



NEVADA DIVISION OF
**ENVIRONMENTAL
PROTECTION**



Nevada Department of
**CONSERVATION &
NATURAL RESOURCES**

Program Financial Discussion and Analysis

Clean Water State Revolving Fund
& Drinking Water State Revolving Fund

**For the Period:
July 1, 2021 to June 30, 2022
(State Fiscal Year 2022)**

This document is designed to provide a general overview of the finances and changes of financial activities of the Nevada Clean Water State Revolving Fund (CWSRF) and the Nevada Drinking Water State Revolving Fund (DWSRF) for the indicated fiscal year. It was created to comply with disclosure and accountability requirements of the U.S. Environmental Protection Agency.

The program's assets, liabilities, and operating activities are audited annually, as they are included in Nevada's Annual Comprehensive Financial Report (ACFR) (<http://controller.nv.gov>) as part of the Water Projects Loan Fund – a major enterprise fund. A copy of the ACFR is forwarded to the Environment Protection Agency (EPA) when the audit has been completed. Nevada supplements this audited information with this report that is posted on our website.

The State of Nevada is audited every year as a single entity for the purposes of the single audit. The CWSRF and DWSRF are included in that audit and are broken into separate components. The Independent Accounting Firm chosen by the legislature reviews each program's risk and materiality. Further analysis is completed based upon standards applicable to financial audits contained in Government Auditing Standards – issued by the Comptroller General of the United States. The single audit for the previous year is typically not available for review until spring of the following year. Prior single audits can be viewed by visiting the Nevada Legislative Counsel Bureau Audit Divisions website at: <http://leg.state.nv.us/Division/Audit/>.

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List of Acronyms

ACFR	Nevada Annual Comprehensive Financial Report (formally known as the Comprehensive Annual Financial Report – CAFR)
CFDA	Catalog of Federal Domestic Assistance (grant number)
CWA	The Federal Clean Water Act of 1987, as amended
CWSRF	Clean Water State Revolving Fund
DWSRF	Drinking Water State Revolving Fund
EPA	Environmental Protection Agency
GASB	Government Accounting Standards Board
NDEP	Nevada Division of Environmental Protection
NVDCNR	Nevada Department of Conservation and Natural Resources
NRS	Nevada Revised Statutes
OFA	The Office of Financial Assistance
PEBP	Public Employee’s Benefits Program
PERS	Public Employee’s Retirement System
SDWA	The Federal Safe Drinking Water Act of 1997, as amended
SFY	State of Nevada Fiscal Year (July 1 to June 30)
SRF	State Revolving Fund

Program Financial Discussion and Analysis

Formation of the Nevada CWSRF

Nevada has established The Account to Finance the Construction of Treatment Works and the Implementation of Pollution Control Projects (the CWSRF) through Nevada Revised Statutes (*NRS*) 445A.120. This account provides funds to make loans or to provide other assistance for certain water pollution control projects and for related purposes authorized under the federal Clean Water Act (33 U.S.C. §§ 1381 et seq.).

Formation of the Nevada DWSRF

Nevada has established The Account for the Revolving Fund and Account for Set-Aside Programs (the DWSRF) through *NRS* 445A.255. This account is used to make loans or to provide other assistance for certain drinking water projects and for related purposes authorized under the federal Safe Drinking Water Act (42 U.S.C. §§ 300f et seq.).

Administration

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

NDEP has a small professional staff — the Office of Financial Assistance — dedicated primarily to administering the CWSRF and DWSRF programs. The allocated portion of salaries and benefits of employees for time spent working on each program, as well as indirect costs based on payroll costs, are charged to the respective program. Employees charging time to the programs are covered by the State of Nevada Public Employees' Benefit Program and the Public Employees' Retirement System (PERS).

Nevada's financial statements in the audited ACFR are presented on one fiscal year — from July 1 to June 30. The programs are an integral component of the state governmental structure. Together with the Brownfields Revolving Fund programs, the CWSRF and DWSRF are presented on the ACFR as a major enterprise fund called *Water Projects Loans*.

Statement of Net Assets

Balance Sheet Discussion

Balance Sheet

	CWSRF	DWSRF	Brownfields	Total Fund	ACFR	Variance
Cash and Equivalents	63,950,007	80,324,734	857,914	145,132,655	145,132,655	0
Loan Interest Receivable	2,727,114	1,885,531		4,612,645	4,612,645	-
Federal Grants Receivable	8,726	562,919		571,645	590,208	(18,563)
Loans Receivable	275,512,484	166,969,396		442,481,880	442,678,793	(196,913)
Total Assets and Deferred	342,612,919	250,338,595	862,030	593,813,545	594,029,021	(215,476)
Payroll and Administration	257,672	704,399		962,070	962,070	0
Bond Interest Payable	692,664	317,422		1,010,085	1,010,085	0
Bonds Payable	41,422,921	20,489,017		61,911,939	61,911,939	(0)
Total Liabilities and Deferred	42,485,992	22,112,233		64,598,225	64,598,225	0
Net Assets	300,126,928	228,226,363	862,030	529,215,321	529,430,796	(215,475)

Assets and Liabilities

	CWSRF			DWSRF		
	2022	2021	CHANGE	2022	2021	CHANGE
Cash and Equivalents	63,950,008	83,533,770	(19,583,762)	80,324,734	68,938,390	11,386,344
Loan Interest Receivable	2,727,114	2,507,205	219,909	1,885,531	1,923,470	(37,939)
Federal Grants Receivable	8,726	-	8,726	562,919	369,898	193,021
Loans Receivable	275,512,484	246,040,170	29,472,314	166,969,396	168,557,784	(1,588,388)
Total Assets and Deferred	342,612,919	332,337,885	10,275,034	250,338,595	239,892,620	10,445,975
Payroll and Administration	257,672	319,884	(62,212)	704,399	687,357	17,042
Bond Interest Payable	692,664	699,431	(6,767)	317,422	275,102	42,320
Bonds Payable	41,422,921	42,795,659	(1,372,738)	20,489,017	18,076,976	2,412,041
Total Liabilities and Deferred	42,485,992	43,834,665	(1,348,673)	22,112,233	19,352,941	2,759,292
Net Assets	300,126,928	288,503,220	11,623,708	228,226,363	220,539,679	7,686,684

The programs had sufficient cash reserves to satisfy all draw requests from borrowers and still retains sufficient cash to satisfy all current and planned draws. Changes in payables for both programs are due to the timing of payments between fiscal years only and not due to any extenuating circumstances. Borrowers from both programs repaid their loans timely, and operations were relatively smooth.

The CWSRF Program decreased in cash as loans were funded in the state fiscal year 2022. This is reflected in the increased loan principal outstanding, the program issued additional debt in the amount of \$4,560,000 to cover match requirements for federal funding.

The DWSRF increased cash and decreased loans receivable in the state fiscal year 2022 primarily due to a slowdown in loan demand for the program.

Nevada State Revolving Funds Program Financial Statement
Fiscal Year 2022

Additionally, the DWSRF reported federal funds in excess of administrative expenses within the fiscal year by #18,563. These funds were carried over to fiscal year 2023 and immediately expensed.

As of June 30, 2022, one DWSRF loan recipient remained in default for outstanding principal, totaling \$196,913. Efforts to collect the balance are currently underway, but it is uncertain at this time whether any of the principal balance will be recovered. The program has established an allowance for this loan. The State Controller's Office will not deduct this balance from the program's loans receivable account until it is certain the loan will not be recovered, and the collection process has been exhausted. This will create a difference between the program's Financial Statement in SFY 2022 and the audited ACFR for SFY 2022.

Income Statement Discussion

Income Statement						
	CWSRF	DWSRF	Brownfields	Total Fund	ACFR	Variance
Charges for Services	215,000	-		215,000	215,000	-
Federal Grants	8,649,627	11,215,000		19,864,626	19,864,626	0
Investment Interest	(1,618,786)	(2,082,975)	(22,300)	(3,724,060)	(3,724,060)	(0)
Loan Interest	5,439,222	3,969,679		9,408,901	9,408,901	0
Other Revenues				-		-
Payroll and administration	(306,766)	(3,030,611)		(3,337,377)	(3,337,377)	(0)
Set-aside activities	(340)	(380,299)		(380,639)	(380,639)	0
Internal transfers		(1,863,379)		(1,863,379)	(1,863,379)	0
bond interest	(662,023)	(383,212)		(1,045,235)	(1,045,235)	(0)
Other Expenses	(92,566)	(119,255)		(211,821)	(211,821)	0
Net Income	11,623,368	7,324,948	(22,300)	18,926,017	18,926,016	1

Operation changes						
	CWSRF			DWSRF		
	2022	2021	CHANGE	2022	2021	CHANGE
Charges for Services	215,000	5,747	209,253	-	-	-
Federal Grants	8,649,627	14,372,322	(5,722,695)	11,215,000	12,932,292	(1,717,292)
Investment interest	(1,618,786)	417,226	(2,036,012)	(2,082,975)	337,163	(2,420,138)
Loan Interest	5,439,222	5,044,210	395,012	3,969,679	4,128,149	(158,470)
Other Revenues			-			-
Payroll and administration	(306,766)	(929,527)	622,761	(3,030,611)	(3,050,918)	20,307
Set-aside activities	-	-	-	(380,299)	(276,902)	(103,397)
Internal transfers			-	(1,863,379)	(1,870,703)	7,324
bond interest	(662,023)	(753,189)	91,166	(383,212)	(440,002)	56,790
Other Expenses	(92,566)	-	(92,566)	(119,255)	-	(119,255)
Net Income	11,623,708	18,156,789	(6,533,081)	7,324,948	11,759,079	(4,434,131)

Income includes Service Fees, Loan Repayments, Grants, Bonds and Treasurer’s Interest, while expenses include salaries, administration, principal forgiveness disbursements and Bond issuance costs. Income from loan interest for the DWSRF increased slightly from SFY 2021 due to the increase in the balance of loans outstanding. CWSRF service fees increased in SFY 2022 due to larger loans being issued than SFY 2021. Investment earnings changed in SFY 2022 due to market conditions and normal accruals between fiscal years. The DWSRF program did not have any significant increase in repayable loans issued for SFY 2022, resulting in an overall decrease in loan interest receivable. There were fewer dollars distributed in SFY 2022 than in SFY 2021. Other activities of the DWSRF program remained relatively unchanged from SFY 2021. Other expenses of both programs is a reflection of the bond issuance costs that were incurred in SFY 2022.

Statement of Cash Flows

Cash Flow Discussion

CWSRF cash			
	SFY 2022	SFY 2021	Change
Beginning Cash, July 1	\$ 83,533,770	\$ 94,991,482	-12.1%
Changes due to operations	\$ (24,224,153)	\$ (16,500,928)	46.8%
Changes due to financing	\$ 6,367,259	\$ 4,297,747	48.2%
Changes due to investments	\$ (1,726,869)	\$ 745,469	-331.6%
Ending Cash June 30	\$ 63,950,008	\$ 83,533,770	-23.4%

DWSRF cash			
	SFY 2022	SFY 2021	Change
Beginning Cash, July 1	\$ 68,938,390	\$ 54,738,621	25.9%
Changes due to operations	\$ 5,395,144	\$ 8,650,274	-37.6%
Changes due financing	\$ 8,019,828	\$ 5,078,587	57.9%
Changes due to investments	\$ (2,028,628)	\$ 470,908	-530.8%
Ending Cash June 30	\$ 80,324,734	\$ 68,938,390	16.5%

Cash from operations in the DWSRF significantly decreased from SFY 2021 primarily due to new loans being issued in the program. This also affected the amount of federal grants requested for capitalization of the program.

Cash from operations in the DWSRF increased from SFY 2021 primarily because the program continued to receive timely loan repayments without a significant increase in new loans issued.

The change in investing activities for both programs is a direct result of interest received from the State Treasurer’s Office and the fair value of market security changes within the year.

Note 1: Summary of Significant Accounting Policies

Basis of Accounting

The programs compile their financial statements from the audited Nevada ACFR. The ACFR presents

the programs as a major enterprise fund, which follows the accrual method of accounting and economic resources measurement focus. Under this method, the program must record revenues (when earned) and expenses (when the liability is incurred).

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

Capital Assets

Capital assets are assets with a unit cost greater than \$5,000 and an estimated useful life of greater than one year. Capital assets are depreciated over their useful life using the straight-line method. The CWSRF does not have any capital assets. The DWSRF's sole capital asset, a Chevrolet Equinox SUV, is included on the ACFR depreciation schedule.

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 handling all state cash as a fiscal agent for the fund. The treasurer manages a pool for investing all temporary surplus cash. The investment pool has the same general characteristics as demand deposit accounts, and invested funds are considered to be cash equivalents. In managing both programs, NDEP does not control the investment of excess cash. The statement of cash flows considers all funds deposited with the treasurer to be cash and cash equivalents regardless of actual maturities of the underlying investments. Deposits with the Nevada state treasurer are accounted for on the balance sheet as "cash with treasurer." Investment interest earnings on these deposits are received by the programs on a quarterly basis (See note 2 for more information on cash and cash equivalents).

Loans Receivable

Loans made to systems are funded by the federal capitalization grant, state bond funds, revolving funds that have been repaid to the programs, and program earnings. The programs' loans are evidenced by a formal loan contract between NDEP and the borrower. Public borrowers must issue a bond as security for the loan. Private borrowers require additional security in the 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 4 and 5 for more information on loans receivable).

Bonds Payable

The State issues state match bonds to meet its state match obligation for both the CWSRFs and DWSRFs. The CWSRF has also issued leveraged bonds to accelerate the financing of certain projects beyond amounts made available by other sources. Bond premiums are amortized using the effective interest method over the life of the bonds. Refunding losses are amortized using the straight-line method over the life of the bonds. The programs follow GASB 65 requirements to expense cost of issuances at the time of sale. All bonds are backed by the full faith and credit of the State of Nevada, with the programs primarily responsible for repayment (See note 6 and 7 for more information on bonds payable).

Compensated Absences

NDEP employees who manage the programs accrue vested annual leave at a variable rate based on years of service. Employees forfeit accumulated annual leave in excess of 240 hours at the end of a calendar year. Any employee who leaves state service is paid for all unused and un-forfeited annual

leave at the employee’s rate of pay at the time of separation.

Sick leave includes any approved period of paid absence granted to an employee due to illness, injury, or disability. Employees accrue sick leave at the same rate as annual leave. If employees have vested more than 10 years of service with the State, they are entitled to payment for unused sick leave in excess of 30 days, which is capped based on years of service.

Operating Activities Defined

The programs distinguish *program* revenues and expenses from *non-program* items. Program revenues and expenses generally result from providing services in connection with financing and administering monies for the programs. The principal program revenues are program loan interest, EPA grants set-aside for administration, and service fees. Program expenses are administrative, amortization, program loan costs, and forgivable principal expenses. All revenues and expenses not meeting this definition are reported as non-program revenues and expenses. The Nevada ACFR defines certain activities differently than the program. The below chart summarizes these differences:

Activity	Nevada ACFR	Program Statements
EPA Capitalization Grants	Operating Activities	Non-Operating Activities
EPA Set-Aside Grants Funds	Operating Activities	Operating Activities
Bond Interest Paid	Operating Activities	Non-Operating Activities
Other Income Received	Operating Activities	Non-Operating Activities
Loan Repayments (Principal and Interest)	Investing Activities	Operating Activities

Note 2: Cash and Cash Equivalents

Clean Water Earnings History	Earnings	Yield (Annualized)
FY 2022	\$ 552,754.64	0.627%
FY 2021	\$ 577,036.36	0.599%
FY 2020	\$ 1,445,155.99	1.854%
FY 2019	\$ 935,588.43	2.214%
FY 2018	\$ 570,287.89	1.358%
5 Year Total Investments	\$ 4,080,823.31	1.177%

Drinking Water Earnings History	Earnings	Yield (Annualized)
FY 2022	\$ 544,275.02	0.699%
FY 2021	\$ 368,276.47	0.580%
FY 2020	\$ 1,026,703.19	1.910%
FY 2019	\$ 2,072,646.64	2.207%
FY 2018	\$ 1,151,580.90	1.431%
5 Year Total Investments	\$ 1,032,696.44	1.397%

All monies of the programs are deposited with the Nevada state treasurer and are considered cash and cash equivalents. The treasurer is responsible for maintaining and investing the pooled cash balances in accordance with Nevada Revised Statute (NRS) 355.140. The treasurer is required to maintain a mix of investments to allow funds to be withdrawn at any time to meet normal operating needs. Un-invested cash balances for operating needs remain in the State’s main checking account and are either insured or collateralized to 102% in conformity with NRS 356.360. The programs’ share of the investment income is based on the average daily

balance for the period and is credited quarterly to the programs. Details about risk and investment allocations can be found in the Nevada ACFR: <https://controller.nv.gov/FinancialRpts/CAFR/Home/>

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All cash and investments are stated at fair market value. The State Controller's Office allocates fair value change across all holdings within the general portfolio. The CWSRF share for SFY 2022 was \$(1,939,228). The DWSRF share for SFY 2022 was \$(2,435,796).

Note 3: Contributed Capital

CWSRF Program

The CWSRF 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 (See note 6). All EPA funds drawn for loans are recorded as non-operating revenues. As of June 30, 2022, the EPA has awarded the following in grants for capitalization since the program's inception:

Open Grants Available	Grant Amount	Draws within State FY21	Cumulative Draws thru State FY21	Draws within State FY22	Cumulative Draws thru State FY22	Available funds at the end of State FY22
Previous	\$ 209,714,531		\$ 209,714,530	-	\$ 201,855,530	
2019 Grant	7,779,000	\$ 7,779,000	7,779,000	-	7,779,000	\$ -
2020 Grant	7,780,000	6,246,488	6,246,488	1,533,512	7,780,000	\$ -
2021 Grant	7,467,840	-	-	6,967,840	6,967,840	\$ 500,000.00
Total	\$ 232,741,371	\$ 14,025,488	\$ 223,740,018	\$ 8,501,352	\$ 224,382,370	\$ 500,000.00
Remaining Federal Funds Available for Loans						0.21%

State general obligation bonds are issued to provide a required 20% grant match. As of June 30, 2022, \$237,728,400 of grant funds were subject to this 20% match requirement, necessitating issuance of at least \$45,707,860 in bonds. As of June 30, 2022, Nevada has issued and spent \$52,119,921 of bond proceeds to meet this requirement. This match requirement is detailed in the SFY 2022 State Revolving Fund Annual Report.

An application for the 2022 Clean Water Grant totaling \$5,340,140 was pending at June 30, 2022 and therefore excluded from the above values. The grant was awarded on September 20, 2022 (SFY 2023).

An application for the 2022 Clean Water BIL Supplemental Grant totaling \$8,213,720 was pending at June 30, 2022 and therefore excluded from the above values. The grant was awarded on September 23, 2022 (SFY 2023).

DWSRF

The DWSRF is capitalized by EPA grants authorized by the SDWA and state-issued general obligation bonds. Grant funds drawn and authorized for administration and other set-aside functions are recorded as operating revenue (See note 6). All EPA funds drawn for loans are recorded as non-operating revenues. As of June 30, 2022, the EPA has awarded the following in grants for loans since the program's inception:

Nevada State Revolving Funds Program Financial Statement
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Open Grants Available	Grant Amount	Draws within State FY21	Cumulative Draws thru State FY21	Draws within State FY22	Cumulative Draws thru State FY22	Available Funds at the end of State FY22
Previous	\$185,224,607	\$0	\$184,974,607	\$0	\$184,974,607	\$0
2019 Grant	\$9,962,880	\$899,726	\$9,846,880	\$116,000	\$9,962,880	\$0
2020 Grant	\$10,334,770	\$9,126,762	\$9,126,762	\$1,208,008	\$10,334,770	\$0
2021 Grant	\$10,070,545	\$0	\$0	\$7,051,666	\$7,051,666	\$3,018,879
Total	\$215,592,802	\$10,026,488	\$203,948,249	\$8,375,674	\$212,323,923	\$3,018,879
Remaining Federal Funds Available for Loans						1.40%

State general obligation bonds are issued to provide a required 20% total grant match. As of June 30, 2022, \$267,872,500 of grant funds were subject to this 20% match requirement, necessitating issuance of at least \$53,384,800 in bonds. As of June 30, 2022, Nevada has issued and spent \$57,329,056 of bond proceeds to meet this requirement. This match requirement is detailed in the SFY 2022 Nevada State Revolving Fund Annual Report.

An application for the 2022 Drinking Water Grant totaling \$4,309,730 was pending on June 30, 2022 and therefore excluded from the above values. The grant was awarded on September 20, 2022 (SFY 2023).

Note 4: Loans Receivable

Loans for CWSRFs and DWSRFs are financed by federal capitalization grants, state match, interest earnings on re-loan funds, and re-loan funds. Recipients repay loans using revenues from services provided to residents, special tax assessments, and local bonds. In accordance with NRS 445A.290 and pursuant to the Board of Finance Debt Management Policy, loan contracts for public systems 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 1.2 times annual debt service of the loan and must be deposited with the state treasurer in the Local Government Investment Pool, a fiduciary fund reported in the ACFR. Loan contracts for privately held systems may require additional security.

Loans will generally have a term of 20 years, in some cases 30-year terms are available. Qualifications for a 30-year term are outlined in our Intended Use Plan. NDEP will calculate on July 1 of each the amount of funds that are available for the SFY 30-year term loans. 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 based on one of two indices:

1. The 20-year Bond Buyer Municipal Index for water systems that use a general obligation bond to secure the loan.
2. The 25-year Revenue Bond Buyer Municipal Index for all others.

Note: The interest on a 30-year term loan will be calculated by adding an adjustment, calculated as the difference between the 20-year AAA MMD rate and the 30-year AAA MMD rate, to the otherwise applicable 20-year term rate

Nevada State Revolving Funds Program Financial Statement
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In determining the interest rate that is offered to a loan recipient, NDEP staff multiplies the rate of interest as (published by the Bond Buyer Municipal Index) by a set percentage, which is currently 62.5%. If subsidization is available, qualified borrowers may be eligible to receive subsidization in the form of principal forgiveness, zero interest, or negative interest loans. Current subsidization amounts and qualifications are outlined in the program's current Intended Use Plan.

NDEP authorizes existing loans for CWSRF and DWSRFs to be internally refinanced or restructured if certain conditions are met. To do this, entities must demonstrate the need for the refinancing by showing it would add fiscal sustainability, allow further financing for capital projects, or allow for asset replacement reserves. Loan recipients can only refinance one time. NDEP evaluates refinancing requests on a first come, first served basis to carefully measure the impact that each refinancing would have on the overall sustainability of the program. Approval of a restructuring is purely at the discretion of the program. Should a loan be approved for restructuring, a special interest rate is available if the average useful life of the outstanding loan is less than 10 years. This special interest rate is the Municipal Market Data municipal yield curve for AAA bonds plus 25 basis points.

CWSRF

Loans Receivable	Principal Due	Interest Due
FY 2023	\$22,022,117	\$5,483,315
FY 2024	25,039,981	5,126,755
FY 2025	20,791,812	4,633,951
FY 2026	19,647,888	4,196,837
FY 2027	18,622,828	3,772,122
FY 2028 to FY 2030	55,006,059	8,845,505
FY 2031 to FY 2035	68,560,977	7,505,391
FY 2036 to FY 2040	34,345,959	2,263,029
FY 2041 to FY 2045	5,688,598	744,450
FY 2046 to FY 2050	5,786,266	272,311
Total	\$275,512,485	\$42,843,666

The CWSRF makes loans to qualified public entities for projects that meet the eligibility requirements of the Clean Water Act.

Loans to public systems through the CWSRF range from \$43,005 to \$49,997,958. Effective interest rates on loans vary from 0% to 4.00%

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

Count	Type	Principal Repaid	Principal Outstanding	Principal Forgiven	Remaining Obligations
Traditional Loans					
19	In repayment and good standing	\$131,993,436	\$200,077,981		
45	Fully repaid	\$191,142,446			
1	Open and in repayment	\$251,363	\$9,286,496		\$462,141
4	Open, not in repayment		\$62,541,600		\$44,458,130
23	Principal forgiven			\$10,854,288	\$598,381
92	Traditional Loans	\$323,387,245	\$271,906,077	\$10,854,288	\$45,518,652
ARRA Loans					
3	In repayment and good standing	\$5,225,351	\$3,606,408		
0	Fully repaid				
10	Principal forgiven			10,390,796	
13	ARRA Loans	\$5,225,351	\$3,606,408	\$10,390,796	\$0
105	Total Loans	\$328,612,596	\$275,512,485	\$21,245,084	\$45,518,652

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Fiscal Year 2022

DWSRF

Loans Receivable	Principal Due	Interest Due
FY 2023	\$13,789,944	\$3,776,329
FY 2024	\$13,745,873	\$3,526,812
FY 2025	\$14,307,542	\$3,181,815
FY 2026	\$12,678,031	\$2,843,409
FY 2027 to FY 2030	\$47,841,514	\$8,496,265
FY 2031 to FY 2035	\$45,445,082	\$4,850,680
FY 2036 to FY 2040	\$18,372,882	\$884,350
FY 2041 to FY 2044	\$985,440	\$20,309
FY 2041 to FY 2043	\$503,150	\$15,907
Total	\$167,669,458	\$27,595,876

The DWSRF makes loans to qualified public and private water systems for projects that meet the eligibility requirements of the SDWA.

Drinking water loans to both public and privately-held recipients range from \$20,000 to \$23,700,000, with maturities over a 20 year period. Effective interest rates on loans vary from 0% to 4.03%

As of June 30, 2022, one drinking water loan recipient remained in default for outstanding principal, totaling \$196,913 as noted in the [Balance Sheet Discussion](#).

Count	Type	Principal Repaid	Principal Outstanding	Principal Forgiven	Remaining Obligations
Loans to publicly owned systems					
43	In repayment and good standing	\$92,707,596	\$128,032,003		
6	Fully repaid	29,045,082			
2	Open and in repayment	786,168	26,537,083		7,936,749
1	Open, not in repayment		7,861,405		8,388,595
58	Principal Forgiven			20,518,065	5,137,730
110	Public Loans	\$122,538,846	\$162,430,491	\$20,518,065	\$21,463,074
Loans to privately owned systems					
6	In repayment and good standing	1,277,151	942,308		
7	Fully repaid	1,818,885			
1	In default (allowance established)	3,087	196,913		
0	Open and in repayment				
0	Open, not in repayment				
18	Principal Forgiven			3,545,044	2,864,259
32	Private Loans	\$3,099,123	\$1,139,221	\$3,545,044	\$2,864,259
ARRA Loans					
3	Public loans in repayment	4,760,630	3,254,947		
0	Public loans fully repaid				
8	Public principal forgiven			6,136,489	
2	Private loans in repayment	514,182	341,640		
0	Private loans fully repaid				
3	Private principal forgiven			4,031,163	
16	ARRA Loans	\$5,274,812	\$3,596,587	\$10,167,652	\$0
158	Loans	\$130,912,781	\$167,166,299	\$34,230,761	\$24,327,333
1	Less Allowance for Doubtful Accounts		(\$196,913)		
157	Total Loans	\$130,912,781	\$166,969,386	\$34,230,761	\$24,327,333

Note 5: Bonds Payable

CWSRF

The State of Nevada issues bonds for the CWSRF to provide resources for the required match on federal grants. Clean water leverage bonds issued by the State of Nevada provide resources for clean water loan recipients that are beyond available cash in the program. All bonds are general obligation (GO) bonds backed by the full faith and credit of the State.

Bond Type	Issue	Maturity August 1,	Interest	Outstanding Par: June 30, 2021	Changes	Outstanding Par: June 30, 2022	Currently Due
GO Grant Match	2017F	2022	5.00%	940,000	(940,000)	-	-
GO Grant Match	2019D	2027	2.00% to 5.00%	5,375,000	(480,000)	4,895,000	685,000
GO Grant Match	2021F	2028	5.00%	-	4,560,000	4,560,000	1,205,000
GO Program Leverage	2013B	2023	2.00% to 4.00%	6,645,000	(3,240,000)	3,405,000	3,405,000
GO Program Leverage	2019E	2034	3.00% to 5.00%	25,445,000	(875,000)	24,570,000	880,000
GO Program Leverage							
Total				38,405,000	(975,000)	37,430,000	6,175,000

Debt service for GO grant match bonds is paid for with returned loan interest and investment interest earnings. Debt service for GO program leverage bonds is paid from returned loan principal, returned loan interest, and investment interest earnings. The principal is due annually on August 1. Interest is due semi-annually on August 1 and February 1. The State has the right to redeem any principal outstanding early, with no call premiums.

GO Grant Match Bonds	Principal	Interest	Total Payments	Amortized Premium	Deferred Amounts on Bond Refunding	Revolving Debt Service Coverage Ratio
FY 2023	1,890,000	388,675	2,278,675	276,611	-	40.76
FY 2024	1,765,000	307,575	2,072,575	205,210	-	22.46
FY 2025	1,635,000	222,575	1,857,575	138,912	-	25.30
FY 2026	1,510,000	157,225	1,667,225	103,301	-	28.30
FY 2027	1,385,500	98,125	1,483,625	52,504	-	19.49
FY 2028	1,270,000	31,750	1,301,750	4,064	-	15.37
Total GO Match Bonds	9,455,500	1,205,925	10,661,425	780,602	-	
GO Program Leverage Bonds	Principal	Interest	Total Payments	Amortized Premium	Deferred Amounts on Bond Refunding	Revolving Debt Service Coverage Ratio
FY 2023	4,285,000	1,157,800	5,442,800	585,906	-	10.07
FY 2024	885,000	1,045,575	1,930,575	555,633	-	14.95
FY 2025	1,700,000	980,950	2,680,950	503,079	-	8.16
FY 2026	2,315,000	880,575	3,195,575	428,367	-	8.27
FY 2027	2,315,000	764,825	3,079,825	352,241	-	6.67
FY 2028 to FY 2030	6,370,000	1,643,350	8,013,350	647,500	-	7.84 to 8.05
FY 2031 to FY 2035	10,105,000	812,175	10,917,175	139,594	-	8.97 to 14.47
Total GO Program Leverage Bonds	27,975,000	7,285,250	35,260,250	3,212,320	-	
All Clean Water Bonds	37,430,500	8,491,175	45,921,675	3,992,922	-	

There was no change to credit ratings in SFY 2022.

Standard and Poors	Moody's Investors Service	Fitch Ratings
AAA	Aa1	AA+
Outlook Stable Affirmed November 7, 2019	Outlook Stable Report on November 5, 2019	Outlook Stable Affirmed November 7, 2019

Nevada State Revolving Funds Program Financial Statement
Fiscal Year 2022

DWSRF

The State of Nevada issues drinking water bonds to provide resources for the required match on federal grants. All bonds are general obligation (GO) bonds backed by the full faith and credit of the State.

Bond Type	Issue	Maturity August 1,	Interest	Outstanding Par: June 30, 2021	Changes	Outstanding Par: June 30, 2022	Currently Due
GO Grant Match	2010I	2025	3.00% to 5.00%	2,220,000	(2,220,000)	-	-
GO Grant Match	2015H	2031	2.00% to 3.00%	5,795,000	(640,000)	5,155,000	640,000
GO Grant Match	2017E	2038	3.00% to 5.00%	5,285,000	(310,000)	4,975,000	310,000
GO Grant Match	2019C	2024	5.00%	4,290,000	(1,075,000)	3,215,000	1,070,000
GO Grant Match	2021E1	2035	2.00% to 5.00%		4,140,000	4,140,000	80,000
GO Grant Match	2021E2	2026	5.00%		1,710,000	1,710,000	395,000
Total				17,590,000	1,605,000	19,195,000	2,495,000

Debt service for GO grant match bonds is paid for with returned loan interest and investment interest earnings. The DWSRF has not issued GO leverage bonds as of June 30, 2022, but it retains the authority to do so should the program need more funds to respond to increased demand. The principal is due annually on August 1. Interest is due semi-annually on August 1 and February 1. The State has the right to redeem any principal outstanding early, with no call premiums.

GO Grant Match Bonds	Principal	Interest	Total Payments	Amortized Premium	Deferred Amounts on Bond Refunding	Revolving Debt Service Coverage Ratio
FY 2023	2,495,000	714,150	3,209,150	350,208	6,025	5.87
FY 2024	2,435,000	513,938	2,948,938	137,692	6,025	4.67
FY 2025	2,455,000	412,600	2,867,600	87,114	6,025	4.84
FY 2026	1,850,000	308,825	2,158,825	37,381	6,027	5.65
FY 2027	1,665,000	229,263	1,894,263	22,986		5.37
FY 2028 to FY 2030	3,975,000	679,200	4,654,200	15,302		5.73 to 6.54
FY 2031 to FY 2035	3,375,000	281,175	3,656,175	(7,117)		7.01 to 8.93
FY 2036 to FY 2038	945,000	42,525	987,525	(1,802)		11.45 to 17.45
	19,195,000	3,181,676	22,376,676	641,764	24,102	

There was no change to credit ratings in SFY 2022.

Standard and Poors	Moody's Investors Service	Fitch Ratings
AAA	Aa1	AA+
Outlook Stable	Outlook Stable	Outlook Stable
Affirmed November 7, 2019	Report on November 5, 2019	Affirmed November 7, 2019

Note 6: Administrative and Set-aside Expenses

CWSRF

Administration (not to exceed 4% of the net capitalization grant)

The program is authorized to utilize up to \$9,509,136 of capitalization grants — or 4% of the cumulative grant amount — for administrative purposes. As of June 30, 2022, Nevada has only requested \$4,987,030 (or 2.2%) to provide more money to grant applicants. As of SFY 2018, Nevada began using the service fees to cover administrative expenses. Beginning with the 2021 Grant, Nevada is again utilizing a portion of the grant for administrative purposes. By the end of SFY 2022, Nevada has received \$1,883,948 in service fees and used \$1,261,732 for administrative expenses. The amount of grant funds for administration, as well as the current outstanding balance, is as follows:

Nevada State Revolving Funds Program Financial Statement
Fiscal Year 2022

Open Grants Available	Grant Amount	Draws within State FY21	Cumulative Draws thru State FY21	Draws within State FY22	Cumulative Draws Thru State FY22	Available funds at the end of State SFY22
Previous	4,675,870	-	4,675,870		4,675,870	-
2019 Grant	-	-	-			-
2020 Grant	-	-	-			-
2021 Grant	311,160	-	-	148,275	148,275	162,885
Total	4,987,030	-	4,675,870	148,275	4,824,145	162,885
Remaining Federal Funds Available for Administration						3.27%

An application for the 2022 Clean Water Grant for administration was pending on June 30, 2022. This pending grant includes \$227,240 that will be available for administrative costs.

DWSRF

Administration (not to exceed 4% of the net capitalization grant)

The DWSRF is authorized to utilize up to \$10,719,540 — or 4% of the net capitalization grant — for administrative purposes. As of June 30, 2022, Nevada has only requested \$8,035,495 (or 3.00%) so more grant money can be provided to loan recipients. The amount of grant funds for administration, as well as the current outstanding balance, is as follows:

Open Grants Available	Grant Amount	Draws within State FY21	Cumulative Draws thru State FY21	Draws within State FY22	Cumulative Draws thru State FY22	Available Funds at the end of State FY22
Previous	\$ 6,883,435	\$ -	\$ 6,883,435	\$ -	\$ 6,883,435	\$ -
2019 Grant	412,000	312,266	412,000	-	412,000	-
2020 Grant	419,630	86,036	86,036	333,594	419,630	-
2021 Grant	320,430	-	-	191,967	191,967	128,463
Total	8,035,495	398,302	7,381,471	525,561	7,907,032	128,463
Remaining Federal Funds Available for Administration						1.60%

Small Systems Technical Assistance (not to exceed 2% of net capitalization grant)

SDWA allows cash expenditures for additional programs to help small water systems that serve a population of 10,000 or less. The DWSRF is authorized to utilize up to \$5,359,770 — or 2% of the net capitalization grant — for this purpose. As of June 30, 2022, Nevada has only requested and received \$4,278,362 (or 1.64%) so more grant money can be provided to loan recipients. The amount of grant funds for small systems technical assistance, as well as the current outstanding balance, is as follows:

Nevada State Revolving Funds Program Financial Statement
Fiscal Year 2022

Open Grants Available	Grant Amount	Draws within State FY21	Cumulative Draws thru State FY21	Draws within State FY22	Cumulative Draws thru State FY22	Available Funds at the end of State FY22
Previous	3,765,615	-	3,765,615	-	3,765,615	-
2019 Grant	255,120	133,817	164,220	90,900	255,120	-
2020 Grant	172,550	-	-	63,402	63,402	109,148
2021 Grant	85,077	-	-	-	-	85,077
Total	4,278,362	133,817	3,929,835	154,302	4,084,137	194,225
Remaining Federal Funds Available for Small Systems Technical Assistance						4.54%

State Program Management (not to exceed 10% of net capitalization grant)

SDWA also allows cash expenditures for the costs to manage state programs. They are incurred for two functions:

1. Enhancement of Public Water System Supervision
2. Implementation of Nevada's capacity development strategy

Nevada is authorized to utilize up to \$26,798,850 — or 10% of the net capitalization grant — for this purpose. As of June 30, 2022, Nevada has only requested and received \$20,265,450 (or 7.56%) so more grant money can be provided to loan recipients. The amount of grant funds for state program management, as well as the current outstanding balance, is as follows:

Open Grants Available	Grant Amount	Draws within State FY21	Cumulative Draws thru State FY21	Draws within State FY22	Cumulative Draws thru State FY22	Available Funds at the end of State FY22
Previous	16,622,512	-	16,622,512	-	16,622,512	-
2019 Grant	1,100,000	716,476	1,100,000	-	1,100,000	-
2020 Grant	1,276,400	496,498	496,498	779,902	1,276,400	-
2021 Grant	1,266,538	-	-	478,239	478,239	788,299
Total	20,265,450	1,212,974	18,219,010	1,258,141	19,477,151	788,299
Remaining Federal Funds Available for State Program Management						3.89%

Local Assistance (not to exceed 15% of net capitalization grant)

In addition to the other set-asides for small systems and state program management, SDWA allows cash expenditures for local assistance. This is to provide technical or financial assistance to public water systems for capacity development strategy and enhancement of the Wellhead Protection and Source Water Protection programs. The program is authorized to request up to 15% of each capitalization grant, or \$40,198,275 for this purpose. Nevada has only requested \$19,816,391 – or 7.39% so more grant money can be provided to loan recipients.

Nevada State Revolving Funds Program Financial Statement
Fiscal Year 2022

Open Grants Available	Grant Amount	Draws within State FY21	Cumulative Draws thru State FY21	Draws within State FY22	Cumulative Draws thru State FY22	Available Funds at the end of State FY22
Previous	17,104,331	56,519	17,047,812		17,104,331	-
2019 Grant	1,142,000	854,181	854,181	287,819	1,142,000	-
2020 Grant	560,650	-	-	531,160	531,160	29,490
2021 Grant	1,009,410	-	-	82,342	82,342	927,068
Total	19,816,391	910,700	17,901,993	901,321	18,859,833	956,558
Remaining Federal Funds Available for Local Assistance						4.83%

Note 7: Other Discussion Items

For more information regarding the following topics please refer to the ACFR.

- Public Employees' Retirement System
- Public Employees' Benefits Program
- Government Accounting Standards Board Accounting Policies and Procedure Changes
- Subsequent Events
- Changes and Restatements
- Contingencies
- Related Parties

The ACFR can be accessed by clicking: <https://controller.nv.gov/FinancialRpts/CAFR/Home/>

Note 8: Budget

Please refer to the program's annual report for budget information. The annual report can be found on our website: <https://ndep.nv.gov/water/financing-infrastructure/state-revolving-fund-loans>