## **Note 2: Summary of Significant Accounting Policies**

### ***Basis of Accounting***

The Program compiles its financial statements from the Nevada CAFR. The CAFR presents the Program as an Enterprise Fund, which follows the accrual method of accounting. This method requires revenues to be recorded when earned and expenses recorded when the liability is incurred. 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 Safe Drinking Water Act. All assets and liabilities associated with the operations of the Program are included in the balance sheet. Assets are depreciated over the useful life of the asset, using the straight-line method. In compiling 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, where GASB permits the Enterprise Fund to follow FASB.

State of Nevada Clean Water Revolving Fund Program  
Notes to the Financial Statements  
June 30, 2013

***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 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 Nevada State Treasurer are accounted for on the balance sheet as cash with Treasurer. 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 majority of loans made to water systems are funded by the federal capitalization grant and from state matching funds. Additional loans can be made from revolving funds that have been repaid to the Program and Program earnings. The Program's 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 six for more information on loans Receivable.

***Bonds Payable***

The State issues state match bonds to meet its state match obligation. The State has also issued leveraged bonds to accelerate financing certain projects beyond amounts made available by federal grants. Bond premiums, discounts and cost of issuance are amortized, using straight-line, over the life of the bonds. All bonds are backed by the full faith and credit of the State of Nevada, with the Program primarily responsible for repayment. See note seven for more information on Bonds Payable.

**Note 3: Reconciliation to the State of Nevada Comprehensive Annual Financial Report**

The Program's 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 CAFR as part of the Water Projects Loan Enterprise Fund. Since one other SRF loan program, Brownfield Remediation SRF, is blended with the Clean Water and Drinking Water State Revolving Funds, the Clean Water SRF assets, liabilities, equity and activities are not separately identifiable in Nevada's CAFR. The CAFR is independently audited by Kafoury, Armstrong and Co. Since the audited CAFR is not presented to the citizens until the end of December following the fiscal year ended, a reconciliation of the most recently audited CAFR (FY2012) and the related (FY2012) unaudited financial statements for both the Clean Water and Drinking Water SRFs 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](http://controller.nv.gov/FinancialReports/CAFR_Download_Page.html)

The CAFR presents two items differently than the Program's financial statements. Loans to sub-recipients that have closed and are in repayment are classified on the CAFR as investments. The program considers these loans as program loans that are part of a governmental program and therefore, would be classified as loans receivable for the Program. Also, federal capitalization grant revenue is presented in the CAFR as operating revenue, while the Program presents this as non-operating revenue.

**Statement of Net Assets for Proprietary Funds**  
**Comparison of the CAFR to Water Projects**  
For the Fiscal Year Ended June 30, 2012  
**RESTATED** -- See note 10 to the Financial Statements

	CAFR Enterprise Water Projects Loans	NV Clean Water SRF Program	NV Drinking Water SRF Program	Brownsfields	Variance to CAFR, as presented
<b>Assets</b>					
Cash and Pooled Investments	\$ 93,922,838	\$ 58,719,301	\$ 34,611,703	\$ 591,835	\$ (0)
Investments					
Current portion	256,233,822	-			(256,233,822)
Long-term portion		-			
Accounts receivable					-
Intergovernmental receivables	1,041,615	32,035	1,009,580		0
Accrued Interest					
Loan interest receivable	3,811,539	2,590,154	1,221,385		(0)
Investment interest receivable					
Loans receivable					
Current portion	47,268,467	15,133,345	4,881,925	\$ 193,192	256,233,823
Long-term portion		183,765,806	99,528,022		
Due from other funds	581,565	288,240	290,104	\$ 3,221	(0)
Furniture, Fixtures and Equipment, net of accumulated depreciation	-	-	-		-
Deferred charges	2,908,648				-
Unamortized cost of bond issuance		2,413,868	494,780		-
Prepaid Expenses	-				-
					-
<b>Total Assets</b>	<b>\$ 405,768,494</b>	<b>\$ 262,942,748</b>	<b>\$ 142,037,499</b>	<b>\$ 788,247</b>	<b>\$ 1</b>
<b>Liabilities</b>					
Accounts Payable	27,823	-	27,823		-
Accrued payroll and related-current portion	42,366	12,382	29,984		(0)
Interest Payable	1,662,313	1,309,051	353,262		0
Intergovernmental Payables	59,140	9,006	50,134		(0)
Due to other funds	328,681	-	328,681		-
Due to component unit	21,219	-	21,219		-
Bonds payable-current portion	10,074,115	7,626,866	2,447,249		-
Accrued payroll and related-noncurrent port	10,094	3,230	6,864		-
Bonds payable-noncurrent portion	87,397,603	67,617,424	19,780,180		0
<b>Total Liabilities</b>	<b>99,623,354</b>	<b>76,577,958</b>	<b>23,045,395</b>	<b>-</b>	<b>(0)</b>
<b>Net Assets</b>					
Restricted for revolving loans	306,145,140	186,364,789	118,992,103	788,247	(1)
<b>Total Net Assets</b>	<b>306,145,140</b>	<b>186,364,789</b>	<b>118,992,103</b>	<b>788,247</b>	<b>(1)</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 405,768,494</b>	<b>\$ 262,942,748</b>	<b>\$ 142,037,499</b>	<b>\$ 788,247</b>	<b>\$ (1)</b>

For illustration purposes only  
Data not independently audited

**Statement of Revenues, Expenses and Changes in Fund Net Assets for Proprietary Funds  
Comparison of the CAFR to Water Projects**

For the Fiscal Year Ended June 30, 2012

RESTATED -- See note 10 to the Financial Statements

	CAFR Enterprise Water Projects Loans	NV Clean Water SRF Program	NV Drinking Water SRF Program	Brownsfield	Variance to CAFR, as presented
<b>Operating Revenues</b>					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on loans	8,370,687	5,551,812	2,810,875	8,000	\$ 0
Federal government for administration and set-aside operations	28,708,844	156,663	2,036,419		\$ 26,515,762
<b>Total operating revenues</b>	<b>37,079,531</b>	<b>5,708,475</b>	<b>4,847,294</b>	<b>8,000</b>	<b>\$ 26,515,762</b>
<b>Operating Expenses</b>					
Salaries and Benefits	373,631	97,799	275,832		\$ -
Operating:					
Administrative set-aside		59,077	183,504		
State program management set-aside	4,347,485		-		\$ 3,637,107
Local assistance set-aside			283,857		
Technical assistance set-aside			183,940		
Bond issuance costs amortization	379,090	342,410	36,680		\$ -
Distribution of federal funds for forgiven principal		2,437,879	1,199,228		\$ (3,637,107)
<b>Total Operating Expenses</b>	<b>5,100,206.00</b>	<b>2,937,165</b>	<b>2,163,042</b>	<b>-</b>	<b>\$ (0)</b>
Operating Income (loss)	31,979,325.00	2,771,310	2,684,253	8,000	\$ 26,515,763
<b>Nonoperating Revenues (Expenses)</b>					
Federal grant revenue		13,062,887	13,452,875		\$ (26,515,762)
Interest and investment income	(1,440,184)	(888,824)	(541,729)	(9,630)	\$ (1)
Interest on bonds payable	(3,176,738)	(2,342,173)	(834,565)		\$ 0
Arbitrage rebate	26,629		26,629		\$ -
<b>Total nonoperating revenue (expenses)</b>	<b>(4,590,293)</b>	<b>9,831,890</b>	<b>12,103,210</b>	<b>(9,630)</b>	<b>\$ (26,515,762)</b>
<b>Transfers</b>					
Transfers in					\$ -
Transfers out-for technical assistance and state program management	(1,292,674)		(1,292,674)		\$ 0
<b>Total Transfers</b>	<b>(1,292,674)</b>	<b>-</b>	<b>(1,292,674)</b>	<b>-</b>	<b>\$ 0</b>
<b>Change in net assets</b>	<b>26,096,358</b>	<b>12,603,199</b>	<b>13,494,788</b>	<b>(1,630)</b>	<b>\$ 1</b>
Net assets, July 1	280,048,782	173,761,590	105,497,315	789,877	\$ -
Net assets, June 30	306,145,140	186,364,789	118,992,103	788,247	\$ 1

**Statement of Cash Flows for Proprietary Funds  
Comparison of the CAFR to Water Projects**

For the Fiscal Year Ended June 30, 2012

RESTATED -- See note 10 to the Financial Statements

	CAFR Enterprise Water Projects Loans	NV Clean Water SRF Program	NV Drinking Water SRF Program	Brownsfield	Variance to CAFR, as presented
<b>Cash flows from operating activities</b>					
Receipts of principal on loans/notes	\$ 22,569,414	\$ 17,322,649	\$ 4,866,124	\$ 380,640	\$ 1
Receipts of interest on loans/notes	8,041,770	5,442,046	2,591,724	8,000	-
Receipts from federal government	29,616,332	176,330	2,231,449		27,208,553
Payments to suppliers, other governments and beneficiaries	(4,278,017)	(2,637,482)	(2,014,731)		374,196
Payments to employees	(374,196)				(374,196)
Payments for interfund services	(93,613)	(29,956)	(63,657)		-
Purchase of loans and notes	(33,151,142)	(14,773,275)	(18,377,867)		-
<b>Net cash provided by (used for) operating activities</b>	<b>22,330,548</b>	<b>5,500,312</b>	<b>(10,766,958)</b>	<b>388,640</b>	<b>27,208,554</b>
<b>Cash flows from noncapital financing activities</b>					
Grants from EPA	-	14,011,408	13,197,145		(27,208,553)
Proceeds from the sale of bonds	34,701,425	3	2,931,389		31,770,033
Payments on refunding bonds	(31,770,035)	-	-		(31,770,035)
Principal paid on noncapital debt	(8,690,000)	(7,030,000)	(1,660,000)		-
Interest paid on noncapital debt	(3,841,330)	(3,006,765)	(834,566)		1
Transfers and advances to other funds	(1,480,328)		(1,480,328)		-
Payments to sub-recipients	-	-	-		-
Payments to other governments and organizations	(9,987)		(9,987)		-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(11,090,255.00)</b>	<b>3,974,646.00</b>	<b>12,143,653.00</b>	<b>-</b>	<b>(27,208,554)</b>
<b>Cash flows from capital and related financing activities</b>					
Proceeds from sale of capital assets	-	-	-		-
Purchase of capital assets	-	-	-		-
Principal paid on capital debt	-	-	-		-
Interest paid on capital debt	-	-	-		-
Payments on construction projects	-	-	-		-
<b>Net cash provided by (used for) capital and related financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows from investing activities</b>					
Proceeds from the sale of investments	-	-	-		-
Purchase of investments	-	-	-		-
Interest, dividends and gains (losses)	(1,746,337)	(1,179,005)	(536,425)	(30,907)	-
<b>Net cash provided by (used for) investing activities</b>	<b>(1,746,337)</b>	<b>(1,179,005)</b>	<b>(536,425)</b>	<b>(30,907)</b>	<b>-</b>
Net Increase (decrease in cash)	9,493,956	8,295,953	840,270	357,734	-
Cash and cash equivalents, July 1	84,428,882	50,423,348	33,771,433	234,101	-
Cash and cash equivalents, June 30	93,922,838	58,719,301	34,611,703	591,835	-
Net income (loss) from operations on CAFR	31,979,325				
Less federal cap grants presented in CAFR as operations	(26,515,762)				
Adjusted CAFR Net Income	5,463,563	2,771,310	2,684,253	8,000	1
Change in loans receivable	(10,581,728)	2,992,754	(13,955,122)	380,640	-
Change in receivables	578,571	(598,255)	484,034		692,792
Change in payables including payroll	(24,710)	(7,907)	(16,803)		-
Amortization of bonds and related costs	379,090	342,410	36,680		-
Cash provided by operating activities	\$ (4,185,214)	\$ 5,500,311	\$ (10,766,958)	\$ 388,640	\$ 692,793
Add back federal cap grants presented in CAFR as operations	26,515,762				
<b>\$ 22,330,548</b>					

For illustration purposes only  
Data not independently audited

State of Nevada Clean Water Revolving Fund Program  
Notes to the Financial Statements  
June 30, 2013

**Note 4: Cash and Cash Equivalents**

All monies of the Program 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 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 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 with Treasurer	\$48,831,940.88
Pooled investments change in fair value	714,144.95
<b>Total available cash</b>	<b>49,546,085.83</b>

**Note 5: Contributed Capital and Fund Balance**

The 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 eight to these financial statements. All EPA funds drawn for loans are recorded as non-operating revenues. As of June 30, 2013, the EPA has awarded \$173,342,400 in grants since the Program's inception. Here is a detail of current loan draws:

Grant Year	Grant Amount	Draws within State FY12	Cumulative Draws as of June 30, 2012	Draws within State FY13	Cumulative Draws as of June 30, 2013	Available funds as of June 30, 2013
2008	\$ 21,164,900	\$ 210,348	\$ 21,164,900	\$ -	\$ -	\$ -
2009	3,165,157	592,816	3,165,157	-	3,165,157	-
2010	12,851,458	10,304,156	12,851,458	-	12,851,458	-
2011	6,970,974	1,879,178	1,879,178	5,091,796	6,970,974	-
2012	6,908,000	-	-	6,666,372	6,666,372	241,628
2013	6,259,200	-	-	-	-	6,259,200
<b>Subtotal</b>	<b>57,319,689</b>	<b>12,986,498</b>	<b>39,060,692</b>	<b>11,758,168</b>	<b>29,653,960</b>	<b>6,500,828</b>
<b>ARRA Grant Awards</b>						
2009	19,222,555	76,389	19,222,555	-	19,222,555	-
<b>Subtotal</b>	<b>19,222,555</b>	<b>76,389</b>	<b>19,222,555</b>	<b>-</b>	<b>19,222,555</b>	<b>-</b>
<b>Total</b>	<b>\$ 76,542,244</b>	<b>\$ 13,062,887</b>	<b>\$ 58,283,247</b>	<b>\$ 11,758,168</b>	<b>\$ 48,876,515</b>	<b>\$ 6,500,828</b>

**Note 6: Loans Receivable**

The 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, revolving funds, and leveraged 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.

Loan maturities are 20 years. 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 Bond Buyer Municipal index for all others. 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 that the loan contract is executed is multiplied by a set percentage, which is currently sixty-six percent (62.5%). Also, the program offers zero-interest loans to those water systems that supply drinking water to low-income residents and on loans made through ARRA funding. Borrowers qualifying as “Disadvantaged Communities” under the Nevada Administrative Code (median household income of those served by the water system is less than 80% of that of the state as a whole), are eligible to receive subsidization in the form of principal forgiveness, zero interest or negative interest.

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

	<b>Total Disbursements</b>	
Total loans	\$	388,425,810
ARRA loans (including principal forgiven loans)		19,222,555
Principal forgiven loans		23,715,308

	<b>Repayment Schedule</b>	
	<b>Principal</b>	<b>Interest</b>
FY14	\$ 16,066,805	\$ 5,879,976
FY15	16,988,294	5,534,338
FY16	16,050,822	5,030,649
FY17	15,387,802	4,572,090
FY18	15,569,228	4,130,493
FY19-23	77,158,396	13,929,352
FY24-28	43,610,707	4,667,758
FY29-33	14,106,111	687,277
	<b>\$ 214,938,165</b>	<b>\$ 44,431,933</b>

State of Nevada Clean Water Revolving Fund Program  
Notes to the Financial Statements  
June 30, 2013

**Note 7: Bonds Payable**

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, 2013, Nevada had an outstanding par value of these bonds totaling \$62,355,000. Principal is due annually on August 1 through fiscal year 2021. The State has the right to redeem early any principal outstanding, with call premiums ranging from 0 to 1 percent. Interest on the bonds is payable semiannually with rates ranging from 2.0% to 5.30%. Debt service is paid for with collections of interest from loan recipients, retained cash, and interest earned on retained cash. As of June 30, 2013, the debt service coverage ratio was 3.56 times the required amount.

In February of 2013 the State refunded \$21,450,000 of 2003H Series bonds by issuing \$17,045,000 of Series 2013B and \$3,000,000 of Series 2013C bonds in order to take advantage of lower interest rates. Premium on the newly issued bonds totaled \$2,049,861.20 and \$72,220.00 respectively. Series 2013C converted \$3,000,000 of leverage bonds into match bonds. All proceeds 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 loss on refunding is reported as a deferred charge and is amortized, using straight-line, over the remaining life of the refunded debt.

Description	Issue	Maturity August 1,	Balance on June 30, 2013	Current	Noncurrent
July 1, 1998D, General Obligation (Limited Tax) Matching Bonds, Interest of 4.25% to 4.875%	1998D	2013	\$ 145,000	\$ 145,000	\$ -
September 1, 1999, General Obligation (Limited Tax) Matching Bonds, Interest of 5.25% to 5.30%	2001B	2013	135,000	135,000	-
November 25, 2003, General Obligation (Limited Tax) Matching Bonds, Interest of 2.00% to 4.00%	2003G	2013	315,000	315,000	-
September 14, 2005, General Obligation (limited tax) Matching Bonds, Interest of 4.00%	2005M	2015	680,000	220,000	460,000
December 21, 2010, General Obligation (limited Tax) Matching Bonds, Interest of 3.00%	2010G	2020	3,765,000	405,000	3,360,000
February 20, 2013, General Obligation (Limited Tax) Matching and Refunding Bonds, Interest 2.00%	2013C	2015	3,000,000	1,000,000	2,000,000
		Subtotal	8,040,000	2,220,000	5,820,000
November 25, 2003, General Obligation (Limited Tax) Leveraged Bonds, Interest of 3.00% to 5.00%	2003H	2013	3,150,000	3,150,000	-
December 21, 2010, General Obligation (Limited Tax) Leveraged Bonds, Interest of 5.00%	2010H-1	2015	3,560,000	1,110,000	2,450,000
December 21, 2010, General Obligation (Limited Tax) Leveraged Bonds, Interest of 3.252% to 4.422%	2010H-2	2017	3,095,000	575,000	2,520,000
November 16, 2011, General Obligation (Limited Tax) Leveraged Bonds, Interest of 2.00% to 5.00%	2011C	2020	27,465,000	1,020,000	26,445,000
February 20, 2013, General Obligation (Limited Tax) Leveraged and Refunding Bonds, Interest 2.00% to 4.00%	2013B		17,045,000	-	17,045,000
		Subtotal	54,315,000	5,855,000	48,460,000
			\$ 62,355,000	\$ 8,075,000	\$ 54,280,000

State of Nevada Clean Water Revolving Fund Program  
Notes to the Financial Statements  
June 30, 2013

The bond debt service requirements to maturity, including interest, are as follows:

	Principal	Interest	Total
FY14	\$ 8,075,000	\$ 2,328,643	\$ 10,403,643
FY15	6,955,000	2,095,273	9,050,273
FY16	7,135,000	1,882,901	9,017,901
FY17	6,130,000	1,651,228	7,781,228
FY18	6,210,000	1,376,364	7,586,364
FY19-23	27,850,000	2,532,075	30,382,075
<b>Totals</b>	<b>\$ 62,355,000</b>	<b>\$ 11,866,483</b>	<b>\$ 74,221,483</b>

**Note 8: Administrative expenses**

The Program is authorized to utilize a portion (not to exceed 4% of the net capitalization grant) of capitalization grants for administrative purposes. The requested amount of grant funds for administration, as well as the current outstanding balance, is as follows:

Grant Year	Grant Amount	Draws within State FY12	Cumulative Draws as of June 30, 2012	Draws within State FY13	Cumulative Draws as of June 30, 2013	Available funds as of June 30, 2013
2008	\$ 173,577	\$ 27,343	\$ 173,577	\$ -	\$ -	\$ -
2009	109,143	109,143	109,143	-	109,143	-
2010	424,842	20,056	20,056	221,621	241,677	183,165
2011	251,026	-	-	-	-	251,026
2012	-	-	-	-	-	-
2013	260,800	-	-	-	-	260,800
<b>Subtotal</b>	<b>1,219,388</b>	<b>156,542</b>	<b>302,777</b>	<b>221,621</b>	<b>350,820</b>	<b>694,991</b>
<b>ARRA Grant Awards</b>						
2009	16,545	121	16,545	-	16,545	0
<b>Subtotal</b>	<b>16,545</b>	<b>121</b>	<b>16,545</b>	<b>-</b>	<b>16,545</b>	<b>0</b>
<b>Total</b>	<b>\$ 1,235,933</b>	<b>\$ 156,663</b>	<b>\$ 319,321</b>	<b>\$ 221,621</b>	<b>\$ 367,365</b>	<b>\$ 694,991</b>

**Note 9: Contingencies, Subsequent events, and other matters**

***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***

There were no subsequent events through December 16, 2013.

**Note 10: Changes and restatements**

The financial statements have been re-designed and restated to closer resemble the audited CAFR. This change was initiated because management felt that: 1) the Program's financial data is a major enterprise fund to the overall State's financial reports, 2) the data presented in the Program's financial statements is extracted from the audited CAFR using the same accounting system as the CAFR, and 3) presenting two different financial reports to the users of the financial information could increase confusion to the user. As a result of this change, Net assets and cash have been restated by \$1,561,023 and (\$184,086) respectively, to account for timing differences between the Program's report and the CAFR.

This financial report is designed to provide a general overview of the State of Nevada's Drinking Water State Revolving Fund Program's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Clean Water SRF, 901 South Stewart St., Carson City, NV 89701.

# **ATTACHMENT 3**

## **2013 Priority List**

**Year 2013 Priority List - Clean Water State Revolving Loan Fund**

**Class A -** Treatment works or pollution control projects necessary to eliminate documented public health hazards in unsewered communities as evidenced by a finding of violation which has been issued in writing by the public health authority having jurisdiction over the area and by an official action which has been taken to halt or restrict construction of individual sewerage disposal systems, eliminate or restrict the discharge from a non-point source or treatment works necessary to eliminate documented public health hazards in sewer communities where existing facilities have exceeded their useful life and have deteriorated to the point that a public health hazards exists.

Priority	Applicant Name & Address	Permit No.	Category	Points	Project Description	Requested Amt
1	Washoe County DWR	NEV40024	I/A	11.31	Spanish Springs septic to sewer	\$ 31,900,000
2	Washoe County DWR	NEV40024	VI	5.31	Spanish Springs effluent recharge (GREEN)	\$ 2,850,000
<b>Total Class A</b>						<b>\$ 34,750,000</b>

**Class B -** Treatment works or pollution control projects necessary to correct existing surface water quality standards violations. Violations must be documented by in stream water quality data and have resulted in a notification of water quality standards violations being issued by DEP to the municipal discharger or to the person(s) responsible for the non-point source discharge.

NONE

**Class C -** Treatment works necessary to correct violations of discharge permit limitations. Permit limit violations must be documented by discharge monitoring reports or DEP compliance monitoring, with a resultant notice of violation and administrative order issued by DEP.

NONE

**Class D -** Treatment works or pollution control projects necessary to eliminate and/or prevent interference with an existing beneficial use of groundwater where it has been determined that such and interference exists.

Priority	Applicant Name & Address	Permit No.	Category	Points	Project Description	Requested Amt
3	Lyon County Utilities	NEV87022	I/A	11.00	Dayton Septic Tank Conversion Project	\$ 7,800,000
<b>Total Class D</b>						<b>\$ 7,800,000</b>

**Class E -** Treatment works necessary to increase capacity or reliability, or provide a degree of treatment beyond that required by water quality standards or permit requirements, in order to reclaim and reuse wastewater or to otherwise provide for treatment works or pollution control projects to sustain compliance with water quality standards or maintain beneficial uses.

Priority	Applicant Name & Address	Permit No.	Category	Points	Project Description	Requested Amt
4	Tonopah Utilities	NEV00026	II	27.00	Treatment effluent infrastructure project-Phase 2 (GREEN)	\$ 3,516,900
5	Elko Co Public Works- Mtn. City	NEV20014	IIIB/I/A	27.00	Treatment pond relining, sewer system repairs	\$ 350,000
6	Storey Co Public Works	NEV20451	I	24.00	Wastewater treatment plant replacement	\$ 5,000,000
7	City of Reno	NEV20150	II	16.00	Expansion of reclaimed water distribution system in and around Reno (GREEN)	\$ 12,000,000
8	Clark County Water Rec. District	NV0021261	II	13.00	Membrane/Ozonation Upgade at Central Plant, Phase II	\$ 45,000,000
9	Washoe County DWR	NEV40024	IIIB	13.00	Expansion of So. Truckee Meadows Water Reclamation facility to 6MGD (GREEN)	\$ 46,500,000
10	City of West Wendover	NEV10019	II	8.00	Replacement of effluent reuse line (GREEN)	\$ 1,316,000
11	Carson City	NEV90008	I	6.00	Wastewater treatment plant rehabilitation/upgrades, effluent line repair	\$ 14,630,000
12	Yerington	NEV40033	I	6.00	Yerington WWTP Upgrades	\$ 4,000,000
<b>Total Class E</b>						<b>\$ 132,312,900</b>

**Class F - Interceptors in sewer communities, pumping stations, infiltration inflow correction and sewer system rehabilitation.**

Priority	Applicant Name & Address	Permit No.	Category	Points	Project Description	Requested Amt
13	Gabbs	NEV70021	IVB	9.58	1.5 miles of 8-inch sewer main replacement	\$ 500,000
14	Incline Village GID	NEV30009	IIIB	8.99	Effluent Export Rehabilitation Phase II	\$ 23,000,000
15	City of Henderson	NEV80003	IIIB	6.41	Horizon Sewer Main Replacement (U0003)	\$ 1,000,000
16	City of Henderson	NEV80003	IIIB	6.41	Replacement of Sunset lift station with gravity sewer (U0010)	\$ 500,000
17	City of Henderson	NEV80003	IIIB	6.41	Replacement of Michavik lift station with gravity sewer (U0028)	\$ 1,500,000
18	City of Henderson	NEV80003	IVA	6.41	Townsite Phase 2 (U0072)	\$ 4,200,000
19	City of Henderson	NEV80003	IVA	6.41	Townsite Phase 1 (U0034)	\$ 2,900,000
20	City of Reno	NEV20150	IIIB	6.35	El Rancho wastewater lift station replacement	\$ 1,310,000
21	City of Reno	NEV20150	IIIB/IVB	6.35	North Virginia St. Interceptor Phase II-Lift station, forcemain, gravity interceptor	\$ 9,292,000
22	Carson City Public Works	NEV90008	IIIB	5.74	Prison Farm, Darling Ranch, and Reservoir Pipelines	\$ 685,500
23	Lyon County Utilities	NEV87022	IIIB	5.04	Rose Peak, Cardelli Road lift station replacement septic sewer conversions	\$ 1,350,000
24	Ely	NEV70015	IIIB	4.70	Replacement of clay sewer line	\$ 3,240,000
25	Mineral County	NEV20009	IVB	4.62	Replacement of Town of Hawthorne's wastewater collection system	\$ 2,000,000
26	Storey Co Public Works	NEV20451	IIIB	4.45	Major sewer line replacements	\$ 11,300,000
<b>Total Class F</b>						<b>\$ 62,777,500</b>

**Class G - Projects which provide wastewater treatment and collection in existing unsewered communities where no public health hazards or water standards violations have been demonstrated or to provide wastewater collection systems to unsewered portions of sewer communities.**

Priority	Applicant Name & Address	Permit No.	Category	Points	Project Description	Requested Amt
27	Washoe County DWR	NEV40024	IVA	5.31	Verdi septic to sewer	\$ 7,000,000
28	Washoe County DWR	NEV40024	IVB	5.31	Pleasant Valley Interceptor	\$ 17,121,046
<b>Total Class G</b>						<b>\$ 24,121,046</b>

**Class H - All other treatment works or pollution control projects.**

Priority	Applicant Name & Address	Permit No.	Category	Points	Project Description	Requested Amt
29	Clark County Water Rec. District	NEV0021261	IIIB	1.00	Solar Power Project at Main Plant (GREEN)	\$ 40,000,000
30	City of Sparks	NEV95005	IVA	1.00	North Truckee Drain Project	\$ 55,000,000
31	Washoe County DWR	NEV40024	II/IIIB	1.00	Huffaker Hills reservoir relining (GREEN)	\$ 17,000,000
<b>Total Class H</b>						<b>\$ 112,000,000</b>
<b>TOTAL FOR ALL PROJECTS</b>						<b>\$ 373,761,446</b>

(GREEN) - Elements of the project meet Green standards

# **ATTACHMENT 4**

## **CWSRF Benefits Reporting**

- ❖ **Clark Co Water Reclamation Dist. – Phase 2**
- ❖ **Mountain City/Elko County**

**CWSRF Benefits Reporting**

Loan: 38 of 39	<input type="checkbox"/> Entry Complete	Tracking #: CW1202	Other #:
Borrower: Clark Co Water Reclamation	District: Loan Execution Date: 07/13/2012	Incremental Funding: N	Phase #: 0
Assistance Type: Loan	Loan Interest Rate: 2.36%	Original Tracking #:	
Loan Amount \$: \$30,000,000	Repayment Period: 20	Same Environmental Results: <input type="checkbox"/>	
<input type="checkbox"/> Final Amount	% Funded by CWSRF: 33%	ARRA Funding: <input type="checkbox"/>	
Total from all Projects \$: 30,000,000		Multiple nonpoint source projects with similar Environmental Results: <input type="checkbox"/>	Total NPS Projects: 0

Project: 1 of 1 CW Needs Survey Number : # of NPS Projects: 0

Project Description: Phase II of Advanced Wastewater Treatment – 30-mgd Membrane & Ozonation Facilities

**Facility Name:**

**Population Served (Current) :**

by the Project: 864,569  
by the Facility: 864,569

**Wastewater Volume (Design Flow) :**

by the Project: 30.0000mgd Volume Eliminated/Conserved: 0.0000mgd  
by the Facility: 96.0000mgd

**Needs Categories:**

II Advanced Treatment \$30,000,000 100%

**Discharge Information:**

Ocean Outfall  Estuary/Coastal Bay  Wetland  Surface Water  Groundwater  Land Application  
 Other/Reuse  Eliminates Discharge  No Change / No Discharge  NEP Study  Seasonal Discharge  
 NPDES Permit Number: NV0021261  No NPDES Permit  
 Other Permit Type: Other Permit Number:

**Affected Waterbodies:**

Waterbody Name	Waterbody ID	State Waterbody ID	Receiving Waterbody
Primary Impacted : Las Vegas Wash			<input type="checkbox"/>
Other Impacted :			<input type="checkbox"/>

**Project Improvement/Maintenance of Water Quality:**

a. Contributes to water quality Improvement.  
 b. Allows the system to Maintain Compliance.  
 c. Affected waterbody is Impaired.  
 d. Allows the system to address.....  Existing TMDL  Projected TMDL  Watershed Management Plan

**Designated Surface Water Uses (Selected):**

IRR -- Irrigation  
 REC-1 -- Contact recreation  
 MUN -- Municipal/domestic supply  
 WILD -- Propagation of wildlife  
 IND -- Industrial supply

**Protection:**  
 Primary  
 Primary  
 Primary  
 Primary  
 Primary

**Restoration:**

**Comments:**

**CWSRF Benefits Reporting**

Loan: 39 of 39	<input type="checkbox"/> Entry Complete	Tracking #: CW1301	Other #:
Borrower: Elko Co-Mountain City	Loan Execution Date: 06/24/2013	Incremental Funding: N	Phase #: 0
Assistance Type: Loan	Loan Interest Rate: 0.00%	Original Tracking #:	
Loan Amount \$: \$347,500	Repayment Period: 0	Same Environmental Results: <input type="checkbox"/>	
<input checked="" type="checkbox"/> Final Amount	% Funded by CWSRF: 100%	ARRA Funding: <input type="checkbox"/>	
Total from all Projects \$: 347,500		Multiple nonpoint source projects with similar Environmental Results: <input type="checkbox"/>	Total NPS Projects: 0

Project: 1 of 1 CW Needs Survey Number : # of NPS Projects: 0

**Project Description:** Sludge will be removed from the existing treatment ponds, 80-mil high density polyethylene (HDPE) liners will be installed, and the pond embankments will be raised to increase treatment capacity and effectiveness. The lift station from the treatment ponds to the RIBs will be rehabilitated. The RIBs will be reconditioned and the isolation valves will be replaced. An additional monitoring well is required down gradient of the existing RIBs and will be installed as a part of

**Facility Name:**  
 Population Served (Current):  
 by the Project: 60  
 by the Facility: 60

**Wastewater Volume** (Design Flow) :  
 by the Project: 0.0720mgd Volume Eliminated/Conserved: 0.0000mgd  
 by the Facility: 0.0720mgd

**Needs Categories:**  
 I Secondary Treatment \$347,500 100%

**Discharge Information:**  
 Ocean Outfall  Estuary/Coastal Bay  Wetland  Surface Water  Groundwater  Land Application  
 Other/Reuse  Eliminates Discharge  No Change / No Discharge  NEP Study  Seasonal Discharge  
 NPDES Permit Number:  No NPDES Permit  
 Other Permit Type: State Permit Other Permit Number: NEV40023

**Affected Waterbodies:**

Waterbody Name	Waterbody ID	State Waterbody ID	Receiving Waterbody
Primary Impacted :			<input type="checkbox"/>
Other Impacted :			<input type="checkbox"/>

**Project Improvement/Maintenance of Water Quality:**  
 a. Contributes to water quality Maintenance.  
 b. Allows the system to Maintain Compliance.  
 c. Affected waterbody is Not Applicable  
 d. Allows the system to address.....  Existing TMDL  Projected TMDL  Watershed Management Plan

**Other Uses and Outcomes (Selected):**  
 Infrastructure Improvement **Protection:**  
 Groundwater Protection Primary  
 Secondary

**Comments:**

# **ATTACHMENT 5**

## **Loan Portfolio**

**Clean Water Loan Portfolio**  
thru FY 2013

		Loan Recipient	Interest Rate	FY Loan Opened	Date of Commitment/ Loan Contract	Obligation	Total Disbursements	Total Deobligations	Remaining Obligations	Repayments	Loan Balance
C32-0001	Closed	Fallon, City of	3.6700	FY00	11/1/1999	4,750,000.00	4,750,000.00	0.00	0	4,750,000.00	0.00
C32-1006	Closed	Incline Village GID	4.0000	FY93	10/29/1992	3,925,398.00	3,925,398.00	0.00	0	3,925,398.00	0.00
C32-0502B	Closed	Douglas County SID #1	3.2375	FY08	4/11/2008	1,121,111.00	354,312.00	766,799.00	0	66,873.63	287,438.37
C32-1001	Closed	Henderson, City of	4.0000	FY92	10/21/1991	7,450,000.00	7,221,109.54	228,890.46	0	7,221,109.54	0.00
C32-1002	Closed	City of Winnemucca	4.0000	FY92	12/10/1991	1,000,000.00	1,000,000.00	0.00	0	1,000,000.00	0.00
C32-1003	Closed	Elko, City of	4.0000	FY92	12/2/1991	1,000,000.00	1,000,000.00	0.00	0	1,000,000.00	0.00
C32-1004	Closed	Mesquite, City of	4.0000	FY92	9/27/1991	1,280,000.00	1,280,000.00	0.00	0	1,280,000.00	0.00
C32-1005	Closed	City of Yerington	4.0000	FY93	10/29/1992	1,500,000.00	1,325,313.19	174,686.81	0	1,325,313.19	0.00
C32-1008	Closed	City of West Wendover	4.0000	FY93	10/27/1992	2,500,000.00	2,500,000.00	0.00	0	2,500,000.00	0.00
C32-1009	Closed	Sparks, City of	3.6630	FY96	5/15/1996	8,200,000.00	6,814,488.00	1,385,512.00	0	5,119,704.49	1,694,783.51
C32-1010	Closed	Henderson, City of	4.0000	FY93	10/29/1992	12,300,000.00	12,300,000.00	0.00	0	12,300,000.00	0.00
C32-1011	Closed	Carson City	3.8250	FY96	9/8/1995	2,120,000.00	2,120,000.00	0.00	0	1,739,766.01	380,233.99
C32-1012	Closed	Fernley Town Utilities	4.0000	FY93	10/28/1992	2,000,000.00	2,000,000.00	0.00	0	2,000,000.00	0.00
C32-1013	Closed	Elko, City of	4.0000	FY94	6/21/1994	2,500,000.00	2,500,000.00	0.00	0	2,500,000.00	0.00
C32-1014	Closed	Jackpot	4.0000	FY94	6/9/1994	900,000.00	900,000.00	0.00	0	805,119.60	94,880.40
C32-1016	Closed	Carson City	4.0000	FY94	6/24/1994	2,400,000.00	2,400,000.00	0.00	0	2,123,131.83	276,868.17
C32-1017	Closed	Sparks, City of	3.8250	FY95	8/31/1995	4,700,000.00	4,700,000.00	0.00	0	3,824,329.63	875,670.37
C32-1018	Closed	Henderson, City of	4.0000	FY94	6/30/1994	12,410,431.00	12,410,431.00	0.00	0	11,110,250.71	1,300,180.29
C32-1022	Closed	Mesquite, City of	3.6750	FY96	10/27/1995	6,600,000.00	6,600,000.00	0.00	0	5,405,506.83	1,194,493.17
C32-1024	Closed	Henderson, City of	3.8250	FY96	9/14/1995	9,504,950.00	9,504,950.00	0.00	0	7,882,191.59	1,622,758.41
C32-9701	Closed	Washoe County	3.3313	FY98	8/13/1997	1,409,520.00	1,249,137.00	160,383.00	0	848,658.47	400,478.53
C32-9702	Closed	Washoe County	3.2500	FY98	3/26/1998	12,000,000.00	5,957,456.00	6,042,544.00	0	5,957,456.00	0.00
C32-9801	Closed	Silver Springs	3.5000	FY01	7/10/2000	3,000,000.00	2,700,000.00	300,000.00	0	2,700,000.00	0.00
C32-9802	Closed	Carson City	3.2300	FY99	8/14/1998	6,100,000.00	6,000,582.00	99,418.00	0	3,736,427.73	2,264,154.27
C32-9804	Closed	Lovelock, City of	3.2300	FY99	8/14/1998	1,220,000.00	876,611.00	343,389.00	0	559,893.95	316,717.05
C32-9902	Closed	Sparks, City of	3.7100	FY00	2/29/2000	3,500,000.00	3,070,670.00	429,330.00	0	1,602,276.71	1,468,393.29
C32-9903	Closed	Indian Hill GID	3.4800	FY00	9/1/1999	1,300,000.00	1,300,000.00	0.00	0	746,460.64	553,539.36
C32-9904	Closed	Washoe County	3.7000	FY00	6/6/2000	1,675,000.00	899,228.00	775,772.00	0	498,527.97	400,700.03
C32-9905	Closed	Elko, City of	3.2300	FY99	8/14/1998	4,000,000.00	4,000,000.00	0.00	0	4,000,000.00	0.00
C32-9906	Closed	Washoe County	3.7000	FY00	6/6/2000	635,000.00	178,316.00	456,684.00	0	98,600.04	79,715.98
C32-0101	Closed	Sparks, City of	3.2125	FY02	6/27/2002	5,000,000.00	2,718,203.00	2,281,797.00	0	1,153,172.90	1,565,030.10
CS32-0104	Closed	Lander Co. - Battle Mountain	3.2800	FY01	12/21/2000	3,500,000.00	3,252,846.00	247,154.00	0	3,252,846.00	0.00
CS32-0107	Closed	Washoe County	3.2125	FY04	6/11/2004	3,000,000.00	3,000,000.00	0.00	0	1,008,433.52	1,991,566.48
CS32-0108	Closed	Washoe County	3.1250	FY01	1/18/2001	21,000,000.00	21,000,000.00	0.00	0	9,381,729.76	11,618,270.24
CS32-0110	Closed	Sparks, City of	3.1380	FY02	9/10/2001	8,000,000.00	7,038,807.00	961,193.00	0	3,056,455.76	3,982,351.24
CS32-0112	Closed	Reno, City of	2.6500	FY06	7/27/2005	8,122,272.00	8,033,095.00	89,177.00	0	1,931,241.97	6,101,853.03
CS32-0204	Closed	Incline Village GID	3.1438	FY03	10/28/2002	2,130,000.00	1,720,380.00	409,620.00	0	624,407.23	1,095,972.77
CS32-0208	Closed	Washoe County	2.9313	FY07	8/25/2006	6,500,000.00	6,500,000.00	0.00	0	1,528,132.31	4,971,867.69
CS32-0303	Closed	Sparks, City of	3.0500	FY04	11/19/2003	9,000,000.00	8,243,494.00	756,506.00	0	2,663,657.64	5,579,836.36
CS32-0403	Closed	Reno, City of	2.9875	FY05	8/25/2004	15,690,010.00	15,690,010.00	0.00	0	4,958,701.99	10,731,308.01
CS32-0404	Closed	Incline Village GID	2.7250	FY06	3/29/2006	3,000,000.00	3,000,000.00	0.00	0	740,935.74	2,259,064.26
CS32-0405	Closed	Reno, City of	2.7563	FY04	4/9/2004	46,523,205.00	46,523,205.00	0.00	0	14,013,977.49	32,509,227.51
CS32-0407	Closed	Reno, City of	3.1125	FY05	7/13/2004	12,610,785.00	10,919,947.00	1,690,838.00	0	3,265,017.57	7,654,929.43
CS32-0408	Closed	Sparks, City of	2.6600	FY06	9/28/2005	5,862,359.00	5,160,261.00	702,098.00	0	1,325,355.14	3,834,905.86
CS32-0409	Closed	Sparks, City of	2.8813	FY05	4/19/2005	4,209,247.00	4,091,227.00	118,020.00	0	1,198,453.56	2,892,773.44
CS32-0502	Closed	Douglas County SID	3.2375	FY06	5/25/2006	2,000,000.00	878,889.00	1,121,111.00	0	209,247.50	669,641.50
CS32-0503	Closed	Lyon County-Moundhouse	2.9313	FY06	8/19/2005	15,980,733.00	15,980,733.00	0.00	0	4,029,105.97	11,951,627.03
CS32-0609	Closed	Sparks, City of	2.6875	FY07	11/9/2006	13,401,271.00	13,385,606.00	15,665.00	0	2,533,173.03	10,852,432.97
CS32-0711	Closed	Douglas County SID	2.8750	FY08	8/28/2007	1,200,000.00	694,766.00	505,234.00	0	108,684.84	586,081.16
CS32-0908	Closed	Sparks, City of	2.7750	FY10	8/27/2009	2,509,299.00	2,509,299.00	0.00	0	213,810.56	2,295,488.44
CS32-0909	Closed	Sparks, City of	2.7750	FY10	8/27/2009	4,772,645.00	4,772,645.00	0.00	0	406,664.12	4,365,980.88
CS32-0911	Closed	Mesquite, City of	2.8630	FY10	9/22/2009	20,301,000.00	20,301,000.00	0.00	0	1,323,699.93	18,977,300.07
CS32-0932S	Closed	Esmeralda County (Goldfield)(ARRA split out)	PF	FY10	7/7/2009	100,354.00	71,914.25	28,439.75	0	0.00	0.00
CS32-0944S	Closed	Canyon Gen. Imp. Dist.(ARRA split out)	PF	FY09	6/17/2009	85,468.44	85,468.44	0.00	0	0.00	0.00
CS-32-1012	Closed	Hawthorne Utilities	PF	FY11	10/7/10	2,500,000.00	2,500,000.00	0.00	0	0.00	0.00
CS32-1014	Closed	Carson City	2.3900	FY11	10/22/2010	2,800,000.00	2,748,556.20	51,443.80	0	61,548.41	2,687,007.79
CS32-0930S	Closed	McDermitt (ARRA split out)	PF	FY10	7/9/2009	43,005.22	43,005.22	0.00	0	0.00	0.00
CS32-0928S	Closed	Churchill County (ARRA split out)	PF	FY11	5/3/2009	88,097.72	80,302.39	7,795.33	0	0.00	0.00
CS32-1018	Closed	Clark Co Water Reclamation Dist. - Phase 1	3.7000	FY11	3/25/11	40,000,000.00	40,000,000.00	0.00	0	0.00	40,000,000.00
CW1201	Open	Orovada GID	PF	FY12	3/2/2012	511,801.00	325,882.27		185,919	0.00	0.00
CS32-1016	Closed	Tonopah	PF	FY12	3/9/2012	1,121,890.00	1,121,890.00			0.00	0.00
CW1202	Open	Clark Co Water Reclamation Dist. - Phase 2	2.3560	FY13	7/13/2012	30,000,000.00	4,709,531.36		25,290,469	0.00	4,709,531.36
CW1301	Open	Elko County/Mountain City	PF	FY13	9/10/2012	347,500.00	264,290.31		83,210	0.00	264,290.31

Subtotal (Traditional Fund Loans)						414,912,352	369,203,255	20,149,500.15	25,559,597	157,615,449.50	207,359,343.12
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ARRA											
CS32-0917S	Closed	Elko County/Jackpot	PF	FY10	8/18/2009	1,100,000.00	1,100,000.00		0	0.00	0.00
CS32-0921S	Closed	Clark Co Water Reclamation District	0.0000	FY10	10/16/2009	5,744,780.00	5,744,780.00		0	621,057.32	5,123,722.68
CS32-0925S	Closed	Minden Gardnerville Sanitation District	0.0000	FY10	10/27/2009	1,427,582.73	1,427,582.73		0	192,916.60	1,234,666.13
CS32-0928S	Closed	Churchill County	PF	FY09	5/3/2009	2,312,597.28	2,312,597.28		0	0.00	0.00
CS32-0930S	Closed	McDermitt	PF	FY10	7/9/2009	241,641.78	241,641.78	0.00	0	0.00	0.00
CS32-0932S	Closed	Esmeralda County (Goldfield)	PF	FY10	7/7/2009	910,866.00	910,866.00		0	0.00	0.00
CS32-0934S	Closed	City of Henderson	0.0000	FY10	1/8/2010	1,815,447.00	1,659,395.88	156,051.12	0	174,673.28	1,484,722.60
CS32-0938S	Closed	Hawthorne Utilities	PF	FY09	5/21/2009	1,531,500.00	1,531,500.00		0	0.00	0.00
CS32-0939S	Closed	Gabbs	PF	FY10	7/16/2009	710,000.00	709,967.52	32.48	0	0.00	0.00
CS32-0943S	Closed	Alamo Sewer & Water GID	PF	FY09	5/26/2009	914,600.00	914,600.00		0	0.00	0.00
CS32-0944S	Closed	Canyon General Improvement District	PF	FY09	6/17/2009	1,275,531.56	1,275,531.56		0	0.00	0.00
CS32-0963S	Closed	City of Ely	PF	FY10	1/25/2010	789,790.00	789,790.00		0	0.00	0.00
CS32-0965S	Closed	West Wendover	PF	FY09	6/25/2009	624,593.00	604,302.25	20,290.75	0	0.00	0.00

Subtotal (ARRA Loans)						19,398,929.35	19,222,555.00	176,374.35	0.00	988,647.20	7,843,111.41
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Total loans 434,311,281.73

<b>Grand Total</b>						<b>\$413,985,407.23</b>	<b>\$388,425,810.17</b>	<b>20,325,874.50</b>	<b>25,559,597.06</b>	<b>158,604,096.70</b>	<b>215,202,454.53</b>
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# **ATTACHMENT 6**

## **Nevada's CWSRF Banked Authority Worksheet**

**Nevada's CWSRF Banked Authority Worksheet**

as of 10/23/12

Grants			Loans				4% Admin			
Grant Number	Total Award Amount	96% of Award (loan)	Amend	Banked Authority Used for Loans	Total Award Used for Loans	4% of Award (Admin)	Amend	Banked Authority	Total Award Used for Set-asides	
CS- 320001- 1989	4,577,200	4,394,112		73,922	4,468,034	183,088		73,922	109,166	
CS- 320001- 1990	4,738,000	4,548,480		31,587	4,580,067	189,520		31,587	157,933	
CS- 320001- 1991	10,074,800	9,671,808		67,166	9,738,974	402,992		67,166	335,826	
CS- 320001- 1992	9,534,900	9,153,504		63,566	9,217,070	381,396		63,566	317,830	
CS- 320001- 1993	9,431,000	9,053,760		62,873	9,116,633	377,240		62,873	314,367	
CS- 320001- 1994	5,813,800	5,581,248		38,759	5,620,007	232,552		38,759	193,793	
CS- 320001- 1995	6,007,800	5,767,488		40,052	5,807,540	240,312		40,052	200,260	
CS- 320001- 1996	9,904,700	9,508,512		116,036	9,624,548	396,188		116,036	280,152	
CS- 320001- 1997	2,990,500	2,870,880		35,469	2,906,349	119,620		35,469	84,151	
CS- 320001- 1998	6,577,300	6,314,208		263,092	6,577,300	263,092		263,092	0	
CS- 320001- 1999	6,577,900	6,314,784		263,116	6,577,900	263,116		263,116	0	
CS- 320001- 2000	6,555,200	6,292,992		49,852	6,342,844	262,208		49,852	212,356	
CS- 320001- 2001	6,496,100	6,236,256		(414,539)	5,821,717	259,844		(414,539)	674,383	
CS- 320001- 2003	6,510,800	6,250,368		184,861	6,435,229	260,432		184,861	75,571	
CS- 320001- 2004	6,467,800	6,209,088		258,712	6,467,800	258,712		258,712	0	
CS- 320001- 2005	6,471,800	6,212,928		258,872	6,471,800	258,872		258,872	0	
CS- 320001- 2006	5,243,500	5,033,760		34,957	5,068,717	209,740		34,957	174,783	
CS- 320001- 2007	4,242,300	4,072,608		28,282	4,100,890	169,692		28,282	141,410	
CS- 320001- 2008	5,207,300	4,999,008		34,715	5,033,723	208,292		34,715	173,577	
CS- 320001- 2009	3,274,300	3,143,328		21,829	3,165,157	130,972		21,829	109,143	
2W- 320002009- 0	19,239,100	18,469,536		753,019	19,222,555	769,564		753,019	16,545	
CS- 320001- 2010	13,276,300	12,745,248		472,816	13,218,064	531,052		472,816	58,236	
CS- 320001- 2011	7,222,000	6,933,120		288,880	7,222,000	288,880		288,880	0	
CS- 320001- 2012	6,908,000	6,631,680		276,320	6,908,000	276,320		276,320	0	
	173,342,400	166,408,704	0	3,304,214	169,712,918	6,933,696	0	3,304,214	3,629,482	

# **ATTACHMENT 7**

## **Conversion of Leverage Bonds to Match Bonds**

**STATE OF NEVADA  
GENERAL OBLIGATION  
WATER POLLUTION CONTROL REVOLVING FUND  
LEVERAGED REFUNDING BONDS  
SERIES 2013B  
AND MATCHING BONDS, SERIES 2013C**

**ESCROW AGREEMENT**

**DATED** as of February 20, 2013, made by and between the **STATE OF NEVADA** and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, a national banking association having and exercising full and complete trust powers, duly organized and existing under the laws of the United States of America.

**WHEREAS**, pursuant to the resolution adopted by the State Board of Finance on November 13, 2012, and the 2013B Revolving Fund Leveraged Refunding Bond Order and the 2013C Revolving Fund Matching Bond Order executed by the State Treasurer of the State on January 29, 2013 and (collectively, the “Bond Resolution”), the State has authorized the issuance of the State of Nevada General Obligation (Limited Tax) Water Pollution Control Revolving Fund Leveraged Refunding Bonds, Series 2013B and the State of Nevada General Obligation (Limited Tax) Water Pollution Control Revolving Fund Matching Bonds, Series 2013C (the “2013 Bonds”); and

**WHEREAS**, pursuant to proceedings duly taken, the State has heretofore issued its “State of Nevada, General Obligation (Limited Tax) Water Pollution Control Revolving Fund Leveraged Bonds, Series 2003H” (the “2003H Bonds”), bearing interest from the date thereof until their respective maturities, payable on the first days of February and August in each year, and the only outstanding 2003H Bonds bearing interest at the rates and maturing on the first day of August in each of the designated amounts of principal and designated years, are as follows:

<u>Years Maturing</u>	<u>Interest Rate (Per Annum)</u>	<u>Principal Maturing</u>
2014	4.000%	\$3,295,000
2015	4.000	3,450,000
2021	4.500	4,645,000
2022	4.500	4,895,000
2023	4.625	5,165,000

**WHEREAS**, the 2003H Bonds maturing on and after August 1, 2014 are subject to redemption prior to maturity on August 1, 2013 and on any date thereafter at a redemption price equal to the principal amount redeemed, plus accrued interest to the redemption date; and

**WHEREAS**, the 2013 Bonds are being issued, in part, to defray the cost of refunding \$21,450,000 of the 2003H Bonds maturing on August 1, 2014, August 1, 2015, and August 1, 2021 to and including August 1, 2023, upon prior redemption on August 1, 2013 (the "Redemption Date") (collectively, the "Refunded Bonds"); and

**WHEREAS**, the 2013 Bonds are to be issued, in part, for the purpose of paying the principal of and interest on the Refunded Bonds (the "Refunded Bond Requirements"), as set forth in the certified public accountant's report attached as Exhibit 1 to this Escrow Agreement (the "Agreement") and paying costs incidental thereto; and

**WHEREAS**, the 2013 Bonds were sold subject to the approving opinion of the State's bond counsel, Sherman & Howard L.L.C. ("bond counsel"); and

**WHEREAS**, the State, by the Bond Resolution, among other matters:

A. Created the Escrow Account (as defined below) to be maintained in The Bank of New York Mellon Trust Company, N. A. (the "Escrow Bank");

B. Provided for the deposit in the Escrow Account of the net proceeds of the 2013 Bonds (other than the portion thereof to be used to defray the administrative and issuance expenses, and other than any accrued interest paid on their delivery) in an aggregate amount sufficient, together with the known minimum yield from the investment of such moneys in bills, certificates of indebtedness, notes, bonds, or similar securities which are direct obligations of, or the principal and interest of which are unconditionally guaranteed by, the United States, which obligations are not callable at the option of the issuer thereof ("Federal Securities"), to pay the Refunded Bond Requirements, as set forth herein (in no circumstances shall the term "Federal Securities" include money market investments even if the

money market fund in which the investment is made invests only in Federal Securities);

C. Provided for the purchase of Federal Securities with such moneys credited to the Escrow Account; and

D. Provided for the call for prior redemption of the Refunded Bonds on the Redemption Date; and

E. Authorized the completion and execution of this Agreement;

and

**WHEREAS**, a copy of the Bond Resolution has been delivered to the Escrow Bank and the provisions therein set forth are herein incorporated by reference as if set forth herein verbatim in full; and

**WHEREAS**, the Federal Securities described in Exhibit 1 to this Agreement have appropriate maturities and yields to insure the payment, together with the initial cash (as defined below), of the Refunded Bond Requirements, as the same become due; and

**WHEREAS**, a schedule of receipts from such Federal Securities and a schedule of payments and disbursements in the certified public accountant's report attached as Exhibit 1 to this Agreement, demonstrate the sufficiency of the Federal Securities and initial cash for such purpose; and

**WHEREAS**, the Escrow Bank is empowered to undertake the obligations and commitments on its part herein set forth; and

**WHEREAS**, the undersigned officer of the Escrow Bank is duly authorized to execute and deliver this Agreement in the Escrow Bank's name and on its behalf; and

**WHEREAS**, the State is empowered to undertake the obligations and commitments on its part herein set forth; and

**WHEREAS**, the undersigned officer of the State is duly authorized to execute and deliver this Agreement in the State's name and on its behalf.

**NOW, THEREFORE, THIS ESCROW AGREEMENT WITNESSETH:**

That in consideration of the mutual agreements herein contained herein, and in order to secure the payment of the Refunded Bond Requirements as the same become due, the parties

hereto mutually undertake, promise, and agree for themselves, their respective representatives, successors, and assigns, as follows:

**Section 1. Creation of Escrow.**

A. Simultaneously with the delivery of the 2013 Bonds, and subject to their issuance, the State, with \$21,910,239 of the 2013 Bond proceeds, shall purchase (to the extent not heretofore purchased) the Federal Securities described in Exhibit 1 to this Agreement (the "Initial Federal Securities") and shall cause the Initial Federal Securities and an initial cash balance of \$1.00 (the "initial cash") to be credited to and accounted for in a separate trust account designated as the "State of Nevada General Obligation (Limited Tax) Bonds, Water Pollution Control Revolving Fund Bonds, Series 2013 Escrow Account" (the "Escrow Account"). Receipt of \$21,910,240.00 by the Escrow Bank to be applied as provided herein is hereby acknowledged.

B. Other Federal Securities may be substituted for any Initial Federal Securities if such Initial Federal Securities are unavailable for purchase at the time of issuance of the 2013 Bonds or if such substitution is required or permitted by Section 148 of the Internal Revenue Code of 1986, as amended (the "Tax Code"), and the applicable regulations thereunder, subject in any case to sufficiency demonstrations and yield proofs in a certified public accountant's report, and subject to a favorable opinion of the State's bond counsel as to the legality of any such substitution, and the continued exemption of interest on the 2013 Bonds from federal income taxation (except certain alternative minimum taxes described in bond counsel's opinion), and in any event in such a manner so as not to increase the price which the State pays for the initial acquisition of Federal Securities for the Escrow Account. The certified public accountant's report must indicate that the receipts from the substitute securities are sufficient without any need for reinvestment to fully pay the principal of and interest on the Refunded Bonds. Any Federal Securities temporarily substituted may be withdrawn from the Escrow Account when the Initial Federal Securities are purchased and credited to the Escrow Account. Similarly any temporary advancement of moneys to the Escrow Account to pay designated Refunded Bond Requirements, because of a failure to receive promptly the principal of and interest on any Federal Securities at their respective fixed maturity dates, or otherwise, may be repaid to the person advancing such moneys upon the receipt by the Escrow Bank of such principal and interest payments on such Federal Securities.

C. The initial cash, the proceeds of the Initial Federal Securities (and of any other Federal Securities acquired as an investment or reinvestment of moneys accounted for in the Escrow Account), and any such Federal Securities themselves (other than Federal Securities, including the Initial Federal Securities, held as book entries), shall be deposited with the Escrow Bank and credited to and accounted for in the Escrow Account. The securities and moneys accounted for therein shall be redeemed and paid out and otherwise administered by the Escrow Bank for the benefit of the State as provided in this Agreement and the Bond Resolution.

**Section 2. Purpose of Escrow.**

A. The Escrow Bank shall hold the initial cash, all Federal Securities accounted for in the Escrow Account (other than Federal Securities, including the Initial Federal Securities, held as book-entries), and all moneys received from time to time as interest on and principal of such Federal Securities, in trust to secure and for the payment of the Refunded Bond Requirements, as the same become due.

B. Except as provided in paragraph B of Section 1 hereof, the Escrow Bank shall collect the principal of and interest on such Federal Securities promptly as such principal and interest become due and shall apply all money so collected to the payment of the Refunded Bond Requirements as aforesaid.

**Section 3. Accounting for Escrow.**

A. The moneys and the Federal Securities accounted for in the Escrow Account shall not be subject to checks drawn by the State or otherwise subject to its order except as otherwise provided in paragraph B of Section 1 and in Section 8 hereof.

B. The Escrow Bank, however, shall transfer from time to time from the Escrow Account to the respective paying agents for the Refunded Bonds, sufficient moneys to permit such paying agents to pay, without any default, the Refunded Bond Requirements, as the same become due, as provided herein and as directed by the duly authorized officers of the State.

C. Except as otherwise provided in paragraph B of Section 1 of this Agreement, there shall be no sale of any Federal Securities held hereunder, and no Federal Securities held hereunder and callable for prior redemption at the State's option shall be called at any time for prior redemption, except if necessary to avoid a default in the payment of the Refunded Bond Requirements.

**Section 4. Maturities of Federal Securities.**

A. Any Federal Securities shall be purchased in such manner:

(1) So that such Federal Securities may be redeemed in due season at their respective maturities to meet such Refunded Bond Requirements as the same become due, and

(2) So that any sale or prior redemption of such Federal Securities shall be unnecessary.

B. There shall be no substitution of any Federal Securities except as otherwise provided in paragraph B of Section 1 of this Agreement.

**Section 5. Reinvestments.** The Escrow Bank may, and at the written direction of the State shall, reinvest in Federal Securities any moneys (except the initial cash) received in payment of the principal of and interest on any Federal Securities accounted for in the Escrow Account, subject to the limitations of Sections 1 and 4 hereof and of the following additional limitations:

(1) Any such Federal Securities shall not be subject to redemption prior to their respective maturities at the option of their issuer.

(2) Any such Federal Securities shall mature on or prior to the date or dates when the proceeds thereof must be available for the prompt payment of the Refunded Bond Requirements, as the same become due, as evidenced by a certified public accountant's report.

(3) Under no circumstances shall any reinvestment be made under ' 5 if such reinvestment, alone or in combination with any other investment or reinvestment, violates the applicable provisions of Section 148 of the Tax Code, and the rules and regulations thereunder.

(4) The Escrow Bank shall make no such reinvestment unless the State first obtains and furnishes to the Escrow Bank: (i) a written opinion of the State's bond counsel to the effect that such reinvestment, as described in the opinion, complies with paragraph 3 of this Section 5, and will not cause interest on the Refunded Bonds to become includable in gross income for federal taxation purposes; and (ii) a certified public accountant's report stating that after such reinvestment, the funds and Federal Securities in the Escrow Account shall be sufficient to pay the Refunded Bond Requirements as they become due.

**Section 6. Sufficiency of Escrow.** The moneys and Federal Securities accounted for in the Escrow Account shall be in an amount (or have appropriate maturities and yields to produce an amount) which at all times shall be sufficient to pay the Refunded Bond Requirements as they become due, subject to the provisions of Section 10 hereof.

**Section 7. Transfers and Redemption Notice for Refunded Bond Requirements.**

A. The Escrow Bank shall make such credit arrangements with and transfers to the paying agent for the Refunded Bonds, as will assure, to the extent of money in the Escrow Account properly allocable to and available therefor, the timely payment of the Refunded Bond Requirements.

B. To the extent the payment of the Refunded Bond Requirements requires the prior redemption of any Refunded Bonds, the Escrow Bank shall cause notice of such redemption to be given by the paying agent for the Refunded Bonds in the manner required by the Bond Resolution and by the resolution and order authorizing the issuance of the Refunded Bonds.

**Section 8. Termination of Escrow Account.** When payment or provisions for payment shall have been made with the paying agents for the Refunded Bonds so that all Refunded Bond Requirements shall be or shall have been paid in full and discharged, the Escrow Bank shall immediately pay over to the State the moneys, if any, then remaining in the Escrow Account and shall make forthwith a final report for the State to the State Treasurer. Such moneys may be used by the State for any lawful purpose, subject to any limitations in the Bond Resolution.

**Section 9. Fees and Costs.**

A. The Escrow Bank's total fees and costs for and in carrying out the provisions of this Agreement have been fixed at \$350.00, which amount is to be paid at the time of the issuance of the 2013 Bonds by the State directly to the Escrow Bank as payment in full of all charges of the Escrow Bank pertaining to this Agreement for services performed hereunder.

B. Such payment for services rendered and to be rendered by the Escrow Bank shall not be for deposit in the Escrow Account; the fees of and the costs incurred by the Escrow Bank shall not be deducted from such account; and the Escrow Bank shall never assert a lien against the monies and securities in the Escrow Account.

**Section 10. Possible Deficiencies.**

A. If at any time it shall appear to the Escrow Bank that the money and any interest on and principal of the Federal Securities in escrow allocable for such use under this Agreement, including, without limitation, the known minimum yield from the Initial Federal Securities, will not be sufficient to make any required payment due on the Refunded Bond Requirements as the same becomes due, the Escrow Bank shall notify in writing the Treasurer as soon as reasonably practicable of such fact and the amount of such deficiency.

B. Thereupon the State shall forthwith pay to the Escrow Bank for deposit in the Escrow Account such additional moneys as may be required.

C. The Escrow Bank shall in no manner be responsible for the State's failure to make any such deposit.

**Section 11. Status Report.**

A. In June 2013 and the September immediately succeeding the date on which all of the Refunded Bonds are paid at maturity or redeemed, the Escrow Bank shall submit to the Treasurer a report for the preceding 6 month period covering all money which the Escrow Bank shall have received and all payments which it shall have made or caused to be made hereunder.

B. The report shall indicate for which period and in which trust bank any Federal Securities (other than Federal Securities held as book-entries) and any uninvested moneys were transferred for safekeeping or any Federal Securities (other than Federal Securities held as book-entries) pledged to secure the repayment to the State of any uninvested moneys were placed in pledge, as permitted by Section 13.

**Section 12. Character of Deposit.**

A. It is recognized that title to the Federal Securities and money accounted for in the Escrow Account from time to time shall remain vested in the State but subject always to the prior charge and lien thereon of this Agreement and the use thereof required to be made by the provisions of this Agreement and the Bond Resolution.

B. The Escrow Bank shall hold all such Federal Securities (except as they may be held as book-entries) and money in the Escrow Account as a special trust fund and account separate and wholly segregated from all other securities and funds of the Escrow Bank or deposited therein, and shall never commingle such securities or money with other securities or money.

**Section 13. Securing Deposit.**

A. The Escrow Bank may cause the Federal Securities accounted for in the Escrow Account to be registered in the name of the State for payment, if they are registrable for payment, and in such event shall obtain the necessary endorsements from the duly authorized officials of the State as they become due.

B. The State, in connection with any Federal Securities accounted for in the Escrow Account and held as book-entries, shall cooperate with the Escrow Bank and shall forthwith make arrangements with an appropriate representative of the issuer of such Federal Securities, so that the interest on and the principal of the Federal Securities shall be promptly transmitted, as the same become due from time to time, to the Escrow Bank for the benefit of the State.

C. All uninvested money held at any time in the Escrow Account shall be continuously secured by the deposit of Federal Securities in a principal amount and value always not less than the total amount of uninvested money in the Escrow Account:

- (1) In any branch of the Federal Reserve Bank, or
- (2) In any commercial bank which:
  - (a) Is a state or national bank or trust company, and
  - (b) Is a member of the Federal Deposit Insurance Corporation, and
  - (c) Is a member of the Federal Reserve System, and
  - (d) Has a capital and surplus of \$10,000,000 or more, and
  - (e) Is exercising full and complete trust powers, and
  - (f) Is located in the State or without the State ("trust bank"), or
- (3) In any branch of the Federal Reserve Bank and in one or more trust

banks (or any combination thereof).

D. Such Federal Securities so held as a pledge shall be used whenever necessary to enable the paying agent for the Refunded Bonds to pay the Refunded Bond Requirements as the same become due, to the extent other moneys are not transferred or caused to be transferred for such purpose by the Escrow Bank.

E. Any Federal Securities (except as they may be held as book-entries) and any uninvested moneys accounted for in the Escrow Account may from time to time be placed by the

Escrow Bank for safekeeping wholly or in part in any such trust bank, only if prior to any such transfer the Treasurer consents thereto in writing.

F. Each such trust bank holding any Federal Securities accounted for in the Escrow Account or any uninvested moneys accounted for therein, shall be furnished by the Escrow Bank with a copy of this Agreement prior to such deposit.

G. By the acceptance of such Federal Securities or such uninvested moneys each such trust bank shall be bound in the same manner as the Escrow Bank, as herein provided.

H. The Escrow Bank, however, shall remain solely responsible to the State:

- (1) For any investment or reinvestments of moneys pursuant to Sections 1 and 5 hereof,
- (2) For transfers of moneys and causing redemption notices to be given pursuant to Section 7 hereof,
- (3) For the termination of the Escrow Account pursuant to Section 8 hereof,
- (4) For any notification of prospective deficiencies pursuant to Section 10 hereof,
- (5) For the status report pursuant to Section 11 hereof, and
- (6) For defraying any charges of any branch of the Federal Reserve Bank or any trust bank for any deposits of Federal Securities as pledge to secure uninvested moneys, of Federal Securities in escrow, and of uninvested moneys in escrow (or any combination thereof) or for any other service relating to this Agreement or the Escrow Account.

I. Notwithstanding the liabilities of the Escrow Bank stated in paragraph H of this section, the Escrow Bank may cause any one, all, or any combination of the duties stated in paragraph H to be performed on its behalf by any trust bank.

J. If at any time the Escrow Bank fails to account for any moneys or Federal Securities held by it or by any such trust bank in the Escrow Account, such moneys and securities shall be and remain the property of the State.

K. If for any reason such moneys or Federal Securities cannot be identified, all other assets of the Escrow Bank and of each such trust bank failing to account therefor shall be

impressed with a trust for the amount thereof, and the State shall be entitled to a preferred claim upon such assets.

L. No money paid into and accounted for in the Escrow Account shall ever be considered as an asset of the Escrow Bank and neither the Escrow Bank nor any such trust bank shall have any right or title with respect thereto.

**Section 14. Purchaser's Responsibility.** The holders from time to time of the 2013 Bonds shall in no manner be responsible for the application or disposition of the proceeds thereof or any moneys or Federal Securities accounted for in the Escrow Account. This clause shall not relieve the Escrow Bank (if it is a holder of the 2013 Bonds), in its capacity as Escrow Bank, from its duties under this Agreement.

**Section 15. Amendment.**

A. The 2013 Bonds shall be issued in reliance upon this Escrow Agreement and except as herein provided this Agreement shall be irrevocable and not subject to amendment after any of the 2013 Bonds shall have been issued.

B. The provisions of this Agreement may be amended, waived or modified upon approval of the holders of all of the then outstanding Refunded Bonds. If Moody's Investors Service, Inc. ("Moody's"), Fitch Ratings ("Fitch"), and Standard and Poor's Rating Services ("S&P") have confirmed in writing that such amendment, waiver or modification will not result in the lowering or withdrawal of the rating on the Refunded Bonds, the provisions of this Agreement also may be amended, waived or modified for one or more of the following purposes:

(1) to cure any ambiguity, or to cure, correct or supplement any formal defect or omission or inconsistent provision contained in this Agreement;

(2) to pledge additional revenues, properties or collateral as security for the Refunded Bonds; or

(3) to deposit additional monies or Federal Securities to the Escrow Account.

Notwithstanding any other provision hereof, an amendment, modification or waiver shall be effective if, as evidenced by an opinion of counsel delivered to the Escrow Bank, it is not materially prejudicial to the owners of the Refunded Bonds and does not affect the exclusion of the

interest on the Refunded Bonds or the 2013 Bonds from gross income from federal income tax purposes, unless such amendment, waiver or modification is approved by the holders of all of the then outstanding Refunded Bonds.

C. The Escrow Bank shall provide copies of any such amendments, waivers or modifications to Moody's at the address set forth in Section 19 hereof, and to Standard and Poor's Corporation.

**Section 16. Exculpatory Provisions.**

A. The duties and responsibilities of the Escrow Bank are limited to those expressly and specifically stated in this Agreement and no implied obligations or covenants shall be read against the Escrow Bank hereunder.

B. The Escrow Bank shall not be liable or responsible for any loss resulting from any investment or reinvestment made pursuant to this Escrow Agreement and made in compliance with the provisions hereof.

C. The Escrow Bank shall not be personally liable or responsible for any act which it may do or omit to do hereunder, while acting with reasonable care, except for duties expressly imposed upon the Escrow Bank hereunder or as otherwise expressly provided herein.

D. The Escrow Bank shall neither be under any obligation to inquire into or be in any way responsible for the performance or nonperformance by the State of any of its obligations, nor shall the Escrow Bank be responsible in any manner for the recitals or statements contained in this Agreement, in the Bond Resolution, in the Refunded Bonds, or in any proceedings taken in connection therewith, such recitals and statements being made solely by the State.

E. Nothing in this Agreement creates any obligation or liabilities on the part of the Escrow Bank to anyone other than the State and the holders of the Refunded Bonds and the 2013 Bonds.

F. None of the provisions of this Agreement shall require the Escrow Bank to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder. The Escrow Bank may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, reports, notice, request, consent, order, approval or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The

Escrow Bank may consult with counsel and the advice or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken or omitted by it hereunder in good faith and in accordance with such advice or opinion of counsel. The Escrow Bank may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

G. The Escrow Bank may at any time resign by giving 30 days written notice of resignation to the State. Upon receiving such notice of resignation, the State shall promptly appoint a successor and, upon the acceptance by the successor of such appointment, release the resigning Escrow Bank from its obligations hereunder by written instrument, a copy of which instrument shall be delivered to the State, the resigning Escrow Bank and the successor. If no successor shall have been so appointed and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning Escrow Bank may petition any court of competent jurisdiction for the appointment of a successor.

H. The Escrow Bank agrees to accept and act upon instructions or directions pursuant to this Escrow Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Escrow Bank shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the State elects to give the Escrow Bank e-mail or facsimile instructions (or instructions by a similar electronic method) and the Escrow Bank in its discretion elects to act upon such instructions, the Escrow Bank's understanding of such instructions shall be deemed controlling. The Escrow Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Bank's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The State agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Escrow Bank, including without limitation the risk of the Escrow Bank acting on unauthorized instructions, and the risk of interception and misuse by third parties.

I. The Escrow Bank shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other like occurrences beyond the control of the Escrow Bank; it being understood that the Escrow Bank shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

J. Any bank, corporation or association into which the Escrow Bank may be merged or converted or with which it may be consolidated, or any bank, corporation or association resulting from any merger, conversion or consolidation to which the Escrow Bank shall be a party, or any bank, corporation or association succeeding to all or substantially all of the corporate trust business of the Escrow Bank shall be the successor of the Escrow Bank hereunder without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto except on the part of any of the parties hereto where an instruction of transfer or assignment is required by law to effect such succession, anything herein to the contrary notwithstanding.

K. Anything in this Escrow Agreement to the contrary notwithstanding, in no event shall the Escrow Bank be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Bank has been advised of the likelihood of such loss or damage and regardless of the form of action. Neither the Escrow Bank nor any of its officers, directors, employees or agents shall be liable for any action taken or omitted under this Escrow Agreement or in connection herewith except to the extent caused by the Escrow Bank's negligence or willful misconduct, as determined by the final judgment of a court of competent jurisdiction, no longer subject to appeal or review.

L. To the extent allowed by Nevada law, the State shall indemnify, defend and hold harmless the Escrow Bank and its officers, directors, employees, representatives and agents, from and against and reimburse the Escrow Bank for any and all claims, obligations, liabilities, losses, damages, actions, suits, judgments, reasonable costs and expenses (including reasonable attorneys' and agents' fees and expenses) of whatever kind or nature regardless of their merit,

demanded, asserted or claimed against the Escrow Bank directly or indirectly relating to, or arising from, claims against the Escrow Bank by reason of its participation in the transactions contemplated hereby except to the extent caused by the Escrow Bank's negligence or willful misconduct. The foregoing sentence shall survive the termination of this Escrow Agreement or the earlier resignation or removal of the Escrow Bank.

**Section 17. Time of Essence.** Time is of the essence in the performance of the obligations from time to time imposed upon the Escrow Bank by this Agreement.

**Section 18. Successors.**

A. Whenever in this Agreement the State or the Escrow Bank is named or is referred to, such provision is deemed to include any successor of the State or the Escrow Bank, respectively, immediate or intermediate, whether so expressed or not.

B. All of the stipulations, obligations, and agreements by or on behalf of and other provisions for the benefit of the State or the Escrow Bank contained in this Agreement:

- (1) Shall bind and inure to the benefit of any such successor, and
- (2) Shall bind and inure to the benefit of any officer, board, authority, agent, or instrumentality to whom or to which there shall be transferred by or in accordance with law and relevant right, power, or duty of the State or the Escrow Bank, respectively, or of its successor.

**Section 19. Severability.** If any section, paragraph, clause, or provision of this Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Agreement. The State and the Escrow Bank agree to furnish written notice of any finding of invalidity or enforceability to Moody's, Fitch, and S&P.

**Section 19. Governing Law.** This Escrow Agreement shall be governed by the laws of the State of Nevada.

**IN WITNESS WHEREOF, THE STATE OF NEVADA**, has caused this Escrow Agreement to be signed in the State's name by the Treasurer, and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, has caused this Escrow Agreement to be signed in its corporate name by one of its authorized officers, all as of the day and year first above written.

STATE OF NEVADA

By \_\_\_\_\_  
Treasurer

**THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N. A., as Escrow Bank**

By \_\_\_\_\_  
Title \_\_\_\_\_

EXHIBIT 1

(Attach Certified Public Accountant's Report)



.....

**State of Nevada  
WPC Matching Refunding Bonds, Series 2013C (2003H Bonds)  
Pricing Schedule**

Date	Principal	Coupon	Yield	Call Date	N/A
				Price	Production
02/20/2013					
08/01/2013	1,000,000	2.000%	0.200%	100.804	1,008,040.00
08/01/2014	1,000,000	2.000%	0.250%	102.526	1,025,260.00
08/01/2015	1,000,000	2.000%	0.400%	103.892	1,038,920.00
	3,000,000.00	Par Amount			3,072,220.00
	<u>70,350.00</u>	+ Premium Bid			
	3,070,350.00	= Amount Bid			
	<u>1,870.00</u>	+ Gross Underwriter's Spread			
	3,072,220.00	= Price to Public			

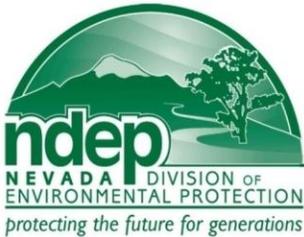


**Project Draw Report**  
 CS32-0405 - Reno, City of  
 RE

Pay No.	Date Requested	Total Amount	Date Disbursed	Grant Number	ACH Number	Transaction Code	State Match		Federal Share		Repayment Funds		Leveraged Bonds		Balance	
							Current	Cumulative	Current	Cumulative	Current	Cumulative	Current	Cumulative		
<b>CWSRF</b>																
1	04/01/04	1,337,577.82	04/09/04	5/1/2001A-2 Series			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	38,047,697.00	46,523,205.00
1	04/01/04	1,254,561.18	04/09/04	11/1/2003H Series			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,337,577.82	45,185,627.18
2	12/06/04	2,507,104.00	12/08/04	11/1/2003H Series			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,254,561.18	2,592,139.00
3	03/30/05	5,063,366.00	04/01/05	11/1/2003H Series		PV709WIRE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,507,104.00	5,099,243.00
4	06/24/05	3,913,473.00	06/27/05	11/1/2003H Series		PVQ709WIR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,063,366.00	10,162,609.00
6	08/04/05	1,835,695.00	08/09/05	11/1/2003H Series		PVQ709WIR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,913,473.00	14,076,082.00
5	08/04/05	1,095,318.00	08/09/05	11/1/2003H Series		PVQ709WIR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,835,695.00	15,911,777.00
7	09/08/05	2,329,063.00	09/13/05	11/1/2003H Series		PVQ709WIR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,095,318.00	17,007,095.00
8	10/25/05	6,194,394.00	11/01/05	11/1/2003H Series		PVQ709WIR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,329,063.00	19,336,158.00
9	11/28/05	1,540,552.00	11/29/05	11/1/2003H Series		PVQ709WIR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,194,394.00	25,530,552.00
10	12/07/05	2,505,960.00	12/29/05	11/1/2003H Series		PVQ709WIR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,540,552.00	27,071,104.00
11	12/30/05	1,328,002.00	02/06/06	11/1/2003H Series		PVQ709WIR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,505,960.00	29,577,064.00
12	02/21/06	2,157,181.00	03/06/06	11/1/2003H Series		PVQ709WIR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,328,002.00	30,905,066.00
13	04/25/06	1,756,444.00	04/27/06	11/1/2003H Series		PVQ709WIR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,157,181.00	33,062,247.00
14	06/05/06	954,942.00	06/21/06	11/1/2003H Series		PVQ709WIR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,756,444.00	34,818,691.00
15	07/25/06	258,722.73	08/16/06	5/1/2001A-(Lew&		PVQ709WIR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	954,942.00	35,773,633.00
15	07/25/06	3,095,748.27	08/16/06	11/1/2003H Series		PVQ709WIR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	258,722.73	36,032,355.73
16	10/12/06	2,429,813.00	11/01/06	11/1/2003H Series		PVQ709WIR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,095,748.27	39,128,104.00
17	12/05/06	3,278,167.00	12/20/06	All Funds		PVQ709WIR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,429,813.00	41,557,917.00
17A	12/13/06	488,870.00	12/13/06	11/1/2003H Series		JV709JVD11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,278,167.00	41,557,917.00
17B	12/13/06	488,870.00	12/13/06	All Funds		JV709JVD11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	488,870.00	41,069,047.00
18	02/08/07	1,271,457.00	02/08/07	All Funds		PVQ709WIR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,271,457.00	42,340,504.00
19	05/03/07	415,664.00	05/15/07	All Funds		PVQ709WIR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	415,664.00	42,756,168.00
3	10/02/13	3,021,350.00	04/01/05	Refundings Net 200		PV709WIRE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,271,457.00	43,997,618.00
3	10/02/13	3,021,350.00	04/01/05	2013 C Series		PV709WIRE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	415,664.00	44,413,278.00
							3,021,350.00	3,021,350.00	0.00	0.00	5,454,158.00	5,454,158.00	-3,021,350.00	0.00	38,047,697.00	3,021,350.00
															38,047,697.00	0.00



**Attachment 8**  
**2012 Audit Findings and Response Letter**



# STATE OF NEVADA

Department of Conservation & Natural Resources

DIVISION OF ENVIRONMENTAL PROTECTION

Brian Sandoval, Governor

Leo M. Drozdoff, P.E., Director

Colleen Cripps, Ph.D., Administrator

March 4, 2013

Miao Ling (Elaine) Huang, Accountant  
USEPA, Region 9, MTS-4-2  
75 Hawthorne Street  
San Francisco, CA 94105  
(415) 972-3707

Dear Ms. Huang,

Kafoury, Armstrong and Company CPAs performed an annual Single Audit of the Drinking Water State Revolving Fund (DWSRF) grant program, CFDA's 66.468. This program was audited for the State Fiscal Year 2012, which ended 6/30/2012.

Kafoury, Armstrong's findings 12-27 concerns the DWSRF program.

Finding 12-27 resulted in the following Recommendation:

"We recommend the Nevada Department of Conservation and Natural Resources, Division of Environmental Protection enhance the controls and review procedures over the reporting process and ensure that all amounts included in the SF-425 Financial Report reconcile to the underlying accounting records.

Nevada Division of Environmental Protection (NDEP) Response:

The NDEP accepts this finding and has initiated corrective actions as noted below.

Corrective Action for Finding 12-27

Procedures have been enhanced to ensure reconciliation with the State accounting system (DAWN) information to Division records and then to the SF-425 Financial Report. This will be done under the supervision of Daralyn Dobson, Administrative Services Officer.

If you have any further questions, please contact me at (775) 687-9489 or [ddobson@ndep.nv.gov](mailto:ddobson@ndep.nv.gov) or you can contact Adele Basham, Chief of Administrative Services at (775) 687-9488 or [abasham@ndep.nv.gov](mailto:abasham@ndep.nv.gov).

Sincerely,

Daralyn Dobson  
Administrative Services Officer III

Office of Financial Assistance

Phone: 775-687-9489

Fax: 775-687-9510

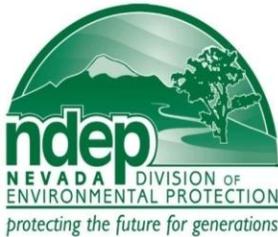
[ddobson@ndep.nv.gov](mailto:ddobson@ndep.nv.gov)

cc: Shannon Ryan, Deputy Legislative Auditor, LCB

Debbie Clark, Kafoury, Armstrong & Co.

Steven Weinberger, Manager, Internal Controls

**Attachment 9**  
**Program Evaluation Review Findings and Response Letter**



# STATE OF NEVADA

Department of Conservation & Natural Resources

DIVISION OF ENVIRONMENTAL PROTECTION

Brian Sandoval, Governor

Leo M. Drozdoff, P.E., Director

Colleen Cripps, Ph.D., Administrator

Douglas E. Eberhardt, Manager  
 United States Environmental Protection Agency  
 Region IX  
 75 Hawthorne Street  
 San Francisco, CA 94105-3901

Dear Mr. Eberhardt:

During the month of March 2013 EPA Region 9 representatives performed the annual review of Nevada Division of Environmental Protection's (NDEP) Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) programs. These programs were reviewed for the State Fiscal Year 2012, which ended 6/30/2012. Please see responses to the following findings.

- 1. Address all missing components from the review, which are outlined in the State Action Item Chart (Appendix B). Please review the table, address the issues and respond by September 16<sup>th</sup>, 2013.**

<b>NV Ely – FY10 - \$789,790</b>		
2.4	b. Requirement to report jobs created or retained (e.g. assistance recipients has maintained documentation to show that job data reported to the states is being complied and calculated accurately)	Nevada received Monthly Jobs Reports from each of the ARRA loan recipients and these were reviewed on a monthly basis by NDEP. These are in the Project Folders along with the project site inspection reports. Please see attachment
<b>Minden Gardnerville CWSRF – FY10 - \$1,427,583</b>		
2.4	b. Requirement to report jobs created or retained (e.g. assistance recipients has maintained documentation to show that job data reported to the states is being complied and calculated accurately)	Nevada received Monthly Jobs Reports from each of the ARRA loan recipients and these were reviewed on a monthly basis by NDEP. Please see attachment
2.4	c. Requirement to post ARRA logo and whistleblower poster onsite	ARRA logo and Davis-Bacon documentation were displayed together in construction trailers for most ARRA projects. As the ARRA grant was the first to require Davis-Bacon wages, the inspection form called this out simply as ARRA sign. Please see attachment.
<b>Mountain City CWSRF - FY12 - \$347,500</b>		
2.2	1. File includes information to support project data entered into CWSRF Benefits Reporting (CBR) or DWSRF project Benefits Reporting (PBR) databases	NDEP continues to input information into the CBR and PBR as events occur or at least monthly.

3	a. Inspection reports indicate project is in compliance with: a. Davis-Bacon requirements	The project site is in Mountain City, Nevada. The site is two hours north of Elko, Nevada where weekly certified payroll submissions are reviewed by the County personnel. The County personnel provided evidence that the certified payroll documents were received/reviewed and the Davis-Bacon was properly followed. See attached

**2. Respond to the items listed in Chapter 4 (Observations and Recommendations) by September 16<sup>th</sup>, 2013. These items include the following topics:**

- a. Subsidy Tracking - NDEP will continue to track subsidies and will include information in the Annual Report, including any changes from or deviations of the IUP.
- b. Bond Conversion – NDEP will include all requested information pertaining to the 2013 Bond Conversion in the 2013 Annual Report.
- c. Draw Ratio – NDEP will draw all match money from a given capitalization grant prior to drawing the grant funds.
- d. Independent Audit - NDEP recognizes the importance of an independent financial audit. Both SRF programs’ account balances and activities are included in Nevada’s Comprehensive Annual Financial Report (CARF) as part of the Water Projects Loan Fund, a major enterprise fund which in most years is subjected to the single audit requirement and as such, was audited in 2011 and 2012. Even though the SRFs are considered major programs for audit purposes, the SRFs are blended with other water pollution control programs, its assets, liabilities, equity and activities are not identifiable in Nevada’s CAFR, as stated in the notes to SRF program’s financial statements. To address this difference, SRF accounting staff reconciles the audited CAFR and related unaudited financial statements for both the CW and DW SRFs. NDEP will work with Nevada’s Division of Human Resources to find the most qualified person for the Accountant position. NDEP will revisit the current auditing procedure as necessary.
- e. Green (Clean Water) - The State continues to insure that the Green project reserve (GPR) requirements are being met and if ever they fail to meet GPR requirements, in any year, it will be included in the annual report.
- f. Erroneous Payments – As stated in the PER, the NDEP SRF program agrees to disburse funds in accordance with clarified requirements, disbursing all match funds before disbursing grant funds.
- g. Priority Ranking System - Nevada provided the EPA with a copy of the draft 2014 CW Priority List ranking system during the March 2013 EPA PER. No comments were received from the EPA. After 30 days of public notice and a public workshop on April 30, 2013, no public comments were received. Nevada is proceeding with the new 2014 CW Priority List ranking system.
- h. First-In, First-Out and Unliquidated Obligations – Nevada meets ULO goals and implemented the First-In, First-Out methodology when drawing down funds early in 2013.
- i. Interest on Retention – Nevada manages funding sources closely and will use match money or recycled money to pay interest on retention.
- j. ARRA Unliquidated Obligations (DWSRF) – Nevada has complied with ARRA funding deadlines and as of September 2013 has drawn all of the funds.

If you have any questions or concerns please feel free to contact Daralyn Dobson at 775 687-9489 or at [ddobson@ndep.nv.gov](mailto:ddobson@ndep.nv.gov).

Sincerely,

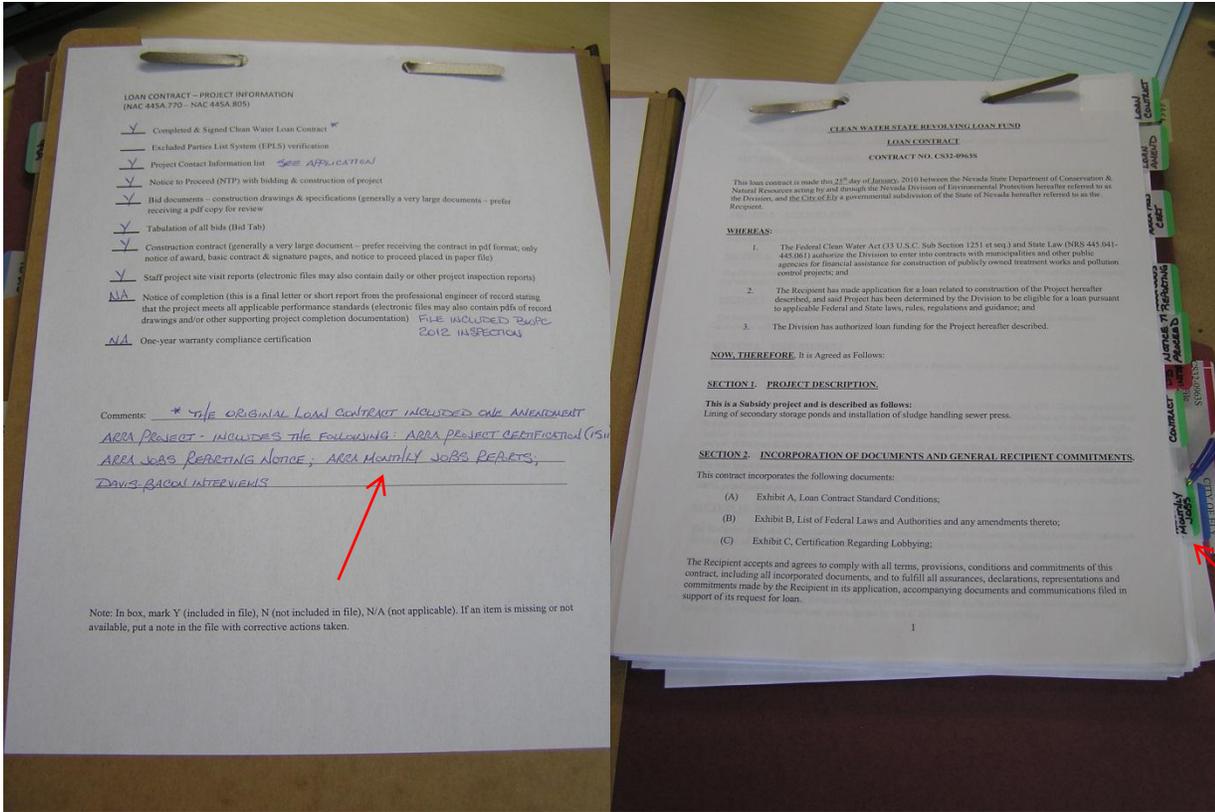
Adele Basham, Chief  
Bureau of Administrative Services

Attachments

## **NV Ely (ARRA)**

2.4 State Inspections b. Requirement to report jobs created or retained – inspection report does not indicate that job creation methodology was reviewed.

*Nevada receives Monthly Jobs Reports from each of the ARRA loan recipients and these are reviewed on a monthly basis by NDEP. These are in the Project Folders along with the project site inspection reports.*



**Clean water  
ARRA Jobs Monthly Reporting Form  
Monthly Report of Jobs Created and Retained (by hours)**

Recipient Name CITY OF ELY  
 Project Name WWTP POND LINING  
 For the Month of MAY 2010

Report only the hours & jobs that are directly charged against the ARRA funds.

Hours Worked/Payroll Information	
Jobs created: Report total # of hours worked	172.5 ✓
Jobs retained: Report total # of hours worked	
ARRA Funds Expended on Payroll for current reporting period:	

Jobs by Category (check all that apply)	
Engineers/Inspectors	
Laborers (Carpentry, welding, iron working)	
Power Equipment/Operators	
Plumber/Pipefitter	2
Electrician	
Other (specify)	

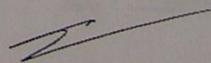
“Jobs or positions created” means those new positions created and filled, or previously existing unfilled positions that are filled, as a result of Recovery Act funding. “Jobs or positions retained” means those previously existing filled positions that are retained as a result of Recovery Act funding.

Recipients are required to report on ALL jobs created or retained, including sub-contractors.

If you have questions feel free to contact Ana Jimenez at (775) 687-9420.

Due by the 5th of each month  
 Fax to (775) 687-9510  
 Attention: Ana Jimenez  
 or e-mail to: [ajimenez@ndep.nv.gov](mailto:ajimenez@ndep.nv.gov)

*Dean Day*  
 City Engineer



ARRA Monthly Jobs  
 C L  
 CITY OF ELY  
 832-09635  
 File

## Minden Gardnerville

2.4 State Inspections b. Requirement to report jobs created or retained – inspection report does not indicate that job creation methodology was reviewed.

*Nevada receives Monthly Jobs Reports from each of the ARRA loan recipients and these are reviewed on a monthly basis by NDEP. These are in the Project Folders along with the project site inspection reports.*

**LOAN CONTRACT - PROJECT INFORMATION**  
(NAC 484.370 - NAC 484.805)

- Completed & Signed Clean Water Loan Contract \*
- Excluded Parties List System (EPLS) verification
- Project Contract Information list *SEE LOAN APPLICATION*
- Notice to Proceed (NTP) with bidding & construction of project
- Bid documents – construction drawings & specifications (generally a very large documents – prefer receiving a pdf copy for review)
- Tabulation of all bids (Bid Tab)
- Construction contract (generally a very large document – prefer receiving the contract in pdf format; only notice of award, basic contract & signature pages, and notice to proceed placed in paper file)
- Staff project site visit reports (electronic files may also contain daily or other project inspection reports)
- Notice of completion (this is a final letter or short report from the professional engineer of record stating that the project meets all applicable performance standards (electronic files may also contain pdfs of record drawings and/or other supporting project completion documentation))
- NA* One-year warranty compliance certification

Comments: *ARRA PROJECT - INCLUDES THE FOLLOWING: ARRA PROJECT DOCUMENTATION (GAs), ARRA JOBS REPORTING NOTICE, ARRA MONTHLY JOBS REPORTS*

\* *NOTE: THE ORIGINAL LOAN CONTRACT INCLUDES THE AGREEMENT*

Note: In box, mark Y (included in file), N (not included in file), N/A (not applicable). If an item is missing or not available, put a note in the file with corrective actions taken.

**Monthly Report of Jobs Created and Retained by Industry**  
Recipient Name: *Minden Gardner of the Sustainable Energy*  
Project Name: *Grease Digestion & Power Cogeneration Project*  
For the Month of: *May 2009 through August 2009*

Report only the hours & jobs that are directly charged against the ARRA funds.

Hours Worked	
Jobs created - Report total # of hours worked	237.00
Jobs retained - Report total # of hours worked	63.25

Jobs by Category (check all that apply)

Engineers/Inspectors	<input checked="" type="checkbox"/>
Laborers (Carpentry, welding, iron working)	<input type="checkbox"/>
Power Equipment/Operators	<input type="checkbox"/>
Plumber/Pipefitter	<input type="checkbox"/>
Electrician	<input type="checkbox"/>
Other (specify) <i>Environmental Specialist, Administrative/Clerical</i>	<input checked="" type="checkbox"/>

\*Jobs or positions created\* means those new positions created and filled, or previously existing unfilled positions that are filled, as a result of Recovery Act funding. \*Jobs or positions retained\* means those previously existing filled positions that are retained as a result of Recovery Act funding.

Recipients are required to report on ALL jobs created or retained, including sub-contractors.

If you have questions feel free to contact Ana Jimenez at (775) 687-9420.

Due by the 5th of each month  
Fax to (775) 687-9510  
Attention: Ana Jimenez  
or e-mail to: [ajjimenez@ndep.nv.gov](mailto:ajjimenez@ndep.nv.gov)

Signature: April L. Burchett Date: 9/10/09  
(If e-mailed, type Name)

2.4 State Inspections c. Requirement to post ARRA logo and whistleblower poster onsite – reports indicate that the ARRA sign was posted, but make no mention of the whistleblower poster

*ARRA logo and Davis-Bacon documentation were displayed together in construction trailers for most ARRA projects. As the ARRA grant was the first to require Davis-Bacon wages, the inspection form called this out simply as ARRA sign.*



### **Mountain City**

3. Inspection reports indicate project is in compliance with: a. Davis-Bacon requirements – inspection reports are focused on materials and construction work and do not address DB

*The project site is in Mountain City, Nevada. The site is two hours north of Elko, Nevada where weekly certified payroll submissions are reviewed by the County personnel. The County personnel provided evidence that the certified payroll documents were being received/reviewed and the Davis-Bacon was being properly followed.*

# **Attachment 10**

## **Region 9 SRF Annual Report Checklist**

Certifications			
Item	Y/N	Follow-up?	Comments
1. AR contains statement assuring OA followed	Y		Page 7, P1
2. Staffing adequate for program	Y		Page 2, Long-term Goal 2 & Page 4, Short-term Goal 2
3. Audited financials in accordance with GAAP	Y		Attachment 2
4. Single audit	Y		Page 6, Section IV, Item 1
5. Annual Audit	Y		Page 6, Section IV, Item 2
6. State match provided on or before each grant payment is made; date state match deposited	Y		Page 1, Introduction/Background & Pages 5 & 6,
7. CBR/PBR for all projects	Y		Page 7, P8 Report Requirements
8. Identify and certify Green Project Reserve	Y		Page 4, Section II B Short-Term Goal 3 & Page 8, P11 Green Project Reserve, Attachment 1
9. Additional Subsidization provided	Y		Page 4, Section II B Short-Term Goal 4 & Page 8, P10 Additional Subsidies, Attachment 1
10. FFATA reported for the amount of the cap. grant	Y		Page 7, P2
11. Statement of compliance with SERP	Y		Page 6, Section V, Item 1
12. Complied with Federal Cross-Cutters	Y		Page 1, Introduction/Background
13. DBE Certifications	Y		Page 1, Introduction/Background
14. Davis-Bacon Certifications	Y		Page 8, P12
15. Statement of timely and expeditious use of funds	Y		Page 7, P4
16. Compliance with grant conditions	Y		Page 7
17. Bypass statement CW and DW	Y		Page 1, Introduction/Background
18. Statement of Funds transferred if applicable	Y		Page 1, Introduction/Background
19. Binding commitments within one year of payment (120%) have been met	Y		Page 7, Section V, Item 4
Programmatic			
Item	Y/N	Follow-up?	Comments
20. AR published 90 days after SRF reporting period	Y		
21. SRF usage matches IUP	Y		Page 3, Section II B, Short-Term Goal 1
22. Explanation of difference between targeted projects funded from IUP and actual projects funded from AR	Y		Page 3, Section II B, Short-Term Goal 1
23. Short term goals met or not	Y		Page 3, Section II B

(explain each)			
24. Long terms goals met or not (explain each)	Y		Page 1, Section II A
25. AR contains list of projects & amt funded (identify GPR and subsidized projects and amounts)	Y		Page 3, Section II B, Short-Term Goal 1
26. Documentation of any changes from the IUP	Y		Page 1, Introduction/Background
27. Discussion of resolution of prior year's findings in PER, single audit, annual independent audit, site inspections	Y		Page 6, Section IV
28. Explanation if GPRs are different than IUP	Y		Page 8, P.11
29. Identify projects and amount that met equivalency requirements (i.e., cross-cutters, DBE, SERP, etc)	Y		Page 7, Section V, Item 3
<b>Financial</b>			
Item	Y/N	Follow-up?	Comments
30. Binding commitment dates and amounts	Y		Page 3, Section II B, Short-Term Goal 1
31. Binding commitments greater than or equal to 120% of grant amount	Y		Page 7, Section V, Item 4
32. Federal draws (disbursements)	Y		Page 5, Section III
33. State match provided \$	Y		Page 5, Section III
34. Cash draw ratio stated	Y		Page 5, Section III
35. Cash draw ratio matches IUP statement	Y		Page 5, Section III
36. % of additional subsidization provided	Y		Page5, Section II B, Short-Term Goal 4
37. Use of additional subsidization \$ – If not for disadvantaged or “fix-it-first” is there an explanation?	Y		Page5, Section II B, Short-Term Goal 4
38. If Administrative Fees are charge, identify \$ amount of fees collected, and sources and uses of the fees (program income and non-program income).	Y		Page 5, Section III
39. Discuss financial performance ... Fund utilization; Unliquidated Obligations; policies and processes which promote the long-term financial health of the fund.	Y		Page 2, Section II A, Long-Term Goal 3
40. Amount of project funds deobligated and re-obligated or encumbered to other projects	Y		Attachment 5

DWSRF Specific			
Item	Y/N	Follow-up?	Comments
41. Number of construction starts/initiation of operations	Y		Page 1, Introduction/Background
42. Bypass procedures statement	Y		Page 1, Introduction/Background
43. Were projects bypassed	Y		Page 1, Introduction/Background
44. Set-asides taken match IUP	Y		Page 5, Section III
45. Set-aside activities/projects funded reported in AR and match IUP	Y		Page 5, Section III
46. Attach any annual reports related to set-asides (i.e., Capacity Development, Operator Certification )	N/A		Drinking Water Specific