

Division of Water Infrastructure  
Annual Reports

Fiscal Year 2015-2016

September 30, 2016



*Financing Community Water Needs*

## Executive Summary

### History

Historically, grants were provided to local government units (LGUs) for the purpose of improving their wastewater infrastructure to meet new (at the time) federal mandates. In the late 1980s, the Clean Water State Revolving Fund (CWSRF) replaced the Construction Grants program as part of Title VI of the Federal Water Pollution Control Act (Clean Water Act of 1987). Shortly thereafter, the former Construction Grants and Loans Section made its first CWSRF loan.

The Amendments to the Safe Drinking Water Act of 1996 (SDWA) established the Drinking Water State Revolving Fund (DWSRF), which is a revolving loan program that makes loans to Public Water Supply Systems (PWSS). Historically, the Public Water Supply Section of the Division of Water Resources made these loans.

In 1987, the state wastewater reserve (SWWR) and state drinking water reserve (SDWR) programs were created by SL 1987-796. In the late 1990s, the North Carolina General Assembly provided additional funding for both loans and grants (SL 2005-454). While the grant program did not receive additional funds, the State Revolving Loan (SRL) and State Emergency Loan (SEL) programs continued to operate with loan repayments as a source for new loans. The respective sections within the Division of Water Quality (DWQ) and DWR administered the loan programs for the SWWR and SDWR.

With the passage of SL 2013-360 in 2013, the General Assembly created a new division, the Division of Water Infrastructure (the Division). The Division now houses all wastewater and drinking water funding programs for the state of North Carolina, including the CWSRF, DWSRF, SWWR, and SDWR.

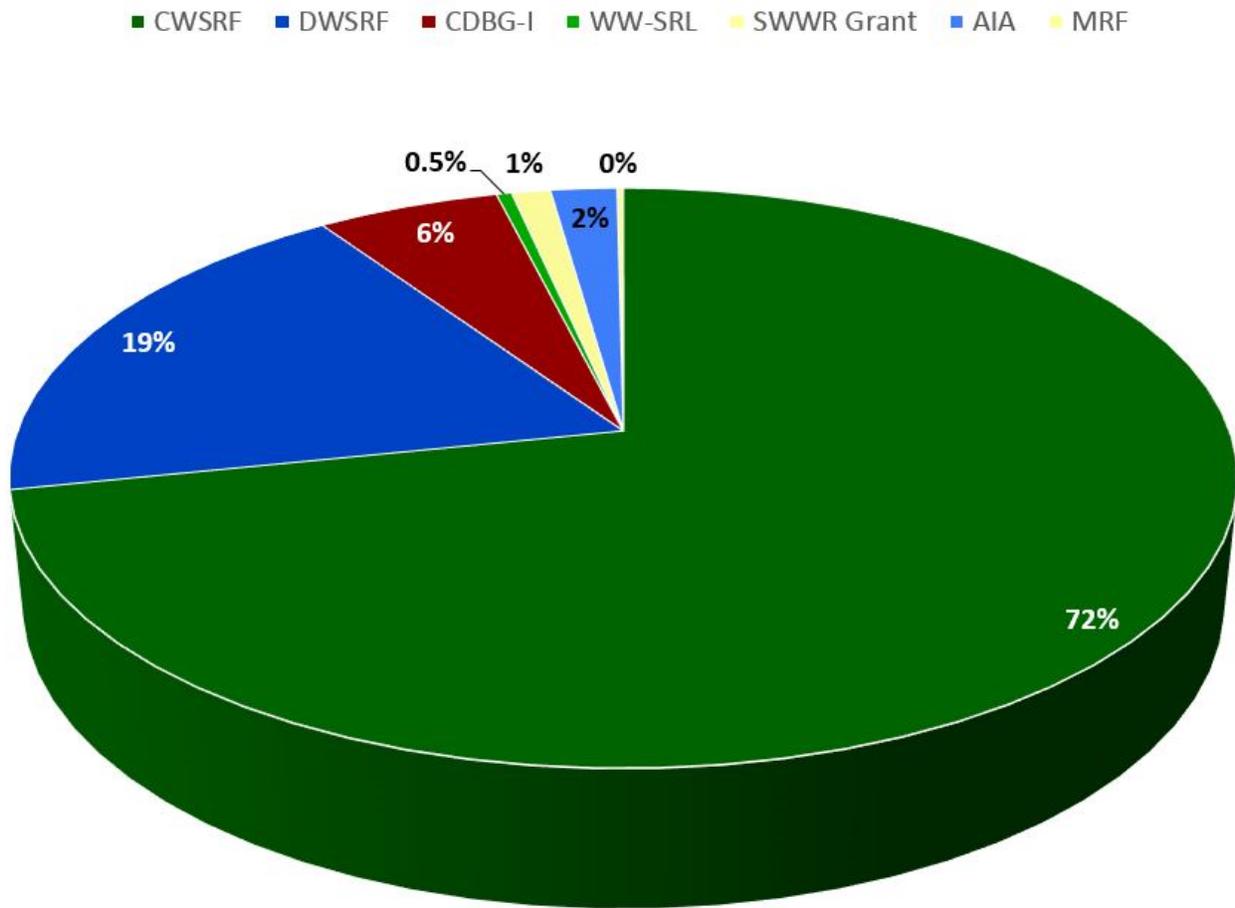
Additionally, the legislation broke out the infrastruc-

ture portion of the Community Development Block Grant Program (CDBG-I) so that the Division administers that program as well. The legislative report submitted to the General Assembly by the Department of Commerce contains more information related to this program.

Legislation approved in 2015 resulted in three key changes to the grant programs: (1) defining “affordability,” which considers the relative affordability of a project for a particular community compared to other communities in the state; (2) stretching the use of limited grant funds by pairing grants with loans when financially feasible for communities; and (3) broadening the use of grant funds to utilities to pursue more proactive management through the Asset Inventory and Assessment grant program and the Merger/Regionalization Feasibility grant program.

For construction projects, the High Unit Cost (HUC) grant program has been updated and renamed the State Project Grant program. This program, along with additional funds in the SWWR/SDWR, now provides a mix of loan and grant funds to communities, based on affordability criteria.

Figure 1 on the next page shows the percentage breakdown of funds awarded from different programs during the past fiscal year (FY 2015-2016). Note that the CWSRF and DWSRF funds amount to approximately 90 percent of the awarded funds, as the loan programs utilize both new federal and state funds as well as loan repayments.



\*No projects were funded under the DW-SRL or DWSR grant programs.

Figure 1. Breakdown of Funds Awarded in Different Programs

### State Water Infrastructure Authority

The 2013 legislation that created the Division also created the State Water Infrastructure Authority (the Authority). The Authority consists of nine members: three *ex officio* members, two members appointed by the North Carolina House of Representatives,

two members appointed by the North Carolina Senate, and two members appointed by the Governor. Among other duties, the Authority approves prioritization criteria and awards funding based on applications submitted and scored by Division staff. Each year, the Au-

thority submits an annual report to the General Assembly. The 2014 report included a number of recommendations, which the General Assembly incorporated into the legislative changes in 2015. These changes have

allowed the Authority to better carry out its assigned duties.

### Basic Process

All of the funding programs managed by the Division have at least one round of funding per year. Applicants prepare an application with portions that are common to all programs and portions such as the priority rating scoring sheets that are unique to each program. Division staff then score the applications, rank them, and provide recommendations to the Authority related to the CWSRF, DWSRF, and CDBG-I programs. Regarding project grant programs, the Division only ranks the applications and provides lists to the Authority. The Authority then utilizes these lists to

determine how to distribute the state grants between the programs.

Table 1 shows the amount of application funding requests received over the past year and the amount of funds offered by program.

### Clean Water State Revolving Fund

Congress structured the CWSRF program to provide a long-term funding source for clean water infrastructure. These funds must be used to fund projects that assist in compliance with the CWA first. EPA oversees the CWSRF to ensure states meet the federal requirements. This past year, the CWSRF program funded 30 projects for a total of approximately \$180 million. See Table 1 for the amount of funding

requests and projects funded for the CWSRF.

For more information related to the CWSRF program, please see Appendix A, which contains the CWSRF annual report.

**Table 1. Amount of Funding Requested and Offered During FY 2015-2016**

Funding Program	September 2015 Funding Round				April 2016 Funding Round			
	Number of Applications Received	Amount of Funding Requests	Number of Applications Funded	Amount of Funding Offered	Number of Applications Received	Amount of Funding Requests	Number of Applications Funded	Amount of Funding Offered
CWSRF	14	\$62,274,536	14	\$62,274,536	18	\$141,486,722	16	\$117,779,282
DWSRF	31	\$54,163,153	27	\$46,919,718	N/A <sup>a</sup>			
CDBG-I	40	\$61,661,317	10	\$14,107,757	N/A <sup>b</sup>			
SRL <sup>c</sup>	N/A <sup>d</sup>				1	\$1,175,000	1	\$1,175,000
SDWR					4	\$7,203,328	0	\$0
SWWR					16	\$44,052,424	1	\$3,000,000
AIA					185	\$20,376,775	42	\$5,129,444
MRF					11	\$540,000	10	\$490,000

<sup>a</sup>Due DWSRF did not have a April 2016 funding round due to availability of funds.

<sup>b</sup>CDBG-I did not have a April 2016 funding round due to availability of funds.

<sup>c</sup>State Revolving Loan provided as a match for the \$1,000,000 grant provided in Session Law 2016-94.

<sup>d</sup>Grant programs did not have a fall funding round due to availability of funds.

## Drinking Water State Revolving Fund

As part of the SDWA, Congress created the DWSRF program to provide a long-term funding source for drinking water infrastructure. These funds must be used to fund projects that improve the drinking water infrastructure of public water supply systems and to administer the requirements of the SDWA. This past year, the DWSRF program funded

27 applications for a total amount of approximately \$49.9 million (see Table 1).

For more information regarding the DWSRF, please see Appendix B, which contains the annual report for the DWSRF.

## Wastewater and Drinking Water State Reserve Programs

Similar to the CWSRF and DWSRF, the SWWR and SDWR offers funds that may be loaned to LGUs for funding wastewater and drinking water infrastructure needs. Legislative changes in the previous year resulted in significant changes to the state reserve programs, including the establishment of new grant programs

See Appendix C for the annual report for the grant aspects of the SWWR and SDWR.

## State Project Grants

Grants are available through the SWWR fund and SDWR fund for a portion of the construction costs of a wastewater collection system project, a wastewater treatment works project, a stormwater quality project, or construction costs of a public water system project.

The purpose of these funds is to enable financially disadvantaged communities to address water quality or public health issues related to water infrastructure.

Eligibility for grants is determined through an Affordability Criteria methodology based on parameters that evaluate four key measures: (1) population; (2) LGU parameters including population change, percent of population below poverty, median household income, unemployment, and property valuation per capita; (3) future operating ratio incorporating current debt load as well as the impact of the proposed project; and (4) rates and future debt per connection.

## State Reserve Loans

Low-interest loans are available through the SWWR and SDWR funds, which provide a long-term source of funding since loan repayments are used for additional loans. This can provide substantial saving in interest costs. The state revolving loan programs also offer subsidized loans that do not have the federal conditions of other programs and as a result cost less to administer by the LGU. The affordability criteria are used to determine the mix of grants to loans for each project. The amount of targeted inter-

est loans awarded for each system over three consecutive fiscal years may not exceed \$3 million. Loans at the base interest rate are available for \$3 million each year.

This past year, the Division funded one application for a total of \$1.175 million under the SRL program as a match for grant funding related to Session Law.

## Asset Inventory and Assessment Grants

For many LGUs, water and sewer infrastructure consists of old, buried infrastructure that a town or mill installed 50, 70, or 100 years in the past. The varying age and condition of water infrastructure is a challenge for utility staff to manage. Asset inventory and assessment (AIA) grants are available to inventory the existing water and/or sewer system and document the condition of the inventoried infrastructure. These grants enable utilities to identify system components, determine the condition of critical compo-

nents, establish capital costs and operating and maintenance costs, prioritize projects, and prepare a realistic Capital Improvement Plan. The need for this grant program is tremendous. The Division received 182 applications requesting \$20 million in funds. In the AIA program's first funding round, the Division funded 42 applications for a total of \$5.1 million.

## Merger/Regionalization Study Grant Program

Merger/regionalization feasibility (MRF) grants are available to determine the feasibility of consolidating the management of multiple utilities into a single utility operation, utilizing management companies, and developing shared resources with other LGUs, to provide regional treatment, and the best way of carrying out the consolidation or regionalization alternatives [159G-33(a)(3)]. MRF grants are especially helpful for those systems that may be non-

compliant or non-viable. These grants also offer a benefit to systems seeking to find opportunities to improve their operational efficiency by joining with another utility provider.

This past year, the Division funded 10 applications for a total of \$0.490 million under the MRF grant program.

## State Emergency Loan

An emergency loan is available through the ASWWR fund in the event that the Secretary of the Department of Environmental Quality certifies that a serious public health hazard related to the inadequacy of an existing wastewater collection system or wastewater treatment works is present or imminent in a community. Similarly, an emergency loan is available through the SDWR fund if the Secretary certifies that either a serious public health hazard or drought

emergency related to the water supply system is present or imminent in a community.

This past year, the Division funded 1 application for a total of approximately \$600,000 under the SEL program.

## Community Development Block Grant — Infrastructure

The purpose of the CDBG-I portion of CDBG funds within the state is to offer funds for critical water infrastructure needs to communities who meet the federal qualifications by having at least a 51 percent low-to-moderate income population who are con-

sidered to be a non-entitlement community (e.g., units of general local government with populations less than 40,000 people or counties with populations less than 200,000 people). These units of general local government may use the funds to rehabilitate, repair, or re-

place failing wastewater or drinking water infrastructure.

This past year, the Division funded 10 applications for a total of approximately \$14 million.

For more information related to the CDBG-I program, please see the legislative report submitted to the General Assembly.

### Outreach and Training

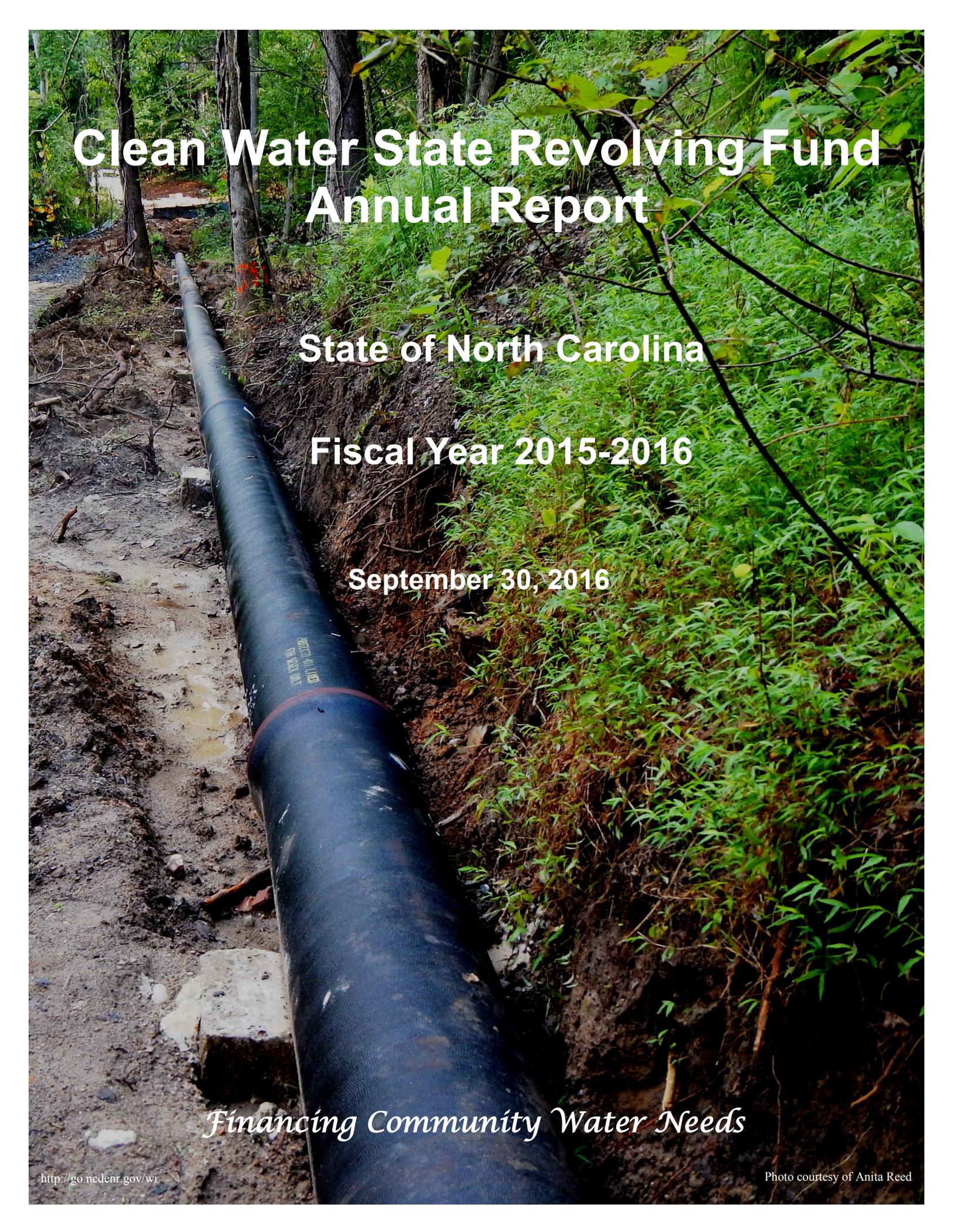
**E**nsuring that local governments and their consultants have a good understanding of the availability of funds and the Division's funding process has been an increased focus for the Division in the past year, and will continue to be a priority going forward. The Division conducted 24 training sessions across the state addressing the application process for all funding programs as well as compliance requirements and the environmental review process for the CDBG-I

program. The Division had representatives at more than 20 events and conferences to continue outreach efforts. In the previous fiscal year, the Division also implemented a new orientation program to ensure that entities receiving funding understand how the funding process applies to their particular projects.



**Appendix A – Clean Water State Revolving Fund Annual Report**





# Clean Water State Revolving Fund Annual Report

State of North Carolina

Fiscal Year 2015-2016

September 30, 2016

*Financing Community Water Needs*

# Table of Contents

Introduction.....	3
Program History.....	3
Financial History.....	4
Clean Water State Revolving Fund Programmatic Goals.....	4
Short-Term Goals.....	5
Long-Term Goals.....	5
MBE/WBE Goals.....	6
Compliance with Water Resources and Reform Development Act of 2014.....	7
Project Funding.....	7
Prioritization.....	8
Funding Schedule.....	9
CWSRF Base Program.....	10
Principal Forgiveness.....	11
Zero-Percent Interest.....	12
Green Project Reserve.....	13
Environmental Benefits of CWSRF Funding.....	14
Impaired Waters.....	14
Special Water.....	14
Other Environmental Benefits.....	15
Distribution of Funded Projects.....	15
Long-Term Financial Health of Program.....	16
Binding Commitment Requirement.....	19
Appendix A — Status of Recent Projects	
Appendix B — Clean Water Benefits Reporting (CBR) System Summary Report	
Appendix C — Binding Commitments for FY 2015-2016	
Appendix D — Financial Exhibits	
Appendix E — FFATA Report	



## Introduction

The Division of Water Infrastructure (the Division) in the North Carolina Department of Environmental Quality (DEQ) administers financial assistance programs to assist local government units (LGUs) in constructing water infrastructure projects that both benefit water quality and public health and improve the human environment.

The Division administers the Clean Water State Revolving Fund (CWSRF), Drinking Water State Revolving Fund (DWSRF), the infrastructure grants for the Community Development Block Grant (CDBG-I) program, and the State Reserve programs. This report specifically details the annual activities of the CWSRF program. The CWSRF offers loans to LGUs at interest rates

lower than market rates for clean water infrastructure such as sewer lines, wastewater reclamation facilities, stormwater best management practices (BMP), etc. As a LGU repays the loan, all loan repayments go back into the CWSRF and are again loaned out, hence the revolving nature of the program.

As part of its operating agreement with the United States Environmental Protection Agency (USEPA) and in accordance with the Clean Water Act (CWA), the Division must submit an annual report to the USEPA that details the activities for the state fiscal year. For the purposes of this report, the most recently completed state fiscal year is FY 2015-2016.

## Overview of Program History

The CWSRF program replaced the Construction Grants Program in the late 1980's. The purpose of the grants program established during the 1970's was to provide funding for LGUs to improve their wastewater infrastructure to meet what at the time were new federal mandates, including minimum treatment requirements associated with changes in the Clean Water Act in 1972. In 1989, Title VI of the CWA created the CWSRF program to replace the grants program as a way to establish a sustainable financial program consisting of low-interest loans to LGUs for the same purpose of improving water quality and the human environment.

In addition, the North Carolina General Assembly created the State Water Infrastructure Authority (the Authority), which consists of nine members: three *ex officio* members, two members appointed by the North Carolina House of Representatives, two members appointed by the North Carolina Senate, and two members appointed by the Governor. The legislation provides twelve duties for the Authority including ranking applications for funding, establishing priority rating systems, and selecting applications that are eligible for funding through the CWSRF.

In the spring of 2015, the Division



*Due to the revolving nature of the CWSRF program, since 1987, the Division has made approximately \$1.8 billion in loan commitments to local government units seeking to improve their wastewater and green infrastructure.*

began making changes to the priority systems for all funding programs to better align the priority scoring with a goal of eventually enabling an applicant to submit a single application to be considered for multiple funding options. The new priority system for CWSRF was implemented with the September 2015 funding round.

For the past twenty years, the CWSRF program has provided financing for clean water infrastructure, resulting in LGUs in North Carolina saving millions of dollars in interest costs. The savings make clean water infrastructure more affordable for citizens of the state.

## Financial History

Congress appropriates an overall CWSRF funding level that is allocated to states based on percentages in the CWA. This allocation has not been updated since the 1987 amendments. The North Carolina allocation is approximately 1.8 percent of the national appropriation. Capitalization grants, including the required state match, have provided \$900,578,633 (including the American Reinvestment and Recovery Act grant) for CWA projects since the inception of the program in 1987. However, since the CWSRF is a revolving pro-

gram, these government funds have enabled \$1,856,202,111 in loan commitments over this same time period. This is due to loan repayments being loaned again, thereby providing public benefits repeatedly through time (i.e., the revolving nature of the program). If capitalization grants are increased, the program will better be able to meet infrastructure financing needs for LGUs. The section on the long-term financing health of the program contains more information about the financial aspects of the program.

## Clean Water State Revolving Fund Programmatic Goals

The CWA requires that the state identify the goals and objectives of the CWSRF as part of the Intended Use Plan (IUP) for the CWSRF.

The overall goal of the CWSRF program is to provide funding for clean water infrastructure while advancing the overall mission of the Division of Water Resources

(DWR) to protect and enhance North Carolina's surface and groundwater resources for the citizens of North Carolina and future generations. This overarching goal is supported by several short- and long-term goals that are discussed below.

*As of July 2016, the Division will be able to offer on a case-by-case basis loan terms of 30 years for zero-percent loans.*

## Short-Term Goals

As part of the Fiscal Year 2015 IUP, the Division continued pursuing two short-term goals. First, the Division planned to continue efforts to streamline the funding process to ensure the funds are used in an expeditious and timely manner in accordance with §602(b)(4) of the CWA. As a result, funded projects were required over the past fiscal year to meet a 24-month schedule that is further discussed in the section on project funding cycles (see page 7).

Second, the Division planned significant efforts to inform LGUs of the availability of funds, benefits of the CWSRF program, and funding process improvements. Division staff attended and spoke at several events throughout the past year, including events held

by the North Carolina Rural Water Association, the American Water Works Association—North Carolina Water Environment Association’s fall conference, and other meetings of professional organizations. Additionally, Division staff have provided training opportunities for both those who wish to apply to the CWSRF program and those who have received funding. The July/August 2015 “How to Apply” training was held in six locations throughout the state and had approximately 130 attendees. The March 2016 application training was held in five places throughout the state and had approximately 170 attendees. The Division will continue to look for opportunities to conduct outreach on the advantages of the CWSRF program.

## Long-Term Goals

In addition to short-term goals, the Division developed long-term goals that will be implemented not just in the span of one year but over the course of several years. The following discusses each of the long-term goals and how the Division has either begun or continues to implement these long-term goals.

### **Goal #1: To provide effective project management to improve the pace of the revolving fund.**

By revising its funding process and placing all applicants on a 24-month funding schedule, the Division has ensured that all projects will move through the system from application to executed construction contract in a timely man-

ner. The Division will continue to partner with funding recipients to help ensure projects adhere to the schedule. At the end of FY 2014-2015, the Division reduced CWSRF unliquidated obligations to zero. The pace of the CWSRF program continues to exceed the national average. Figure 10 under the discussion related to long-term financial health shows the trending increase in binding commitments over the life of the program.

**Goal #2: To aid compliance with state and federal water quality standards by all funded publicly owned wastewater treatment works.** The Division has taken a two-pronged approach



Division staff have spoken at several outreach events and has offered training in numerous locations across the state, including Sylva, Boone, Ahsoskie, and Lumberton.



*The Division of Water Infrastructure continues to maintain the pace of CWSRF fund commitments and disbursements through implementation of a funding schedule.*

to ensure that this long-term goal is met. First, the priority point system highly prioritizes projects that will rehabilitate, replace, or repair equipment that is aging and in need of repair, which aids in the compliance of existing wastewater treatment infrastructure. Additionally, projects benefit an impaired or sensitive water or address groundwater violations are more highly prioritized.

**Goal #3: Ensure the technical integrity of CWSRF projects through diligent and effective planning, design, and construction management.** Through the funding process (e.g., engineering report review, plans and bid documentation review, contract review, and construction inspection), Division staff ensure the wastewater infrastructure projects that are being funded through the CWSRF are technically sound facilities that will be compliant with all federal and state regulations.

**Goal #4: To ensure the long-term viability of the CWSRF program through effective financial practices.** By changing

its funding process schedule, the Division has ensured that not only will funds flow out in a timely manner but also will be repaid in a timely manner. As the pace from funding to construction increases, loan repayments then begin sooner, therefore making revolving funds available sooner for additional loans. In addition, all funds/projects are managed in accordance with Federal and state requirements. All fund investments are managed by the State Treasurer's office; however, the Division seeks to maximize loans to LGUs, resulting in minimum fund balances managed by the Treasurer's office. Funding for the program is discussed in greater detail below.

**Goal #5: To ensure the priority system reflects the NCDEQ's and Authority's goals.** Every year as the IUP is prepared, the Division reviews the priority points utilized to score project applications. Additionally, Division staff present to the Authority recommendations related to the priority systems for their review and approval to be included in future funding rounds.

## MBE/WBE Goals

In the CWSRF grant agreement, the Division negotiated the following objectives and goals related to small, minority, and women's business enterprises (MBE/WBE): a fair share objective of \$250,000 split as follows: 10.9 percent to go to MBEs and split across construction, supplies, ser-

vices, and equipment and (2) 10.4 percent to go to WBEs and split across construction, supplies, services, and equipment. The total amount of MBE procurement during FY 2015-2016 was 2.78 percent. The total amount of WBE procurement was 11.19 percent.

## Compliance with the Water Resources and Reform Development Act of 2014

As a requirement of §603(d)(1)(E) of the CWA, which was revised as part of the Water Resources and Reform Development Act of 2014 (WRRDA), all loan recipients under the CWSRF program except for new treatment works projects will have to develop and implement a fiscal sustainability plan that includes (1) an inventory of critical assets, (2) an evaluation of the condition and performance of inventoried assets or asset groupings, (3) a certification that the loan recipient has evaluated and will be implementing water and energy conservation

efforts as part of the plan, and (4) a plan for maintaining, repair, and, as necessary, replacement treatment works and a plan for funding such activities.

Applicants who submitted applications on or after October 1, 2014 will be responsible for developing and implementing the fiscal sustainability plans. The Division requires certification of the development and implementation of these plans as a condition of final payment.

### Project Funding

There are two funding rounds each year with application deadlines typically on March 30<sup>th</sup> and September 30<sup>th</sup> but may vary. Applications are reviewed and prioritized by Division staff who make funding recommendations to the Authority.

Successful projects may be funded under the base CWSRF loan program or under one of the special programs provided. Currently, principal forgiveness is allowed under capitalization grants as provided by specific Congres-

sional authority. There are two targeted interest rate programs: zero-percent interest funds for rehabilitation and replacement and a green project reserve (GPR). Figure 1 on the next page shows the breakdown across the different funding programs. The following sections discuss the overall schedule and each of the four funding types. Four funding application cycles are examined in this report: October 2014, March 2015, September 2015, and April 2016.



Construction at the Muddy Creek  
WWTP in Winston-Salem  
(CS370399-08)



*The interest rate for the CWSRF program is at a historic low of 1.84%.*

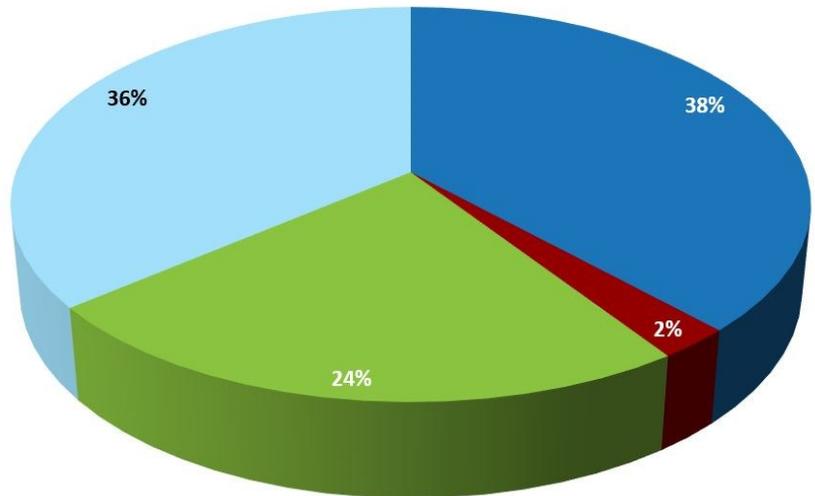


Figure 1. CWSRF Funding by Targeted Program

## Prioritization

The priority system has been revised and considers four elements of a project: (1) project purpose, (2) project benefits, (3) system management, and (4) financial situation. Line items within each element have been updated to better align the scoring systems of all of the Division's funding programs so that, eventually, a single application can be submitted for consideration under multiple funding programs.

The newly created project purpose and project benefits categories eliminate overlap that existed in the older systems and more clearly define the advantages of projects for which funding is requested.

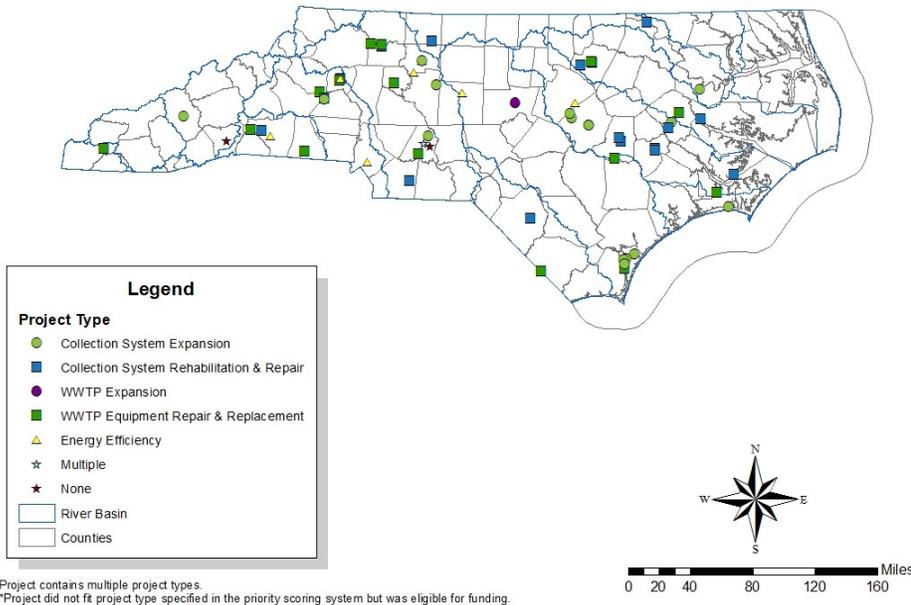
For project purpose, the Authority continues to place higher priority on projects that repair, rehabilitate, or replace infrastructure that has already been installed for either wastewater treatment plants or collection systems rather than on projects that are new or expansions. Projects that reduce nonpoint

source pollution (e.g., stormwater best management practices) or restore streams, wetlands, or buffers are also prioritized more highly.

Figure 2 on the following page shows the breakdown of funded projects by project purpose.

The project benefits section prioritizes projects that seek to either proactively benefit the environment or correct water quality issues. For example, the Authority more highly prioritizes projects directly benefitting impaired waters or replacing failing septic tanks. Some points are also available for projects that address enforcement documents.

In addition to correcting water quality issues, the Authority supports those LGUs that seek to be proactive in their system management, including prioritization points for capital improvement or asset management plans and appropriate operating ratios.



**Figure 2. Distribution of Projects by Project Purpose Type**

Last, the Authority has taken into account the financial situation of LGUs. Those LGUs who have a high poverty rate and/or high util-

ity bills relative to median household income receive higher priority than other LGUs.

### Funding Schedule

The schedule that all applicants must follow if they choose to accept CWSRF funding includes the following: (1) letter of intent to fund, (2) engineering report / environmental information document approved, (3) plans and bid documentation approved, (4) Authority to Award issued, and (5) construction contracts executed. This system requires that both the Division and Applicant meet these deadlines as well as additional interim deadlines.

For example, each review cycle is at a different stage in the process. Projects in the September 2014

cycle began construction no later than July 2016. Projects in the March 2015 cycle have recently reached the plans and bid documentation approval stage. Projects in the September 2015 cycle are completing the engineering report / environmental information document review and approval process. Projects in the April 2016 cycle are currently preparing their engineering reports / environmental information documents. The projects funded in these cycles are shown in Figure 3 on the following page and are presented in Appendix A.

*The CWSRF program prioritizes nine types of projects such as collection system rehabilitation and replacement and wastewater treatment plant equipment repair and replacement.*





Construction at the Neuse River WWTTP for the City of Raleigh (CS370419-18)

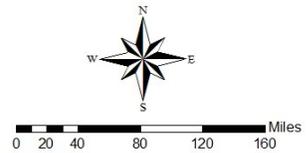
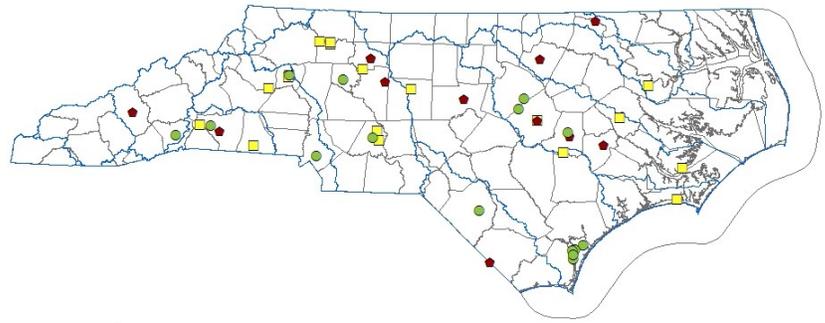


Figure 3. Distribution of Projects by Review Cycle

### CWSRF Base Program

The base program is the core of the loan program; all special programs (e.g., principal forgiveness) represent a departure from the base program. As shown in Figure 1, the base CWSRF program provides the majority of loans made with CWSRF funds. This is because not all projects meet the requirements for principal forgiveness or zero-interest loans, including many larger projects (e.g., wastewater treatment plant expansion).

According to the IUP, individual applicants may not have a total loan amount greater than \$30 million per funding round, and an applicant may not take on CWSRF debt exceeding \$100 million. However, there are cases where these limits may be exceeded to help ensure that all available funds are utilized during each cycle. The base program offers loans at one-half the

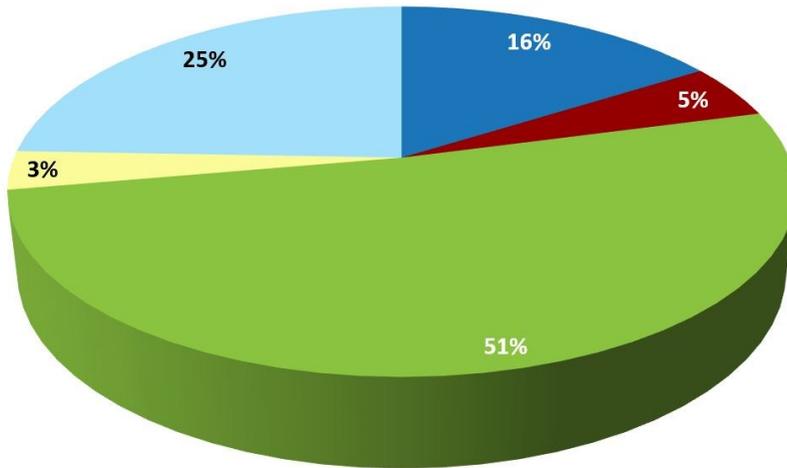
market rate as established by The Bond Buyer’s 20-Bond Index.

In addition, interest does not start accruing until the contract completion date, which provides savings for the LGUs. The maximum term for CWSRF loans is twenty years.

All projects must meet federal requirements for the CWSRF program such as the requirement of Davis-Bacon prevailing wage rates and American Iron and Steel provisions.

Figure 4 shows the percentage of project types funded by the base program. The figure shows that approximately half of the funds utilized over the past two years went to collection system expansion projects while the remainder went to various other project types.

■ WWTP Equipment Repair & Replacement ■ Collection System Rehabilitation & Repair  
 ■ Collection System Expansion ■ None\*  
 ■ WWTP Expansion



\*Project(s) did not fit the priority system but was (were) eligible for funding.

**Figure 4. Percentage of CWSRF Base Program Project Funds by Project Purpose**

### Principal Forgiveness

Principal forgiveness is one of the special funding methods offered by the CWSRF program. It can only be offered when specifically allowed through Congressional appropriations.

Principal forgiveness is restricted to half of the total funding amount not to exceed a maximum of \$500,000. For the balance of the funds needed for the project, a zero-percent interest rate is offered. Principal forgiveness is not available for any projects that receive priority for the GPR.

Principal forgiveness is awarded not only based on eligibility but also on the priority of the project. Figure 5 shows the projects that received principal for-

giveness broken out by project purpose. Approximately 70% funded with the principal forgiveness program are collection system rehabilitation and replacement projects while the remaining portion represents wastewater treatment plant equipment repair and replacement projects.

Over the last four cycles, fourteen loans have included over \$6.7 million in principal forgiveness. The demand for principal forgiveness has always exceeded availability.



*Using their third loan that includes principal forgiveness from the CWSRF program, the City of Lumberton continues to rehabilitate and replace old wastewater collection system lines (CS370455-04).*

*Through the Clean Water State Revolving Fund, the Division is able to offer principal forgiveness loans and zero-percent loans for economically distressed communities.*

■ WWTP Equipment Repair & Replacement  
 ■ Collection System Rehabilitation & Replacement  
 ■ Multiple

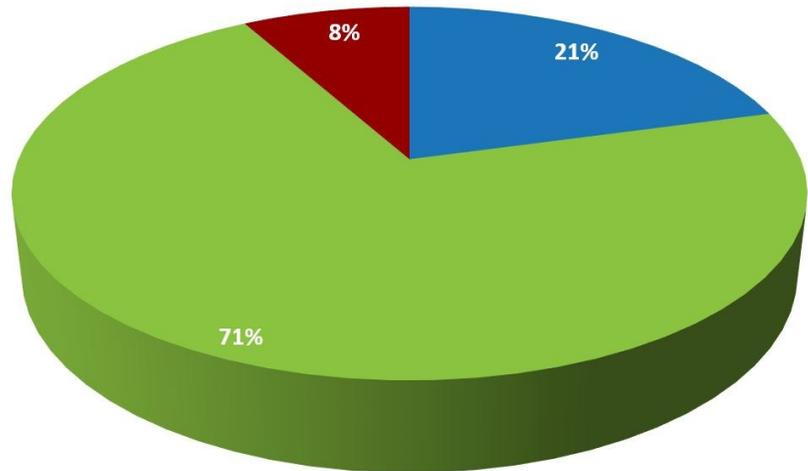


Figure 5. Percentage of Principal Forgiveness Funds Distributed by Project Purpose

### Zero-Percent Interest

The Division continued offering zero-percent loans this fiscal year for certain disadvantaged communities with rehabilitation-type project (i.e., collection system rehabilitation / replacement, wastewater treatment plant equipment rehabilitation / replacement, collection system expansion to remove failing septic systems). Zero-percent interest loans are available to LGUs that would otherwise qualify for principal forgiveness if such funds were available.

This targeted loan program recognizes the continuing need for affordable clean water infrastructure in these communities in

combination with a limited amount of principal forgiveness available as well as decreases in grants offered through other funding programs. Figure 6 shows the funds from the zero-percent program spent by project type for the project cycles under consideration.

Fifteen projects totaling over \$56 million received zero-percent funding.

■ WWTP Equipment Repair & Replacement ■ Collection System Rehabilitation & Repair  
 ■ Multiple

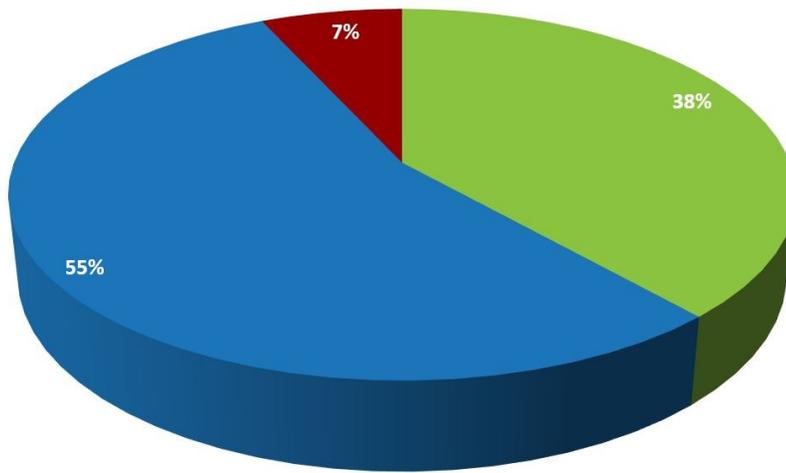


Figure 6. Percentage of Zero-Percent Interest Funds Distributed by Project Purpose

### Green Project Reserve

Recent federal appropriations include a GPR, which are CWSRF funds that are set aside for use only for projects that are deemed to be green by EPA. Categories prioritized by the Authority include:

- Reclaimed water systems
- Stormwater best management practices (BMPs)
- Stream, wetland, and/or buffer restoration,
- Energy efficiency and energy production wastewater infrastructure projects, and
- Rainwater harvesting projects.

Beginning in 2010, all capitalization grants have required ten percent of the grant to be provided for green projects subject to the availability of applications meeting these criteria. The Division offers zero-percent interest rates

for all green projects regardless of cost. Principal forgiveness is not available for GPR projects. The Division has presented information at various seminars and conferences soliciting green projects as part of the short-term goals.

Note that for the project cycles under consideration, six projects totaling approximately \$86 million received funding from the GPR. All of these projects were energy efficiency projects.

*In the April 2016 funding round, the City of Raleigh received a \$50,000,000 loan from the CWSRF Green Project Reserve to construct a project that will may eventually allow city buses to utilize gasses generated from the solids handling process (CS370419-20).*

*Utilizing a CWSRF loan from the Green Project Reserve, the Town of Taylorsville will install solar panels at their wastewater treatment plant facility (CS370700-07).*

## Environmental Benefits of CWSRF Funding

*One of the main roles of the CWSRF loan program is to provide funding to local government units for projects that protect and improve both groundwater and surface water quality.*

One of the primary goals of CWSRF funding is to fund projects that benefit the natural environment. The Clean Water Benefits Reporting (CBR) system was established by the USEPA to track the way the different projects benefit the environment and a variety of environmental results

data is maintained in the CBR system. Appendix B contains a summary report from this system. Consistent with the second and fifth long-term goals, the Authority includes environmental benefits in the priority points for projects that benefit groundwater and surface water quality.

### Impaired Waters

The state maintains the Integrated Report that identifies those waters that are considered to be impaired for various reasons such as turbidity, biological integrity, or chlorophyll-a issues. The priority points system specifically awards points for projects that will directly address a stream impairment.

CWSRF program has funded four projects totaling approximately \$10 million that received impairment points on their CWSRF application.

Refer to Appendix B for more information about funding related to projects that may benefit impaired waters (i.e., may or may not have received priority points related to impairment).

Over the past four cycles, the

### Special Waters

The State of North Carolina has a variety of special waters classifications designed to add additional protections to waters deemed especially sensitive by the state as well as those waters that can and do serve as water supplies for LGUs. Such special waters include water supplies that are essentially undeveloped, trout waters, salt waters, and waters deemed outstanding or high-quality waters.

As part of its prioritization process, the Division places higher priority on those projects that will directly benefit such waters. Over the past four cycles, the state awarded two projects a total of approximately \$1.8 million.

## Other Environmental Benefits

The Division also prioritizes other benefits such as addressing violations, wastewater treatment improvements, wastewater discharge elimination, and projects that improve energy efficiency or produce en-

ergy. Over the past four cycles, the state awarded eighteen projects a total of approximately \$136 million.

## Distribution of Funded Projects

Figure 7 shows the number of projects awarded funding throughout the seventeen river basins in North Carolina.

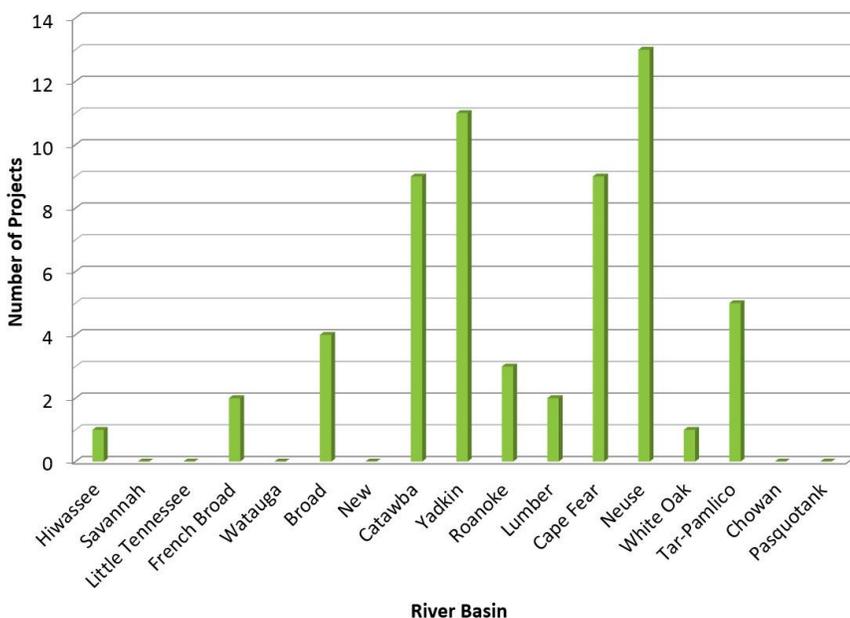
The Catawba, Yadkin, Neuse, and Cape Fear, basins received the highest number of projects over the past four cycles with nine, eleven, nine, and thirteen projects, respectively. The Savannah, Little Tennessee, Watauga, New, Chowan, and Pasquotank basins had no projects. This is due to two main factors, size and population. All of these basins are relatively small compared to the other ba-

sins. Additionally, these basins do not have a large population and therefore most likely do not have systems that would apply for funding.

In terms of cost by basin, the Catawba, Yadkin, Cape Fear, and Neuse basins had the highest amounts of funding associated with them. Approximately \$50 million associated with the Neuse basin relates to an energy production project funded within Wake County. Funding within the Yadkin, Catawba, and Cape Fear basins was split among several projects (see Figure 8).

*In terms of environmental benefits, the Division revised the CWSRF prioritization system to place a higher priority on projects that directly benefit impaired waters or result in benefits associated with addressing failing systems.*

Figure 7. Number of Funded Projects by River Basin



*Capitalization of the CWSRF program, including the state match, has provided approximately \$900 million since the inception of the program for funding projects.*

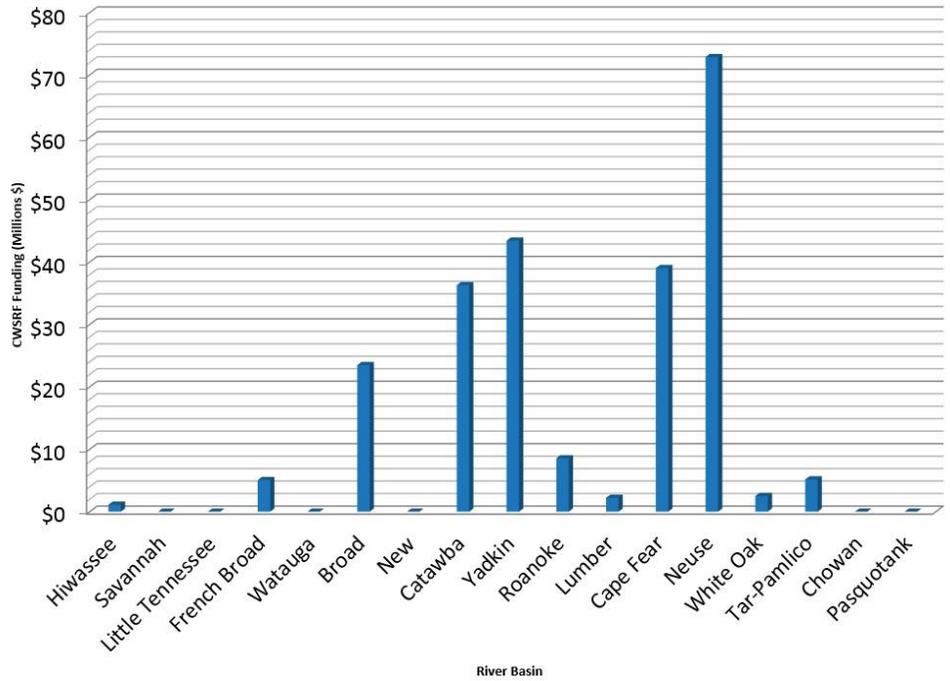


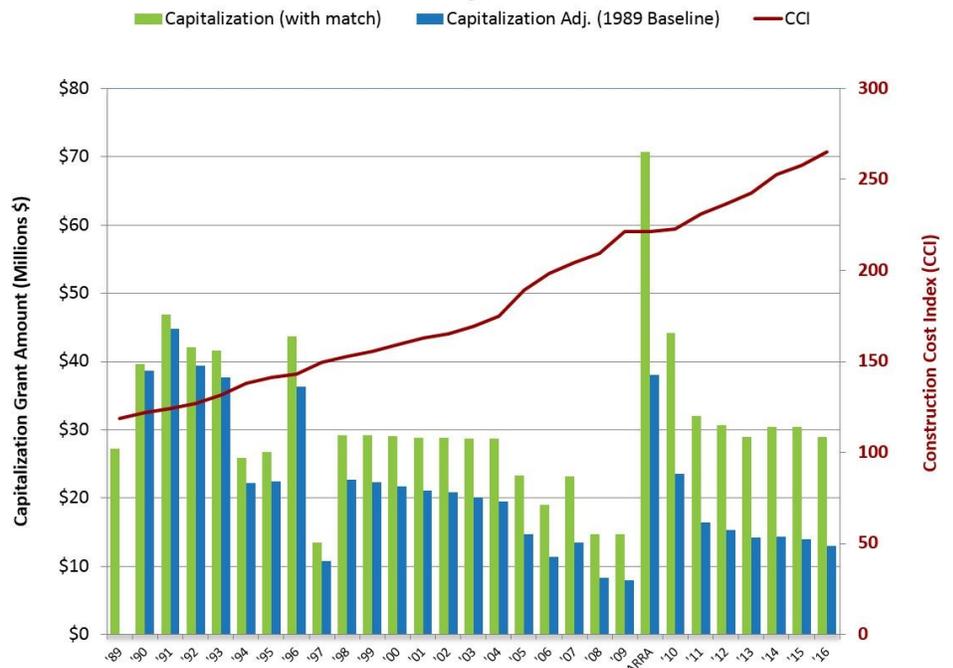
Figure 8. Distribution of Funds by River Basin

## Long-Term Financial Health of Program

The CWSRF program began with the capitalization grants. Figure 9 shows the grants received since the inception of the program and the required twenty-percent state match.

Capitalization grants, plus state match, minus the four-percent administrative allowance has amounted to \$873,693,837 since the inception of the program. Figure 9 also indicates the effect of inflation. While capitalization

Figure 9. Capitalization Grants (with Match) Including ARRA



grants have increased over 2009 levels, the effectiveness of those dollars are about half those of the first capitalization grants in the early 1990's. Combined with the increased awareness of clean water infrastructure needs, the CWSRF can only meet a small percentage of infrastructure funding needs of the LGUs as a whole.

In addition to the four-percent administrative allowance, the CWSRF charges a two-percent fee on all loans for program administration. This fee is not financed as part of a loan and is considered program income if the loan originates from a capitalization grant. Program income is limited to use within the CWSRF by the USEPA. Fees not considered program income (i.e., from loans originating from repayment funds) may be used for other water quality purposes in accordance with USEPA requirements. Currently, a portion of these funds are used to support water quality positions within DWR that support the CWSRF program.

Monies being repaid into the fund from completed projects, coupled with continued capitalization of the program and cash flow modeling, have resulted in an increase of funds available for new projects. In addition, CWSRF has utilized the cash flow model to help target a portion of cash reserves (i.e., funds obligated for projects but expenses not yet incurred) for higher bearing investment (i.e., the Long-Term Investment Fund or LTIF), compared to the standard cash account. This

investment has helped offset the low interest earned on loans and in the standard cash account to maintain the value of the fund. The LTIF is maintained and managed by the State Treasurer's Office for many funds / investments across state government. As of July 1, 2015, the value of the LTIF was \$146,795,768.14. On June 30, 2016, the value of the fund was \$158,627,404.79.

The targeted financial incentives and awareness efforts have resulted in a general increase in binding commitments for the past five years

Figure 10 on the following page illustrates this increase in annual binding commitments. Also, in accordance with §603(b)(2), North Carolina continues to meet its binding commitment rate. See Appendix C for an itemized list of binding commitments for FY 2015-2016.

Figure 11 on the next page shows the cumulative value of loans, which has risen in the past ten years and with it—nearly parallel—the actual disbursements. As monies are disbursed, the amount due back into the program (accounts receivable) also increases. As such, even though the fund has been capitalized with over \$900 million as noted above, the revolving nature of the program has allowed the program to enter into \$1,856,202,111 in binding commitments at the same time. However, the American Recovery and Reinvestment Act of 2009 (ARRA) funds were provided at fifty-percent principal forgiveness. Principal forgiveness does not revolve back



*Since 2010, the number of binding commitments for CWSRF loans has increased, which has driven down the unliquidated obligations to zero dollars.*

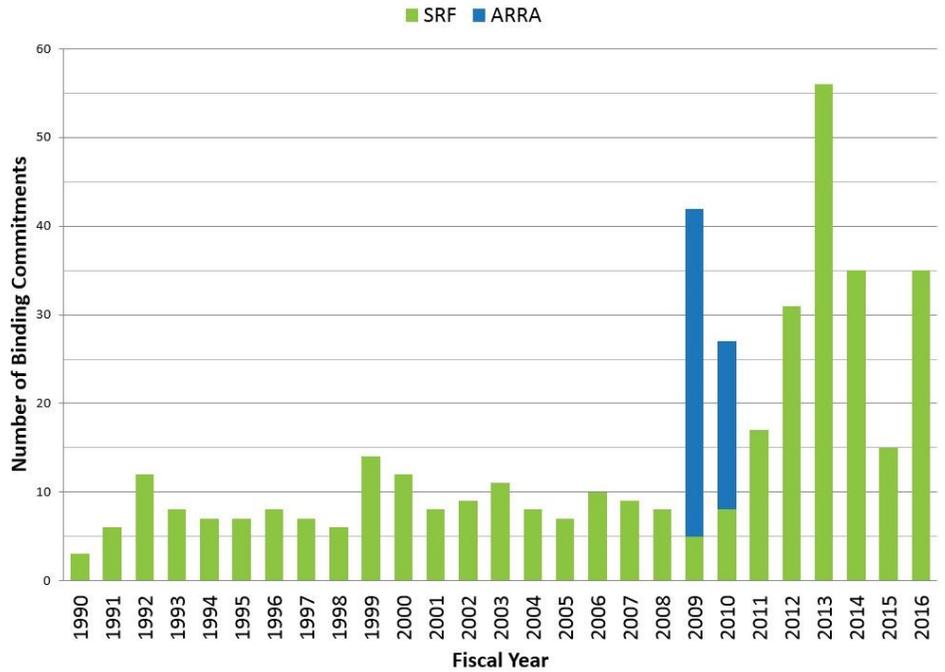


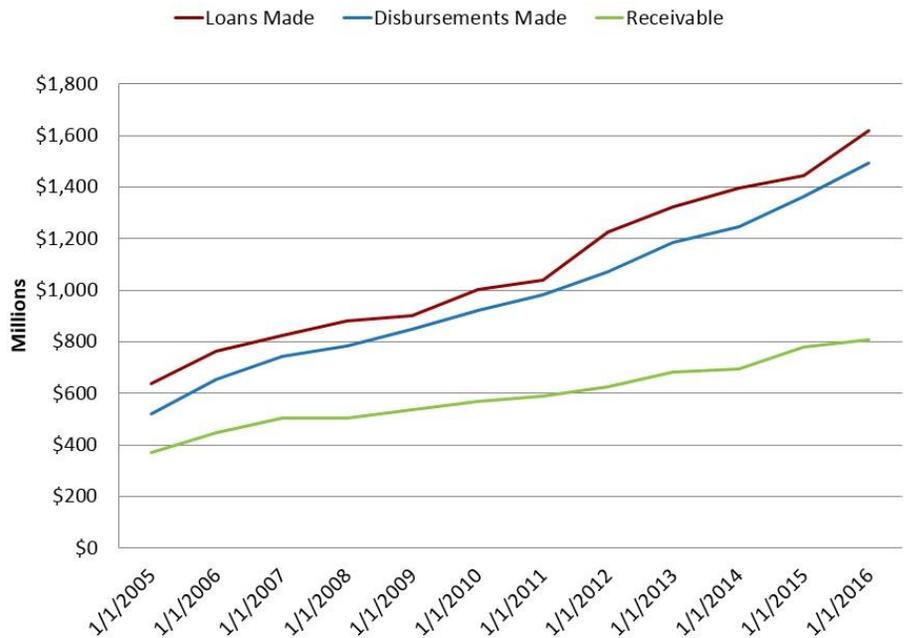
Figure 10. Binding Commitments Per Year

into the funding program. Therefore, the accounts receivable line has not increased at the same rate.

hand (cash), and accounts receivable, has increased the value of the program (net assets) in North Carolina to just over \$1.1 billion (See Appendix D).

Finally, Figure 12 on the following page demonstrates how the capitalization and repayments on

Figure 11. CWSRF Increase in Loans



\*Previous year's commitments were erroneously stated.

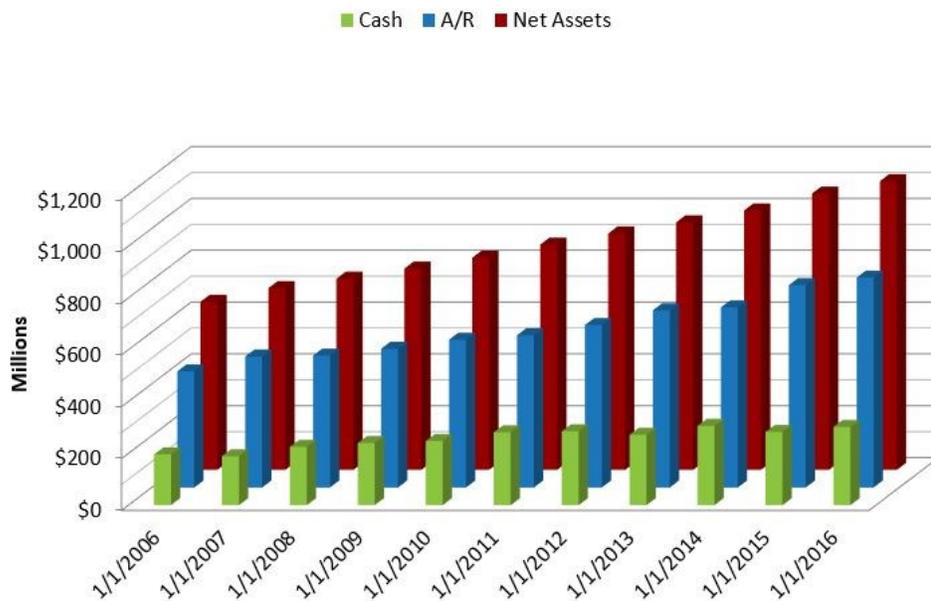


Figure 12. Increase in Net Assets

## Binding Commitment Requirement

In accordance with 40 CFR 35.3135(c)(3), the cumulative binding commitments relative to capitalization grant payments received equals 234 percent (\$1,788,302,175). The total amount of capitalization grant payments received is \$762,205,383.

The NC CWSRF continues to greatly exceed the requirements of §602(b)(3) of the Clean Water Act to make binding commitments of 120 percent of each grant payment. The most recent applicable capitalization grant payment has already exceeded the required binding commitments with a committed amount equal to and greater than the 120 percent required.

As the health of the overall fund is maintained, North Carolina continues to disburse capitalization grant funds first, in accordance with §602(b)(5) and have matching funds available in accordance with §602(b)(2). The 24-month process is intended to meet the intent of §602(b)(4) and ensure that all CWSRF funds are expended in a timely manner. The projects found in Appendix E represent Federal Fiscal Year 2014 FFATA compliance.





## **Appendix A – Status of Recent Projects**



STATUS OF RECENT PROJECTS

Project Owners	Cost	Loan Type	Project #	Engineering Report	Plans & Specs	Contracts	Description	County	Priority Rating	Project Type	Federal Needs Category
October 2014 Deadlines				5/1/2015	4/1/2016	1/3/2017					
Bay River Metropolitan Sewer District	\$ 745,675	PF-0%	683-04	9/18/2015			Rehabilitation of 5 pump stations; replacement of 460 l.f. of 8-inch gravity manhole rehabilitation manholes.	Pamlico		Collection System Rehabilitation & Repair	III-B
Yadkin Valley Sewer Authority	\$ 2,500,000	PF-0%	541-06	7/29/2015			Replacement of existing chlorine gas with UV; a new secondary clarifier; a new office building; rehabilitation of 2,000 lf of effluent main; a mechanical screen; DO controls; rehabilitation of sludge drying beds; installation of a magnetic flow meter	Yadkin		WWTP Equipment Repair & Replacement	II
Taylorsville, Town of	\$ 1,085,575	PF-0%	700-05	7/20/2015			Rehabilitation or replacement of approximately 18,000 lf of gravity sewer including CCTV and smoke testing a total of 68,000 lf of sewer	Alexander		Collection System Rehabilitation & Repair	III-B
Randleman, City of	\$ 515,500	GPR-0%	662-03	9/16/2015	5/18/2016		Replacement of existing course bubble diffusers with fine bubble diffusers to reduce energy use	Randolph		Energy Efficiency	II
Winston-Salem, City of	\$ 6,003,772	GPR-0%	399-11	8/7/2015			Installation of a new 1,137 kw combined heat and power system	Forsyth		Energy Efficiency	II
Taylorsville, Town of	\$ 1,500,000	0%	700-06	7/20/2015			Improvements to WWTP clarifiers, blowers, RAS pumps, generator, grinder, screens, office; addition of dewatering facilities	Alexander		WWTP Equipment Repair & Replacement	II
Boonville, Town of	\$ 245,970	0%	539-01	9/10/2015	4/11/2016		Replacement of 3,361 lf of gravity sewer	Yadkin		Collection System Rehabilitation & Repair	III-B
Shelby, City of	\$ 10,500,000	0%	502-07	2/25/2013			Upgrade of WWTP composting facility	Cleveland		WWTP Equipment Repair & Replacement	II
Boonville, Town of	\$ 369,030	0%	539-02	9/10/2015			Modifications to the WWTP including installation of a mechanical screen, replacement of blowers, and resurfacing of steel aeration tanks	Yadkin		WWTP Equipment Repair & Replacement	I
Granite Falls, Town of	\$ 600,000		372-03	7/15/2015			Installation of an additional 250,000 gallon sludge storage tank	Caldwell		WWTP Equipment Repair & Replacement	IV-A
Stanly, County of	\$ 1,121,043		834-03	10/19/2015			Expansion of pump station; installation of 12,000 l.f. of 6-inch force main	Stanly		Collection System Expansion	IV-A
Williamston, Town of	\$ 4,230,300		435-06	9/17/2012	9/3/2015	10/27/2015	Installation of approximately 17,000 lf of gravity sewer, a pump station, and 3,500 lf of force main to serve 105 annexed customers	Martin		Collection System Expansion	IV-A
Winterville, Town of	\$ 2,127,020		879-01	9/30/2015			Replacement of existing pump station to increase hydraulic capacity; replacement of 3,700 lf of existing terra cotta gravity sewer	Pitt		Collection System Expansion	IV-A
Johnston, County of	\$ 828,764		560-14	10/13/2015			Rehabilitation of approximately 3,000 lf of gravity sewer; flow isolation study and cctv testing of 18,000 lf of sewer	Johnston		Collection System Expansion	III-B
Morehead City, Town of	\$ 2,500,000		567-04	7/29/2015			Construction of a new 700 gpm pump station and 26,500 lf of force main to serve exiting flows rerouted from other pump station and to provide for future development	Carteret		Collection System Expansion	IV-A
Albemarle, City of	\$ 2,435,450		522-05	8/5/2015			Construction of a new leachate pump station; construction of 20,000 l.f. of force main to the Albemarle WWTP	Stanly		None	VIII-J
<b>Total Encumbrances October 2014</b>	<b>\$ 37,308,099</b>										
April 2015 Deadlines				10/1/2015	9/1/2016	6/1/2017					
Louisburg	\$ 350,000	0%	397-06	10/29/2015	2/29/2016		Replacement of existing nutrient removal process controls; new	Franklin		WWTP Equipment Repair & Replacement	II
Andrews	\$ 1,107,600	0.00%	537-03	3/29/2016			Rehabilitation of trickling filter including replacement of filter media and refurbishment of the rotating mechanism and	Cherokee		WWTP Equipment Repair & Replacement	II
Franklinton/Franklin County	\$ 543,000		515-02				Phase 3 of Town Rehab project including expansion of American Legion PS and FM.	Franklin		Collection System Rehabilitation & Repair	IV-B
Stanly County	\$ 2,648,894		834-04				Perform repairs, replacement, and upgrades to the WWTP and McCoy's Creek pump station.	Stanly		WWTP Equipment Repair & Replacement	II
Washington, City of	\$ 2,000,000	PF-0%	521-06	1/25/2016			Rehabilitate 20,650 feet of 8-12 inch sewer and 400 vertical feet of manholes, Replace 300 feet of sewer line and 4 manholes, and point repairs of 900 feet of sewer lines.	Beaufort		Collection System Rehabilitation & Repair	III-B
Kinston, City of	\$ 2,500,000	PF-0%	527-08	6/9/2015			Rehabilitate approximately 5,256 LF of 21 to 8-inch sanitary sewer and relocate approximately 3,954 LF of 8-inch gravity sewer.	Lenoir		Collection System Rehabilitation & Repair	III-B
Marshville, Town of	\$ 1,015,000	0.00%	796-01	1/15/2016			Rehabilitate 3,800 feet of 8-inch sewers, replace 3,200 feet of 8-inch sewer replacement, and 280 VF of Manhole lining and 25 manhole replacement.	Union		Collection System Rehabilitation & Repair	III-B
Greenville Utilities Commission	\$ 1,718,086		487-12	1/29/2016	6/13/2016		Install approximately 2,600 LF of 36-inch to 12 inch wrapped carbon steel pipe to replace the existing ductile iron pipe that delivers air from the blower building to the south WWTP.	Pitt		Collection System Rehabilitation & Repair	III-B

\*Projects labeled principal forgiveness (PF-0%), receive 1/2 of their loan amount forgiven, not to exceed \$500,000 per project with the remainder at 0% interest. Green projects (GPR-0%) receive a 0% interest loan.

STATUS OF RECENT PROJECTS

Project Owners	Cost	Loan Type	Project #	Engineering Report	Plans & Specs	Contracts	Description	County	Priority Rating Project Type	Federal Needs Category
Hickory, City of	\$ 1,364,100		389-20	2/17/2016	5/16/2016		Replace 1,500 LF of 6-inch clay pipe with 8-inch sewer, Replace/Rehab approximately 2,700 LF of 8-12 inch sewer and construction/repair of 43 manholes.	Catawba	Collection System Rehabilitation & Repair	III-B
Walnut Cove, Town of	\$ 1,357,506	GPR-0%	646-03	12/18/2015			Replace 4 pump stations with 6,400 LF of 8-inch gravity sewer.	Stokes	Collection System Rehabilitation & Repair	III-B
Ayden, Town of	\$ 980,000	0.00%	902-01	2/25/2016			Utilize find and fix approach to rehabilitate Town's existing vitrified clay pipes.	Pitt	Collection System Rehabilitation & Repair	III-B
Havelock, City of	\$ 2,500,000		429-06	2/5/2016			Install Waste treatment system upgrades including new sludge settling basin, sludge pumping station, chemical dechlorination feed system and integration to the existing SCADA at the Water Treatment plant.	Craven	WWTP Equipment Repair & Replacement	II
Hickory, City of	\$ 3,519,475		389-21	3/2/2016			Rehabilitate approximately 4,440 LF of 8-10 inch sewer, replace approximately 690 LF of 8-12 inch sewer line with same size pipe, Replacement or rehabilitation of approximately 57 manholes.	Catawba	Collection System Expansion	IV-A
Johnston County	\$ 852,000		560-15	2/9/2016			Install Forcemain and 6,430 LF of 8-15 inch gravity sewer to decommission two existing pump stations.	Johnston	Collection System Expansion	IV-A
<b>Total Encumbrances April 2015</b>		<b>\$22,455,661</b>								
<b>September 2015 Deadlines</b>				<b>6/1/2016</b>	<b>5/1/2017</b>	<b>2/1/2018</b>				
Roanoke Rapids Sanitary District	\$ 2,959,000	PF-0%	449-07				Rehabilitation of approximately 6,400 l.f. of 30-inch sewer and 2,500 l.f. of 8-inch sewer using CIPP, rehabilitation/replacement of approximately 45 laterals, and rehabilitation of 31 manholes.	Halifax	Collection System Rehabilitation & Repair	III-B
Thomasville, City of	\$ 6,812,584		619-03			ATA 6/28/16	Replacement of approximately 7,260 l.f. of existing 18-inch sewer outfall with 24-inch sewer; replacement of approximately 175 l.f. of 10-inch pipe with 18-inch pipe; replacement of approximately 175 l.f. of 8-inch sewer; and installation of 46 new epoxy-lined manholes.	Davidson	Collection System Expansion	IV-A
Tabor City, Tabor City	\$ 1,213,900	PF-0%	609-01				Improvements to the wastewater treatment plant, including an automated valve to the equalization basin, new clarifier, new disk filters, and associated piping and electrical.	Columbus	WWTP Equipment Repair & Replacement	II
Louisburg, Town of	\$ 550,000	PF-0%	397-07				Improvements to the influent pump station, including wetwell cleaning, mechanical bar screen installation, repairs to sluice gates, installation of new isolation valves, a new drywell sump pump, pump taps and drains, and at hoist/jib crane.	Franklin	WWTP Equipment Repair & Replacement	I
Kinston, City of	\$ 2,054,696	PF-0%	527-11				Rehabilitation of 3,635 l.f. of 30-inch sewer line and 49 manholes.	Lenoir	Collection System Rehabilitation & Repair	IV-A
Rutherfordton, Town of	\$ 176,190	GPR-0%	463-04				Abandonment of an existing 211 gpm pump station and replacement with 8-inch gravity sewer.	Rutherford	Energy Efficiency	IV-A
Winston-Salem, City of	\$ 8,208,860		399-12				Replacement of existing blowers and aeration piping to improve efficiency.	Forsyth	Energy Efficiency	II
Pittsboro, City of	\$ 21,585,500		413-06				Replacement of old equipment at the existing wastewater treatment facility, addition of treatment units for total nitrogen removal, construction of a 14-mile force main from the existing wastewater treatment facility to Sanford's Big Buffalo Wastewater Treatment Plant.	Chatham	WWTP Expansion	II
Wayne County	\$ 820,258	0.00%	877-01				Rehabilitation of the County's sewer collection system by dig and replace, point repair, and cured-in-place lining. Installation of sewer meters at various entities.	Wayne	Collection System Rehabilitation & Repair	III-B
Junaluska Sanitary District	\$ 2,070,022		920-01				Installation of a 40,000 gpd pump station, 100,000 gpd pump station, 18,500 l.f. of force main, and 5,000 l.f. of gravity sewer.	Haywood	Collection System Expansion	IV-A
Winston-Salem, City of	\$ 11,699,526		399-13		5/4/2016		Under South Fork Interceptor Contract No. 2, replacement of 8,500 l.f. of 15-inch to 36-inch outfall and interceptor sewers along the South Fork Creek. Expansion of the pumping capacity at the Kerns Mill Lift Station, addition of a second force main leaving the pump station, expansion of the gravity sewer pipe influent to the pump station.	Forsyth	Collection System Expansion	IV-A
Johnston County	\$ 1,500,000		560-16				Upgrade of 4 pumps and installation of approximately 3,500 l.f. of 6-inch force main and 30,200 l.f. of 10-inch force main.	Johnston	Collection System Expansion	IV-A
<b>Total Encumbrance September 2015</b>		<b>\$ 59,650,536</b>								
<b>April 2016 Deadlines</b>				<b>12/1/2016</b>	<b>11/1/2017</b>	<b>8/1/2018</b>				

\*Projects labeled principal forgiveness (PF-0%), receive 1/2 of their loan amount forgiven, not to exceed \$500,000 per project with the remainder at 0% interest. Green projects (GPR-0%) receive a 0% interest loan.

STATUS OF RECENT PROJECTS

Project Owners	Cost	Loan Type	Project #	Engineering Report	Plans & Specs	Contracts	Description	County	Priority Rating Project Type	Federal Needs Category
Lake Lure, Town of	\$ 12,580,261	PF-0%	489-05				Elimination of Lake Lure WWTP and installation of two PSs and 17 miles of 12-inch FM to pump flow to Spindale WWTP.	Rutherford	Collection System Rehabilitation & Repair	III-B
Albemarle, City of	\$ 4,384,000	PF-0%	522-06				Replacement or rehabilitation of 7,000 lf of 30-inch, 24-inch, and 18-inch GS and manholes. At the Long Creek WWTP, replacement of 3 screw pumps with 10 mgd, 3.5 mgd, and 3.5 mgd capacity and electrical system.	Stanly	Collection System Rehabilitation & Repair/WWTP Equipment Repair & Replacement	III-B, II
Lumberton, City of	\$ 1,000,000	PF-0%	455-04				Rehabilitation of 2,900 lf of 8-inch, 1,000 lf of 10-inch, 1,800 lf of 12-inch, and 1,100 lf of 18-inch GS, replacement of 2,600 lf of 8-inch FM.	Robeson	Collection System Rehabilitation & Repair	III-B
Charlotte, City of/Charlotte Water	\$ 20,881,929	GPR-0%	377-14				Rehabilitation of Sugar Creek WWTP to include aeration basin improvements (replacing diffusers, new influent distribution box, modify zoning), rehabilitation and/or replacement of blowers, pumps at the main PS, sluice gates, effluent filters, and final clarifier launders; installation of chemical phosphorous removal and SCADA; and demolition of the chorline contact chamber.	Mecklenburg	Energy Efficiency	II
Cape Fear Public Utility Authority	\$ 2,046,200		923-07				Replacement of 21 ARVs and MHs.	New Hanover	Collection System Rehabilitation & Repair	III-B
Cape Fear Public Utility Authority	\$ 6,158,625		923-08				Rehabilitation of Southside WWTP to include: new submersible pumps and discharge line for filtrate drain PS, repair clarifiers #1&2, replace #1&2 grit equipment, primary generator, motor controls, heat exchanger #3, repair concrete for screw pumps #1,2,&3, replace structural steel and roof at dewatering facility and lime stabilization facility.	New Hanover	WWTP Equipment Repair & Replacement	II
Goldsboro, City of	\$ 6,268,382	PF-0%	482-07				Rehabilitation of 29,919 lf of 8, 10, 12, 15-inch GS via CIPP, 50 point repairs, 123 MH, replacement of 16,032 lf of 8, 10, 12, 15-inch GS by pipe burst and open cut, 11 MH and 626 sewer services.	Wayne	Collection System Rehabilitation & Repair	III-B
Mocksville, Town of	\$ 3,000,000		606-02				Replacement of influent screening, secondary clarifier, RAS/WAS PS. Installation of gravity belt thickener and construction of a new aerobic digester.	Davie	WWTP Equipment Repair & Replacement	II
Raleigh, City of	\$ 50,000,000	GPR-0%	419-20				Rehabilitation of thickening building, belt filter press building, conveyor system and final cake storage area; installation of a new sludge conditioning facilities to include: degritting, screening and	Wake	Energy Efficiency	II
Hendersonville, City of	\$ 2,982,484		444-10				Stabilization of 7,000 lf of streambanks. 6,080 lf of bioengineered geolifts, 3,600 lf of brush mattresses, 16,600 live stakes, several log and boulder vanes, and 18,000 sy of erosion control matting.	Henderson	None	
Cape Fear Public Utility Authority	\$ 461,950		929-09				Replacement of PS with gravity sewer. For flow only need 8-inch GS but project is to install 10-inch GS.	New Hanover	Collection System Expansion	IV-A
Johnston County	\$ 1,675,000		560-17				Installation of 9,100 lf of 12-inch and 16-inch GS along Swift Creek from NC 42 to Cornwallis Rd, 1,200 gpm PS at Cornwallis Rd with connection to existing FM.	Johnston	Collection System Expansion	IV-A
Taylorsville, Town of	\$ 306,500	GPR-0%	700-07				Installation of 100KW photovoltaic renewable energy system to produce 80KW of power.	Alexander	Energy Efficiency	
Cape Fear Public Utility Authority	\$ 3,923,500		923-10				Replacement of 5,200 lf of 30-inch FM with 4,000 lf of 30-inch FM along a shorter route. Existing 30-inch FM will remain in place as emergency backup.	New Hanover	Collection System Expansion	IV-A
Cape Fear Public Utility Authority	\$ 1,766,000		923-11				Replacement of 4,600 lf of 20-inch FM with 5,000 lf of 16-inch FM, 2 ARV. Existing 20-inch FM will remain in place as emergency backup.	New Hanover	Collection System Expansion	IV-A
Cape Fear Public Utility Authority	\$ 344,451		923-12				Installation of 161 lf of 24-inch, 72 lf of 18-inch GS and MH on pile foundation. Abandon in place 555 lf of GS and remove 4 MHs.	New Hanover	Collection System Expansion	IV-A
<b>Total Encumbrance April 2016</b>	<b>\$ 117,779,282</b>									

\*Projects labeled principal forgiveness (PF-0%), receive 1/2 of their loan amount forgiven, not to exceed \$500,000 per project with the remainder at 0% interest. Green projects (GPR-0%) receive a 0% interest loan.



**Appendix B – Clean Water Benefits Reporting (CBR)  
System Summary**



# North Carolina CW Benefits Summary Report for Projects with Water Uses Reported

## All Loans

	Loans		Projects			Borrowers		
	Assistance Dollars (millions)	Loan Count	Assistance Dollars (millions)	Subsidy Dollars (millions)	Project Count	Facility Population (millions)	Facility Flow (MGD)	Borrower Count
Total Records	1,808.2	415	1,268.2		426	2.3	676	213
Records with Benefits Data	879.9	189	855.3	349.5	199	2.3	631	135
Impacting Human Health	288.2	72	277.0	112.6	82	1.4	344	62
	33%	38%	32%		41%	4,823	People Served per \$million	46%
With Impaired Waterbody			246.4	99.6	70	1.1	303	43
			29%		35%	4,219	People Served per \$million	32%
With Waterbody Meeting Standards			273.8	100.1	75			
To Improve Water Quality			477.1	196.9	125			
To Maintain Water Quality			211.8	73.7	40			
To Achieve Compliance			264.8	111.6	75			
To Maintain Compliance			243.8	89.9	49			



**Appendix C – Binding Commitments for FY 2015-2016**



Binding Commitments in FY 2015-2016

Commitment Date	Owner	Project Number	Binding Commitment
7/15/2015	Pittsboro, Town of	413-05	\$494,500
7/15/2015	Stanley, Town of	746-02	\$2,754,220
8/24/2015	Goldsboro, City of	482-06	\$3,521,438
8/24/2015	Pender County	744-01	\$669,720
9/9/2015	Shelby, City of	502-07	\$3,947,952
9/9/2015	Anson County	422-06	\$4,928,344
9/18/2015	Kinston, City of	527-08	\$2,500,000
9/18/2015	Kinston, City of	527-09	\$4,470,000
10/6/2015	Albemarle, City of	522-05	\$2,435,450
10/6/2015	Williamston, City of	435-06	\$4,230,300
10/6/2015	Brevard, City of	476-08	\$13,660,000
10/9/2015	Brevard, City of	476-07	\$1,484,150
10/9/2015	Winston-Salem, City of	399-11	\$6,003,772
10/9/2015	Boonville, Town of	539-01	\$245,970
10/9/2015	Boonville, Town of	539-02	\$369,030
11/16/2015	Granite Falls, Town of	372-01	\$610,000
11/16/2015	Granite Falls, Town of	372-02	\$1,900,000
11/16/2015	Granite Falls, Town of	372-03	\$600,000
12/17/2015	Bay River MSD	683-04	\$745,675
2/4/2016	Johnston County	560-14	\$828,764
3/3/2016	Stanly County	834-03	\$1,121,043
3/4/2016	Louisburg, Town of	397-06	\$350,000
5/9/2016	Morehead City, Town of	567-04	\$2,500,000
5/9/2016	Washington, Town of	521-06	\$2,000,000
5/9/2016	Hickory, City of	389-20	\$1,346,100
5/9/2016	Hickory, City of	389-21	\$3,519,475
5/10/2016	Johnston County	560-15	\$852,000
5/10/2016	Marshville, Town of	796-01	\$1,015,000
5/25/2016	Winterville, Town of	879-01	\$2,127,020
5/25/2016	Greenville, City of	487-12	\$1,718,086
6/14/2016	Havelock, Town of	429-06	\$2,500,000
6/14/2016	Winston-Salem, City of	399-13	\$11,699,526
6/20/2016	Ayden, Town of	902-01	\$980,000
6/20/2016	Taylorsville, Town of	700-05	\$1,085,575
6/20/2016	Taylorsville, Town of	700-06	\$1,500,000
<b>Total Amount of Binding Commitments in FY 2015-2016:</b>			<b>\$90,713,110</b>
<b>Total Number of Projects with Binding Commitments:</b>			<b>35</b>



## **Appendix D – Financial Exhibits**



**STATE OF NORTH CAROLINA**  
**EPA Revolving Loan Fund**  
**Combining Statement of Net Assets**  
**June 30, 2016 and 2015**

**Exhibit 1**

	Clean Water Program	
	2016	2015
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 147,546,762	\$ 135,777,799
Investment-Bond Proceeds	154,418,987	146,795,768
Receivables:		
Loans (Due within one year)	61,319,470	58,967,552
Accrued Interest	2,615,983	2,646,837
Other	7,498	4,057
State Treasurer's Securities Lending Collateral	20,395,265	23,497,592
<b>Total Current Assets</b>	<b>386,303,964</b>	<b>367,689,605</b>
Capital Assets, Depreciable		
Machinery and Equipment	74,226	74,226
Accumulated Depreciation	(49,134)	(41,365)
<b>Total Capital Assets, Depreciable (net)</b>	<b>25,092</b>	<b>32,861</b>
Noncurrent Assets:		
Loans Receivable (Due after one year)	748,722,680	721,926,506
<b>Total Assets</b>	<b>1,135,051,736</b>	<b>1,089,648,971</b>
Deferred Outflows of Resources		
Deferred outflows for Pensions	179,253	167,581
<b>Total Deferred Outflows for Pensions</b>	<b>179,253</b>	<b>167,581</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	843	1,434
Accrued Vacation Leave	24,830	31,486
Accrued Payroll		
Obligations Under State Treasurer's Securities Lending Agreements	20,395,265	23,497,592
Other Accrued Liabilities	7,498	3,033
<b>Total Current Liabilities</b>	<b>20,428,436</b>	<b>23,533,544</b>
Noncurrent Liabilities:		
Accrued Vacation Leave	286,322	272,434
Net Pension Liability	417,853	141,806
<b>Total Liabilities</b>	<b>21,132,611</b>	<b>23,947,784</b>
Deferred Inflows for Resources		
Deferred inflows for Pensions	143,704	516,268
<b>Total Inflows for Pensions</b>	<b>143,704</b>	<b>516,268</b>
<b>NET ASSETS</b>		
Invested in Capital Assets, net of related debt	25,092	32,861
Restricted for:		
Program Loans	1,113,929,582	1,065,319,639
<b>Total Net Assets</b>	<b>\$ 1,113,954,674</b>	<b>1,065,352,500</b>

**STATE OF NORTH CAROLINA**  
**EPA Revolving Loan Fund**  
**Combining Statement of Revenues, Expenses, and**  
**Changes in Net Assets**  
**For the Fiscal Year Ended June 30, 2016 and 2015**      *Exhibit 2*

---

	Clean Water Program	
	2016	2015
<b>REVENUES</b>		
Operating Revenues:		
Interest Income on Loans	\$ 15,223,251	15,205,267
Loan Closing Fees	2,010,229	2,909,839
Miscellaneous		236
Total Operating Revenues	17,233,480	18,115,342
<b>EXPENSES</b>		
Operating Expenses:		
Personal Services	2,282,032	2,358,318
Supplies and Material	8,085	9,474
Services	161,934	131,940
Depreciation	7,769	4,785
Insurance & Bonding	2,850	923
Other Fixed Charges	19,422	21,580
Capital Outlay	16,803	11,528
Other Expenses	34,086	11,960
Total Operating Expenses	2,532,981	2,550,509
Operating Income (Loss)	14,700,499	15,564,833
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Federal Grants	25,178,441	29,915,181
Interest Income	8,513,508	(1,820,552)
Grants, Aid and Subsidies	(4,364,994)	(7,576,821)
Sale of Surplus Property		
Gain (loss) on Sale of Property & Equipment		
Miscellaneous	(54,548)	(45,956)
Total Nonoperating Revenues	29,272,407	20,471,852
Income Before Transfers	43,972,906	36,036,685
Transfers In	5,100,000	5,000,000
Transfers Out	(470,732)	(177,013)
Increase in Net Assets	48,602,174	40,859,672
Net Assets July 1	1,065,352,499	1,024,492,826
Net Assets June 30	\$ 1,113,954,674	\$ 1,065,352,499

**STATE OF NORTH CAROLINA**  
**EPA Revolving Loan Fund**  
**Combining Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2016 and 2015** **Exhibit 3**

	Clean Water Program	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 2,010,229	\$ 2,910,075
Payments to employees and fringe benefits	(2,407,105)	(2,429,354)
Payments to vendors and suppliers	(181,104)	(176,668)
Other Receipts/Payments	(34,085)	(11,960)
	(612,065)	292,093
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Grants	25,175,000	29,915,333
Federal Recovery Funds (ARRA)		
Transfers in	5,100,000	5,000,000
Transfers out	(470,732)	(177,013)
Grants, Aid and Subsidies	(4,364,994)	(7,576,821)
	25,439,274	27,161,499
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets		(35,845)
Sale of Surplus and Adjustment		
		(35,845)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Redemptions from the State Treasurer L/T investment pool		
Purchase into State Treasurer L/T investment pool	(7,623,219)	(146,795,768)
Repayment on loans	69,429,943	54,516,188
New loans issued	(98,578,034)	(118,323,994)
Interest on loans	15,285,441	15,061,357
Other	8,427,624	(2,054,314)
	(13,058,245)	(197,596,531)
Net Increase (decrease) in total Cash and Cash Equivalents	11,768,964	(170,178,785)
Cash and Cash Equivalents, Beginning of Year	135,777,801	305,956,584
	\$ 147,546,765	\$ 135,777,801
<b>RECONCILIATION OF NET OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ 14,700,499	15,564,833
Adjustments to Reconcile Operating Income to Net		
Depreciation/Amortization Expense	7,769	4,785
Cash Flow provided by Operating Activities:		
Nonoperating loan interest income	(15,223,251)	(15,205,267)
Pension Expense	34,978	59,617
Other - TSERS Allocations for Miscellaneous Expense	24,116	
(Increase) Decrease in Current Assets	(167,283)	(167,581)
Increase (Decrease) in Liabilities	11,107	35,706
	\$ (612,065)	292,093
<b>NONCASH INVESTING ACTIVITIES</b>		
Assets Acquired Through the Assumption of a Liability		
Change in fair value of investments		



**Appendix E – FFATA Capitalization Grant 2014 Projects**



	FFATA Projects Dollars	PF Min	PF Reported	PF Max	Green Total	Green Goal for FY Cap
Kinston_10 (APNEP FY 17 Match)						
<b>2016 Cap Grant</b>	<b>\$ 23,148,480</b>					
Walnut Cove					\$ 1,357,506	
Rutherfordton-04					\$ 176,190	
<b>2015 Cap Grant</b>	<b>\$ 25,175,000</b>		<b>\$ 4,147,838</b>	<b>\$ 7,552,500</b>	<b>\$ 6,519,272</b>	<b>\$2,517,500</b>
Roanoke Rapids SD-07			\$ 500,000			
Tabor City-01			\$ 500,000			
Louisburg-07			\$ 275,000			
Kinston-11			\$ 500,000			
Kinston_09			\$ 1,000,000			
Bay River MSD_04			\$ 372,838			
Washington_06			\$ 500,000			
Kinston_08			\$ 500,000			
Randleman					\$ 515,500	
Winston-Salem_11					\$ 6,003,772	
Winston-Salem_11	\$ 6,003,772					
Kinston_09	\$ 4,470,000					
Kinston_08	\$ 2,500,000					
Brevard_08	\$ 12,201,228					
<b>2014 Cap Grant</b>	<b>\$ 25,304,000</b>	<b>\$ 1,376,984</b>	<b>\$ 2,000,000</b>	<b>\$ 2,065,477</b>	<b>\$ 8,805,831</b>	<b>\$2,530,400</b>
Spindale_04						
Yadkin Valley Sewer Authority			\$ 500,000			
Taylorsville, Town of			\$ 500,000			
Winston Salem_10					\$ 5,539,095	
Charlotte					\$ 3,266,736	
Winston-Salem -08	\$ 25,304,000					
<b>2013 Cap Grant</b>	<b>\$ 28,915,200</b>	<b>\$ 1,135,024</b>	<b>\$ 1,696,608</b>	<b>\$ 1,702,537</b>	<b>\$ 13,340,571</b>	<b>\$2,409,600</b>
Haw River			\$ 502,608			
Roanoke Rapids SD			\$ 194,000			
Robersonville, Town of 04			\$ 1,000,000			
Greenville Utilities-10					\$ 13,340,571	Note, not all will be green
Winston-Salem_08	\$ 28,915,200					
<b>2012 Cap Grant</b>	<b>\$ 30,608,400</b>	<b>\$ 1,417,587</b>	<b>\$ 2,099,497</b>	<b>\$ 2,126,380</b>	<b>\$ 3,262,711</b>	<b>\$2,550,700</b>
Lenoir			\$ 289,250			
Bay River MSD_03			\$ 214,829			
Andrews			\$ 224,710			
Bessemer City, City of			\$ 782,500			
Aulander, Town of			\$ 271,708			
Green Level			\$ 316,500			
Greenville Utilities-09					\$ 2,098,250	
Pine Knoll Shores					\$ 315,392	
Hope Mills					\$ 849,069	
South Granville	\$ 29,160,000					
Statesville	\$ 23,373,357					
Fayetteville PWC 12	\$ 3,000,000					
<b>2011 Cap Grant</b>	<b>\$ 31,980,000</b>	<b>\$ 2,469,546</b>	<b>\$ 8,217,188</b>	<b>\$ 8,231,821</b>	<b>\$ 6,560,000</b>	<b>\$5,330,000</b>
Eden_07			\$ 1,000,000			
Spring Lake			\$ 672,685			
Yadkin Valley SA			\$ 525,000			
Clyde			\$ 155,050			
Wallace			\$ 246,409			
Vanceboro			\$ 825,672			
Lake Waccamaw			\$ 473,586			
Elizabethtown, Town of			\$ 397,820			
Parkton			\$ 500,000			
Robersonville, Town of 03			\$ 661,918			
Williamston			\$ 1,000,000			
Tarboro, City of			\$ 442,798			
Warrenton			\$ 275,000			
Henderson			\$ 900,000			
Green Level			\$ 141,250			
OWASA					\$ 6,560,000	
GUC-08	\$ 7,000,000					
Morganton	\$ 11,428,456					
Raleigh-13	\$ 15,252,952					
<b>2010 Cap Grant</b>	<b>\$ 44,127,600</b>	<b>\$ 5,507,429</b>	<b>\$ 14,358,733</b>	<b>\$ 18,358,095</b>	<b>\$ 9,560,354</b>	<b>\$7,354,600</b>
Eden_04			\$ 1,000,000			
Wingate			\$ 1,000,000			
Taylorsville			\$ 344,674			
Bunn			\$ 231,821			
Henderson			\$ 494,391			
Belhaven			\$ 896,168			
Robbinsville			\$ 139,536			
Burnsville			\$ 760,618			
Eden_05			\$ 1,000,000			
Henderson			\$ 1,000,000			
Wallace			\$ 69,129			
Red Springs			\$ 187,572			
Lumberton			\$ 1,000,000			
Forest City			\$ 451,350			
Taylorsville			\$ 842,500			
Windsor			\$ 548,395			
Lumberton			\$ 967,681			
Spindale			\$ 500,008			
Bunn			\$ 803,000			
Eden_06			\$ 1,000,000			
Edgecombe WS 5			\$ 550,000			
Robersonville			\$ 571,890			
Raleigh Reuse					\$ 4,124,874	
Raleigh Longview					\$ 2,034,752	
Rocky Mount					\$ 2,249,818	
Johnston County					\$ 300,000	
Jacksonville					\$ 850,910	
<b>Totals</b>		<b>\$ 11,906,570</b>	<b>\$ 26,372,026</b>	<b>\$ 32,484,310</b>	<b>\$ 48,048,739</b>	<b>\$22,692,800</b>



**Appendix B – Drinking Water State Revolving Fund Annual Report**



# Drinking Water State Revolving Fund Annual Report

**State of North Carolina**

**Fiscal Year 2015-2016**

**September 30, 2016**

*Financing Community Water Needs*

# Table of Contents

Introduction.....	3
Overview of Program History.....	3
Financial History.....	4
Drinking Water State Revolving Fund Programmatic Goals .....	4
Short-Term Goals.....	5
Long-Term Goals.....	5
MBE/WBE Goals.....	7
Project Funding.....	7
Prioritization .....	8
Funding Schedule.....	9
DWSRF Base Program .....	10
Principal Forgiveness.....	11
Zero Percent Interest.....	11
Green Project Reserve.....	12
Set-Aside Activities .....	12
Technical Assistance for Small Systems .....	13
Drinking Water State Program Management Functions.....	13
Local Assistance and Other State Programs .....	13
Public Health Benefits .....	14
Long-Term Financial Health of Program .....	14
Binding Commitment Requirement .....	16
Appendix A — Status of Recent Projects	
Appendix B — Report on Set-Aside Activities	
Appendix C — Binding Commitments for FY 2015-2016	
Appendix D — Financial Exhibits	
Appendix E — FFATA Report	



## Introduction

The Division of Water Infrastructure (the Division) in the North Carolina Department of Environmental Quality (DEQ) administers financial assistance programs to assist local government units (LGUs) in constructing water infrastructure projects that both benefit water quality and public health and improve the human environment.

The Division administers the Clean Water State Revolving Fund (CWSRF), Drinking Water State Revolving Fund (DWSRF), the infrastructure grants for the Community Development Block Grant (CDBG-I) program, and the State Reserve programs. This report specifically details the annual activities of the DWSRF program that was established by the Amendments to the Safe Drinking Water Act of 1996 (SDWA). The DWSRF offers low-interest loans to public water supply systems for drinking water infrastructure. As an Applicant repays the loan, the monies are again loaned out, hence the revolving nature of the program.

All loan payments go back into the DWSRF.

Additionally, the DWSRF provides set-aside funds to enable the Division of Water Resources (DWR) Public Water Supply Section to administer the requirements of the Safe Drinking Water Act.

As part of its operating agreement with the United States Environmental Protection Agency (USEPA) and in accordance with the SDWA, the Division must submit an annual report to the USEPA that details the activities for the state fiscal year. For the purposes of this report, the most recently completed fiscal year is FY 2015-2016.

The following sections discuss (1) the overview of the program, (2) the DWSRF goals, (3) project funding, (4) set-aside actions, (5) public health benefits, and (6) long-term financial health.

## Overview of Program History

The SDWA created the DWSRF program and gave the USEPA authority to award capitalization grants to the states. This in turn authorized states to provide low-interest loans to assist public water supply systems by funding infrastructure projects. Additionally, the DWSRF set-aside funds have enabled the

DWR to administer the requirements of the SDWA.

In addition, the North Carolina General Assembly created the State Water Infrastructure Authority (the Authority), which consists of nine members: three *ex officio* members, two members appointed by the North Carolina House of



*According to the U.S. EPA Drinking Water Needs Survey (2011), the total DWSRF-eligible needs for North Carolina are approximately \$10 billion. Because growth projects are ineligible, the drinking water needs are much higher.*

*All drinking water projects are now on a set schedule that begins with the Letter of Intent to Fund.*

Representatives, two members appointed by the North Carolina Senate, and two members appointed by the Governor. The legislation provides twelve duties for the Authority including ranking applications for funding, establishing priority rating systems, and selecting applications that are eligible for funding through the DWSRF.

In the spring of 2015, the Division began making changes to the priority systems for all funding programs to better align the priority scoring with a goal of eventually

enabling an applicant to submit a single application to be considered for multiple funding options. The new priority system for DWSRF was implemented with the September 2015 funding round.

For the past fifteen years, the DWSRF program has provided financing for drinking water infrastructure, saving public water supply systems in North Carolina millions of dollars. The savings make drinking water infrastructure more affordable for citizens of the state.

## Financial History

Congress appropriates an overall DWSRF funding level that is allocated to states based on the results of the most recent drinking water needs survey. Currently, the North Carolina allocation for FY 2016 is \$23,338,800 (2.34 percent of the national appropriation). Capitalization grants including the required state match have provided \$585,729,654 for drinking water projects, set-asides, and administration of the SDWA by the Division since the inception of the program in 1996. However, since the DWSRF is a revolving program, these government funds

have enabled \$644,036,961 in loan commitments over this same time period. This is due to loan repayments being loaned again, thereby providing public benefits repeatedly through time (i.e., the revolving nature of the program). If capitalization grants are increased, the program will better be able to meet infrastructure financing needs for public water systems. The section on the long-term financial health of the program contains more information about the financial aspects of the program.

## Drinking Water State Revolving Fund Program Goals

As part of the Intended Use Plan (IUP) for the DWSRF program, 40 CFR 35.3570 requires that the state identify the goals and objectives of the DWSRF program. The overall goal of the DWSRF program is to provide funding for drinking water

infrastructure and to provide the funds to administer the Safe Drinking Water Act. This overarching goal is supported by several short- and long-term goals that are discussed below.

## Short-Term Goals

For the Fiscal Year 2015-2016 IUP, the Division developed two short-term goals.

**Goal #1: Continue efforts to streamline the funding process to ensure the funds are committed and expended as efficiently as possible in accordance with the SDWA and applicable state laws as required by §1452(g)(3) (A) of the SDWA.** The Division has shifted the DWSRF program from a ready-to-proceed model to a competitive model. Additionally, all projects are now on a 24-month schedule from receiving funding to construction initiating.

Additionally, the Division has shifted to a cash flow model that ensures an efficient use of capitalization grants and loan repayments to further reduce the unliquidated obligations.

**Goal #2: Increase efforts to inform public water supply systems of the availability of funds, benefits of the DWSRF program, and funding process improvements.** Division staff have provided training opportunities for both those who wish to apply to the DWSRF program and those who have received funding. The July/August 2015 “How to Apply” training had approximately 170 attendees. Division staff attended and spoke at several events throughout the past year, including events held by the North Carolina Rural Water Association, the American Water Works Association, and other meetings of professional organizations. The Division will continue to look for opportunities to conduct outreach on the advantages of the DWSRF program.

## Long-Term Goals

In addition to short-term goals, the Division developed long-term goals that will be implemented over the course of several years. The following discusses each of the long-term goals and how the Division has either begun or will implement these long-term goals.

**Goal #1: To support the North Carolina goal of assuring safe and healthy drinking water for state residents and visitors served by public water supplies.** The Division continues to offer low-interest loans eligible Applicants and to administer the provisions of the SDWA.

**Goal #2: To provide effective project management to improve the pace of the revolving fund so that more assistance can be provided over time.** The Division has placed all projects on a 24-month funding schedule from date of Letter of Intent to Fund to construction contract execution. All projects now receiving funding must adhere to this schedule, which will ensure that the pace of the revolving fund increases. The result will be more assistance provided over time.

**Goal #3: To ensure the technical integrity of DWSRF projects through diligent and effec-**

*As of July 2016, the Division will be able to offer on a case-by-case basis loan terms of 30 years for zero-percent loans.*



**tive planning, design, and construction management.**

Through the funding process (e.g., engineering report review, plans and bid documentation review, contract review, and construction inspection), Division staff ensure the drinking water infrastructure projects that are being funded through the DWSRF are technically sound facilities that will be compliant with all federal and state regulations.

**Goal #4: To ensure long-term viability of the DWSRF program through effective financial practices.** By changing its funding process schedule, the Division has ensured that not only will funds flow out in a timely manner but also will be repaid in a timely manner. As the pace from funding to construction increases, loan repayments then begin sooner, therefore making revolving funds available sooner for additional loans. In addition, all funds/projects are managed in accordance with federal and state requirements. All fund investments are managed by the State Treasurer's office; however, the Division seeks to maximize loans to Applicants, resulting in minimum fund balances managed by the Treasurer's office.

**Goal #5: Ensure the priority system reflects the NCDEQ's and Authority's goals.** Every year as the IUP is prepared, the Division reviews the priority points utilized to score applications during each review cycle. Additionally, Division staff pre-

sent the Authority with recommendations related to the priority systems for their review and approval to be included in future funding rounds.

**Goal#6: To provide technical and financial assistance to public water supply systems in adapting to changing drinking water quality standards and maintaining the health objectives of the SDWA.** The Division has continued and will continue to offer set-aside funds via DWR to provide technical assistance to water system representatives.

**Goal #7: To assist water systems in complying with the new SDWA rules as they are implemented.** The Division has continued and will continue implementing this goal by provide set-aside funding to DWR. This enables staff to provide technical assistance to regulated water supplies via a variety of methods, including mailings and participation in workshops.

**Goal #8: To implement a capacity development strategy that may use innovative strategies and solutions to help public water supply systems improve compliance.** The Division continued to supply set-aside funds to DWR to prepare a Capacity Development program report that was submitted to the Governor in 2016.



## MBE/WBE Goals

In the DWSRF grant agreement, the Division negotiated the following objectives and goals related to small, minority, and women’s business enterprises (MBE/WBE): a fair share objective of \$250,000 split as follows: (1) 10.9 percent to go to MBEs and split across construction, supplies, services, and equipment and (2) 10.4 percent to go to

WBEs and split across construction, supplies, services, and equipment. The total amount of MBE procurement during FY 2015-2016 was 1.44 percent. The total amount of WBE procurement during the same time was 3.38 percent of total procurement.

## Project Funding

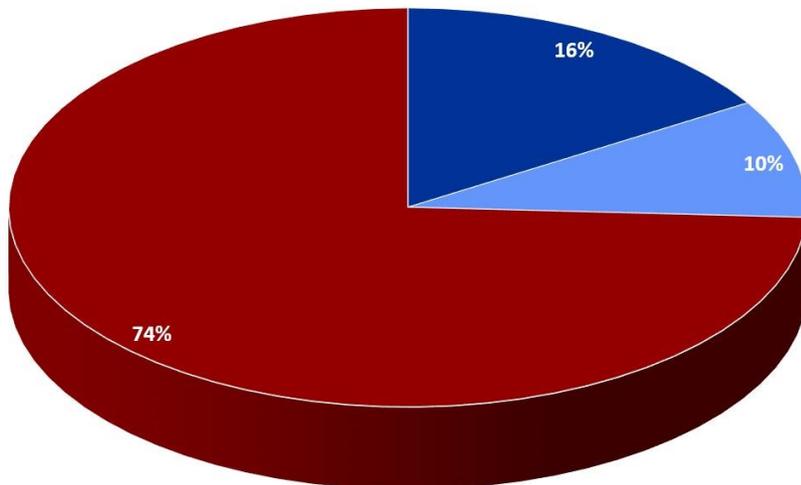
Historically, there has been one funding round for each year with an application deadline of September 30. This past year, applications were accepted on September 30, 2015, with the Authority approving prioritized applications in January and March 2016.

Successful projects may be funded under the base DWSRF loan

program or under one of the targeted programs provided. Currently, principal forgiveness is allowed under capitalization grants as provided by specific Congressional Authority. There is also a zero-percent interest rate program available. Figure 1 shows the breakdown of total funding across the different funding programs.

Figure 1. Funding by Funding Source

■ Funded Amount (Base Program) ■ Funded Amount (Principal Forgiveness) ■ Funded Amount (0%)



*Rehabilitation and repair projects are prioritized over new or expansion projects.*

The following sections discuss the overall schedule and each of the funding types. Since a full cycle is two years, projects in the October 2014 and September 2015 funding rounds that were

approved by the Authority are examined in this report.

## Prioritization

The priority system has been revised and considers four elements of a project: (1) project purpose, (2) project benefits, (3) system management, and (4) financial situation. Line items within each element have been changed. The primary goal of the new priority system is to better align the scoring systems of all of the Division’s funding programs so that, eventually, a single application can be submitted for consideration under multiple funding programs

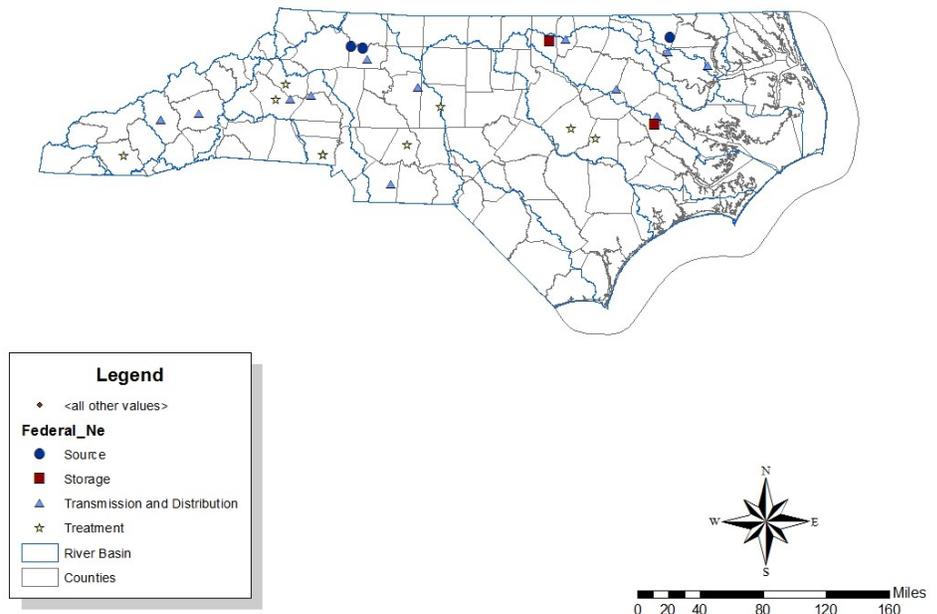
projects that eliminate failing public water supply systems. Projects that repair, rehabilitate, or replace infrastructure that has already been installed for either water treatment or distribution systems are higher priorities than projects that are new or expansions.

Figure 2 shows the breakdown of projects across the state by project purpose.

For project purpose, the Authority places the highest priority on

The project benefits section prioritizes projects that address public health issues by replacing a contaminated or failing source for a

Figure 2. Funded Projects by Needs Category



public water supply system, addressing a promulgated but not yet effective regulation, or that create permanent interconnections for systems not previously connected receive the most priority. Projects that provide redundancy to critical treatment or delivery functions and that provide emergency backup in terms of electrical power source receive priority under the project benefits category.

In addition to correcting public health issues, the Authority supports those LGUs that seek to be

proactive in their system management, including prioritization points for capital improvement or asset management plans, appropriate operating ratios, water loss reduction programs, and water conservation incentive rate structures.

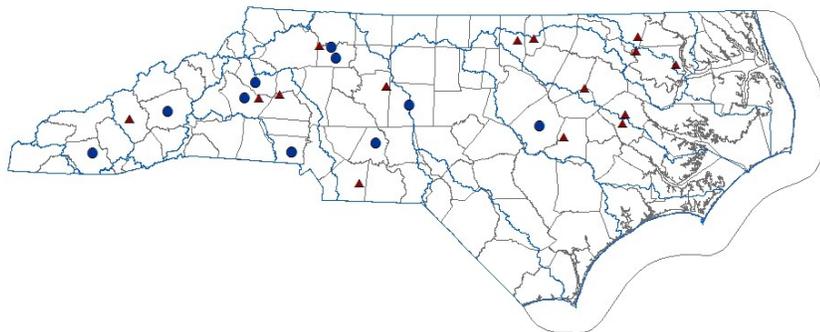
Last, the Authority has taken into account the financial situation of LGUs. Those LGUs who have a high poverty rate and/or high utility bills relative to median household income receive higher priority than other LGUs.

### Funding Schedule

The Applicants in the October 2014 and September 2015 rounds follow a set schedule that will bring the project to the construction phase in a timely manner. Figure 3 shows the projects

that were funded via the past two project cycles. Appendix A provides a list of these projects.

Figure 3. Funded Projects by Project Cycle



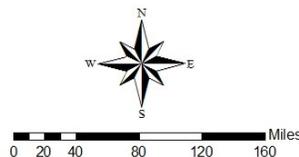
**Legend**

**Cycle**

- September 2014
- ▲ September 2015

□ River Basin

□ Counties



## DWSRF Base Program

*Using a \$30,000,000 loan from the DWSRF program, the City of Gastonia will upgrade the technology of their water treatment plant (WIF #1879).*

The base program is the core of the loan program; all targeted programs (e.g., principal forgiveness) represent a departure from the base program. As shown in Figure 1, the base DWSRF program has started to account for a significant percentage of loans made with DWSRF funds. This is because recently, the Division has restricted the eligibility for zero-percent and principal forgiveness loans.

According to the IUP, individual applicants may not have a loan amount greater than \$20 million in a funding round, and an applicant may not take on DWSRF debt exceeding \$100 million. However, there are cases where these limits may be exceeded to help ensure that all available funds are utilized during each cycle. The base program offers

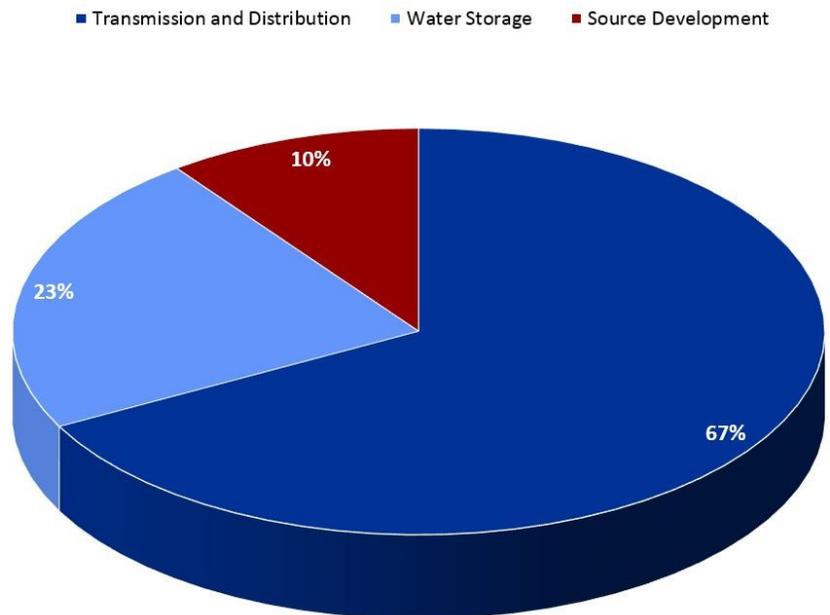
loans at one-half the market rate as established by The Bond Buyer's 20-Bond Index.

In addition, interest does not start accruing until the contract completion date, which provides savings for the LGUs. The maximum term for DWSRF loans is thirty years.

All projects must meet federal requirements for the DWSRF program such as the requirement of Davis-Bacon prevailing wage rates and American Iron and Steel provisions.

Figure 4 shows the distribution of project types within the base program. Water transmission and distribution projects encompassed almost 70 percent of the funds distributed under this program.

Figure 4. Base Program by Project Type



*The interest rate for the DWSRF program is at a historic low of 1.84%.*

## Principal Forgiveness

Principal forgiveness is one of the special funding methods offered by the DWSRF program and is allowed by the SDWA. In the 2015 IUP, the Division targeted the required 20 percent of principal forgiveness toward disadvantaged communities, which are defined as those with high interest rates/MHI and high poverty rate and failing water supply systems. Additionally, principal forgiveness is available for projects that consolidate and eliminate non-viable water systems for the full amount of the loan. Over the past

two years, five loans have included almost \$4.2 million in principal forgiveness. The demand for principal forgiveness has always exceeded availability.

Figure 5 shows the needs categories that received principal forgiveness. The majority of principal forgiveness dollars went to transmission and distribution projects while the remainder went to source development and water treatment.

*With the assistance provided by a mix of principal forgiveness and zero-percent loans from the DWSRF program, the Bertie County Water District IV will address the Town of Roxobel's failed wells by merging with it (WIF #1897).*

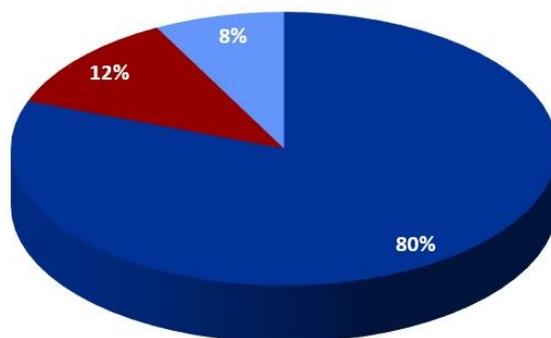
## Zero-Percent Interest

The Division offers zero-percent loans for certain disadvantaged communities with rehabilitation project types. These zero-percent interest loans are available to communities that

would otherwise qualify for principal forgiveness if such funds were available. This special loan program recognizes the continuing need for affordable drinking water infrastructure for all public

**Figure 5. Percentage of Principal Forgiveness Funds Spent by Project Type**

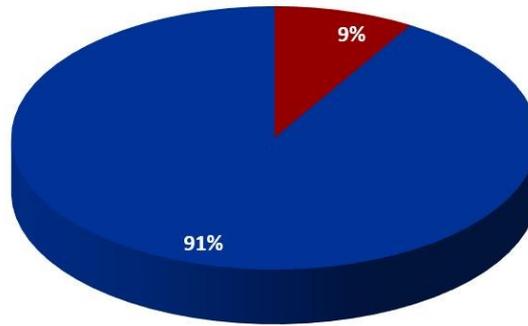
■ Transmission and Distribution ■ Water Treatment ■ Source Development



*A 100 percent principal forgiveness loan from the DWSRF program will result in the consolidation of a failing water system with the Town of Canton's water system (WIF #1898).*



■ Transmission and Distribution      ■ Water Treatment



**Figure 6. Percentage of Project Types Funded by Zero-Percent Funding**

water supply systems within the state. Under the DWSRF zero-percent program, the Division has made loans to 11 projects for a total of approximately \$72 million. Figure 6 shows the funds from the zero-percent interest loan program spent by project type for

the two years under consideration in this report. The majority of projects have gone to water treatment plant projects with another nine percent to transmission and distribution.

### Green Project Reserve

**W**hile the DWSRF can fund green projects, the Division does not currently prioritize green projects, and no projects

over the past two years have been considered green.

### Set-Aside Activities

**A**s part of the DWSRF program, the SDWA requires that a certain amount of the capitalization grant funding be reserved for activities that support the implementation of the requirements of the SDWA. The DWR Public Water Supply Section is responsible for implementation.

The paragraphs below summarize the set-aside activities completed this past year. Appendix B contains details related to the goals and accomplishments of the DWR. Appendix B also contains a listing of expenditures related to the set-aside program.

## Technical Assistance for Small Systems

This part of the set-aside program amounts to up to two percent of the capitalization grant. This year, both the DWR and the North Carolina Rural Water Association (NCRWA) continued to

provide technical assistance to water systems serving a population of less than 10,000 consumers and made a total of 871 contacts.

## Drinking Water State Program Management Functions

This portion of the set-aside program amounts to up to ten percent of the capitalization grant. The funds go to fund the DWR and the activities located therein. To date, thirteen public water providers using surface waters have completed comprehensive source

water protection plans. These providers served a combined population of approximately 384,042 customers. See Appendix B for more information related to this particular activity.

## Local Assistance and Other State Programs

This portion of the set-aside program amounts to up to fifteen percent of the capitalization grant and funds a Wellhead Protection Geologist, who coordinates the development, implementation, and management of a wellhead protection program within the DWR. Over the past year, the WHPP received eleven wellhead protection plans, four first-time submittals, and seven updates/renewals of previously approved plans. The submitted plans bring the total number of unique wellhead protection plans submitted to date to 143. Additionally, twelve wellhead protection plans covering twelve public water supply systems received approval. These recently approved plans represent both first-time submittals as well as renewals of previously approved plans and brings the total number of approved wellhead

protection plans to 143. These approved plans cover 160 public water supply systems consisting of 923 wells that serve a population of almost 946,747 people. Last, this portion of the set-aside program continued to support three environmental specialist positions in the NCDEQ regional offices. Overall, DWR staff conducted a total of 5,886 site visits, including 2,308 sanitary surveys for all systems (including small systems) during the calendar year 2015. Please note that data entry for calendar year 2016 is not complete at the time the information was completed (see Appendix B).

*Set-aside funds from the drinking water state revolving loan capitalization grants enable the Division of Water Resources to implement the requirements of the Safe Drinking Water Act.*



## Public Health Benefits

With the start of the revised prioritization system in the October 2014 funding round, Applicants were able to claim points based on public health benefits. The prioritization points system provided points for three main public health benefits: compliance, treatment improvements, and interconnections. Projects could claim multiple benefits, a single benefit, or none.

Of the 30 projects funded in the October 2014 and September 2015 funding rounds, the Division awarded four projects compliance benefits points, thirteen projects treatment benefits points, and three projects interconnection benefits points for a total of approximately \$12.4 million, \$76.9 million, and \$7.4 million, respectively.

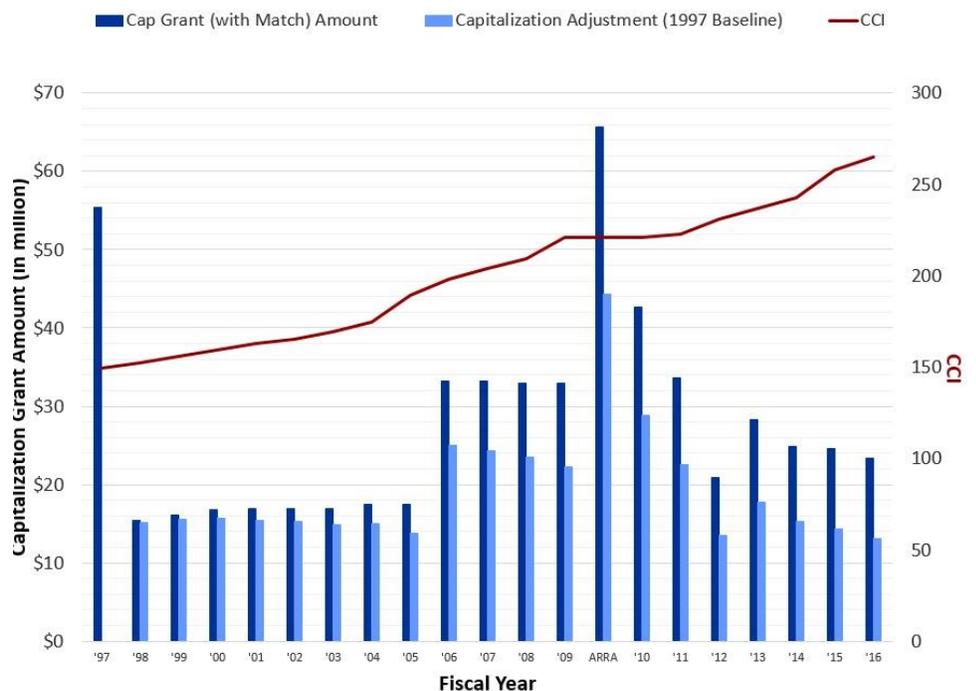
## Long-Term Financial Health

The DWSRF program began with the capitalization grants. Figure 7 shows the grants received since the inception of the program and the required twenty-percent state match.

vestment Act of 2009 [ARRA] grant), plus the state match, minus the four-percent administrative allowance has provided \$562,300,468 since the inception of the program. Figure 7 also shows the effect of inflation. While capitalization grants and associated state matches have re-

Capitalization grants (including the American Recovery and Rein-

**Figure 7. Capitalization Grants (with Match) Including ARRA**



mained generally steady at approximately \$30 million a year, the effectiveness of those dollars is slightly over half those of the first capitalization grants of the 1990s.

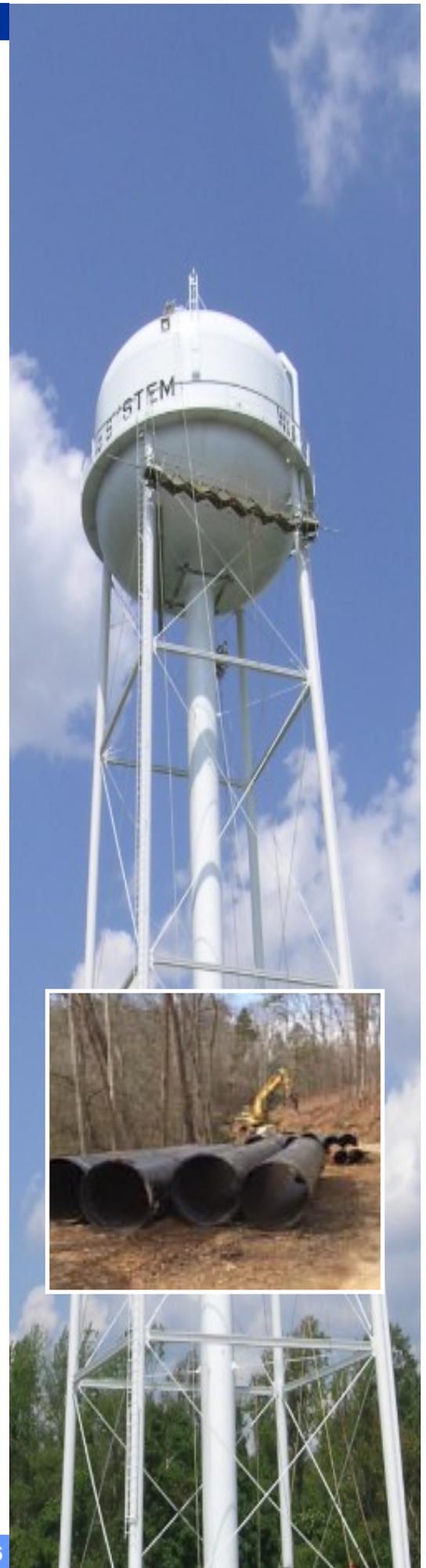
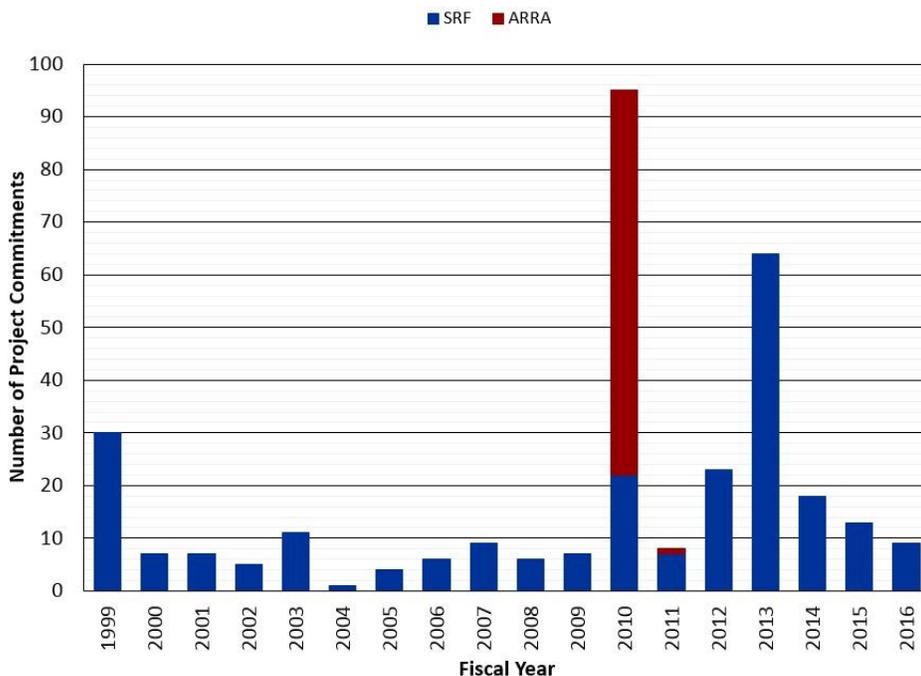
In addition to the four-percent administrative allowance, the DWSRF charges a two-percent fee on all loans for administering the program. Also, each DWSRF capitalization grant requires set-aside monies be supplied for administration of the SDWA. The Division has allotted \$3,889,800 (approximately 17 percent) of the FY 2015-2016 capitalization grant to the DWR for use. See the section on set-asides for a description of the way the DWR used this money over the past year.

Monies being repaid into the fund from completed projects, coupled with continued capitalization of the program and cash flow modeling, have resulted in an increase of funds available for new pro-

jects. In addition, DWSRF has utilized the cash flow model to help target a portion of cash reserves (i.e., funds obligated for projects but expenses not yet incurred) for higher bearing investment (i.e., the Long-Term Investment Fund or LTIF), compared to the standard cash account. This investment has helped offset the low interest earned on loans and in the standard cash account to maintain the value of the fund. The LTIF is maintained and managed by the State Treasurer’s Office for many funds / investments across state government. As of July 1, 2015, the value of the LTIF was \$48,931,922.73. On June 30, 2016, the value of the fund was \$52,875,801.60.

Regarding projects, monies being repaid into the fund from completed projects, coupled with continued capitalization of the program, have resulted in an increase of funds available for new projects.

Figure 8. Binding Commitments Per Year



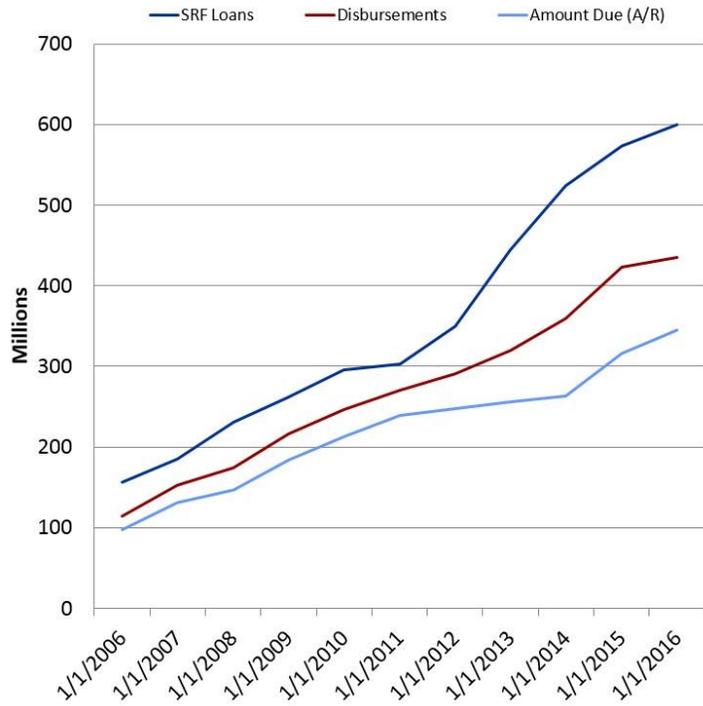


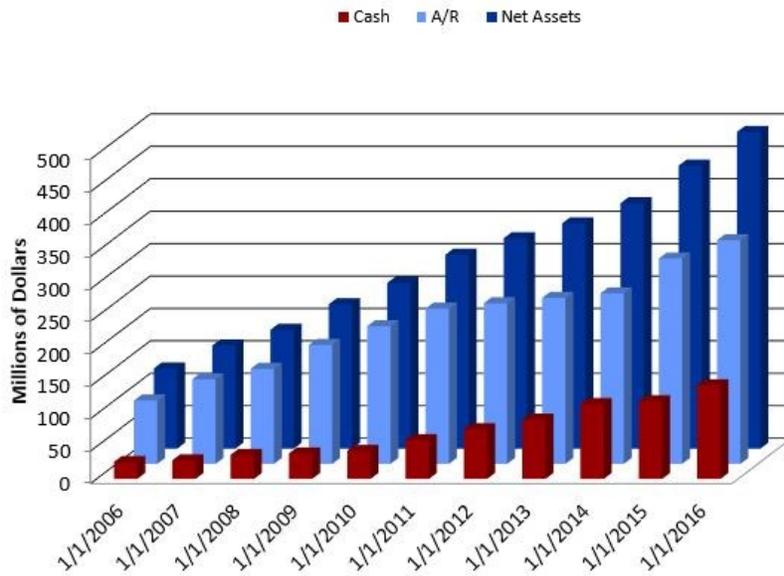
Figure 9. DWSRF Increase in Loans

Figure 8 shows the history of binding commitments since the inception of the program. As a result of the Division reducing ULOs, the number of binding commitments has dropped.

how the cumulative value of loans, which has risen and the past ten years and with it—nearly parallel—the actual disbursements. As monies are disbursed, the amount due back into the program (accounts receivable) also increases. As such, even though the fund

Figure 9 on the next page shows

Figure 10. Increase in Net Assets



has been capitalized with over \$585 million as noted above, the revolving nature of the program has allowed it to enter into approximately \$644 million in binding commitments at the same time. However, the ARRA fund was provided at 50 percent principal forgiveness. Principal forgiveness does not revolve back into the funding program. Therefore, the accounts receivable line has not increased at the same rate.

Finally, Figure 10 on the next page demonstrates how the combined capitalization and repayments on hand (cash) and accounts receivable, have increased the net value of the program (net assets) in North Carolina to approximately \$488 million. Appendix D contains more details related to this information.

### Binding Commitment Requirement

In accordance with 40 CFR 35.3550(e)(1) and (2), the cumulative binding commitments relative to capitalization grant payments received equals 138 percent. The total amount of capitalization grant payments received is

\$433,418,389. The DWSRF continues to reduce its unliquidated obligations and make its binding commitments of 120 percent of each grant payment.





## **Appendix A – Status of Recent Projects**



Status of Recent Projects

Applicant	Cost	Loan Type	Project #	Engineering Report	Plans & Specs	Contracts	Description	County	Priority Rating	Project Type	Compliance Category	Federal Needs Category
<b>October 2014 Deadlines</b>												
Gastonia, City of	\$ 30,000,000	0%	1879	3/26/2015	10/1/2015	12/8/2015	Replace the treatment trains with membrane technology	Gaston	WTP Equipment Repair & Replacement		Other Assistance Not Compliance Related	Treatment
Gastonia, City of	\$ 5,000,000	0%	1878	4/6/2015		7/24/2015	Replace the aged clearwell with a new 5 MG clearwell	Gaston	WTP Equipment Repair & Replacement		Assist Compliant Systems to Maintain Compliance	Treatment
Boonville, Town of	\$ 1,171,142	0%	1880 (Small)	2/1/2016			Replace 1,040 feet of undersized waterline with 6-inch; install 1,200 feet of 6-inch waterlines to create loops. Install a filter on the wells to address iron and manganese MCLs	Yadkin	Distribution System Rehabilitation & Replacement		Assist Non-Compliant System to Achieve Compliance	Source
Yadkin County	\$ 4,175,000	0%	1853 (Small)	9/29/2015	6/1/2016		57,000 feet of 8-inch & 12-inch waterline and one BPS to connect the Town of East Bend to the Winston-Salem / Forsyth County WS, creating new water system	Yadkin	Distribution System Rehabilitation & Replacement		Other Assistance Not Compliance Related	Transmission and Distribution
Albemarle, City of	\$ 11,044,800	0%	1868	6/4/2014	5/27/2015	10/5/2015	Extensively rehabilitate the US52 WTP without expansion	Stanly	WTP Equipment Repair & Replacement		Assist Compliant Systems to Maintain Compliance	Treatment
Lenoir, City of	\$ 6,540,000	0%	1875	6/23/2015			Rehabilitate the filters and replace the high service pumps, chemical storage tanks, chemical feed systems and related items	Caldwell	WTP Equipment Repair & Replacement		Other Assistance Not Compliance Related	Treatment
Morganton, City of	\$ 1,273,552	0%	1877	6/4/2015		3/28/2016	Replace two failing clearwells with a single, 1.1 million gallon clear well. No increase in plant capacity proposed	Burke	WTP Equipment Repair & Replacement		Other Assistance Not Compliance Related	Treatment
Asheboro, City of	\$ 2,082,070	0%	1887	1/0/1900		2/11/2016	Rehabilitate the north and south plant filters by replacing media and adding air scour systems	Randolph	WTP Equipment Repair & Replacement		Other Assistance Not Compliance Related	Treatment
Johnston County	\$ 5,392,450	0%	1790	5/7/2015		2/3/2016	Install 4 MGD filter group to provide redundancy and improve polymer blending and feeding equipment	Johnston	WTP Equipment Repair & Replacement		Assist Compliant Systems to Maintain Compliance	Treatment
Franklin, Town of	\$ 3,578,750	0%	1874 (Small)	5/21/2015	4/25/2016		Install pre-treatment and enhanced settling (such as Actiflo or Claricone) to reduce buildup of sludge in the settling basins and replace chemical storage and handling	Macon	WTP Equipment Repair & Replacement		Assist Compliant Systems to Maintain Compliance	Treatment
Buncombe County	\$ 1,964,204	0%	1771	1/13/2014			Install approximately 6,900 feet of 8-inch and 9,850 feet of 6 inch waterlines, and service lines and meters to connect approximately 115 connections in an area contaminated by CTS Electronics	Buncombe	Distribution System Rehabilitation & Replacement		Other Assistance Not Compliance Related	Transmission and Distribution
<b>Total Encumbrances October 2014 \$ 72,221,968</b>												
<b>September 2015 Deadlines</b>												
Bertie County Water District IV	\$ 1,678,550	PF-0%	1897	4/12/2016	6/1/2016	5/1/2017	Merge the Town of Roxobel's water system (with failed wells) into Bertie County WD IV.	Bertie	Resolves Failed Infrastructure		Assist Compliant System to Maintain Compliance	Transmission and Distribution
Canton, Town of	\$ 2,464,200	PF-0%	1898	6/1/2016			Consolidate the failing Crossroads Hill Water Association into the Town of Canton Water System	Haywood	Failed System Consolidation, WTP Equipment Repair & Replacement		Assist Non-Compliant System to Achieve Compliance	Transmission and Distribution
Woodland, Town of	\$ 663,550	PF-0%	1899	6/1/2016			Replacement of Well #1 whose production has declined from 175 gpm (in 1941) to current 75 gpm	Northampton	Resolves Failed Infrastructure		Assist Compliant System to Maintain Compliance	Source
Fork Township Sanitary District	\$ 3,300,000	PF-0%	1900	5/9/2016			Installation of 38,500 lf of 8-inch through 12-inch waterlines, rehabilitation of WTP & pump station to split system into separate chlorinated and chloraminated systems to comply with DBP rules	Wayne	Distribution System Rehabilitation & Replacement		Assist Compliant System to Maintain Compliance	Treatment
Sharpsburg, Town of	\$ 2,000,000	PF-0%	1902	6/1/2016			Installation of approximately 4,650 lf of 6" PVC water main, 420 lf of 6" DI water main, 6,700 lf of 8" PVC water main, 500 lf of 8" DI water main, 37 new hydrants, 143 new water	Wilson	Distribution System Expansion		Assist Compliant System to Maintain Compliance	Transmission and Distribution
Thomasville, City of	\$ 822,924		1903	3/24/2016			Replacement of existing 2-inch waterline with approximately 5,430 feet of 6-inch and 2,560 feet of 2-inch distribution lines in the Lawndale - Kennedy neighborhood.	Davidson	Distribution System Rehabilitation & Replacement		Assist Compliant System to Maintain Compliance	Transmission and Distribution
Elkin, Town of	\$ 1,737,230		1905	5/31/2016			Replacement and relocation of approximately 1,700 feet of the primary 24-inch raw water line; extension of the emergency 12-inch raw water line by approximately 3,900 feet to connect to the existing settling basin; replacement of the reservoir intake sluice gates; and installation of two new 2,100 gpm vertical turbine raw water pumps along with associated piping improvements	Surry	Distribution System Rehabilitation & Replacement		Assist Compliant System to Maintain Compliance	Source
Greenville Utilities Commission	\$ 1,500,000		1907	5/31/2016			Replacement of approximately 3,000 feet of 4-inch, 2,500 feet of 6-to-9-inch and 650 feet of 10-to-12-inch cast iron	Pitt	Distribution System Rehabilitation & Replacement		Assist Compliant System to Maintain Compliance	Transmission and Distribution

Status of Recent Projects

Applicant	Cost	Loan Type	Project #	Engineering Report	Plans & Specs	Contracts	Description	County	Priority Rating Project Type	Compliance Category	Federal Needs Category
Winterville, Town of	\$ 723,400		1908	4/28/2016			Rehabilitation of a 5,000 gallon elevated storage tank, replacement of 2-inch waterline with 6-inch, extension of a 6 inch waterline (150 lf) and installation a 130 KW portable generator	Pitt	Distribution System Rehabilitation & Replacement	Assist Compliant System to Maintain Compliance	Storage
Thomasville, City of	\$ 4,591,185	0%	1909	6/1/2016			Replacement of approximately 33,265 feet of 2-inch waterlines with 6-inch waterlines	Davidson	Distribution System Rehabilitation & Replacement	Assist Compliant System to Maintain Compliance	Transmission and Distribution
Henderson, City of	\$ 1,548,000	0%	1911	6/1/2016			Replacement of approximately 1,000 feet of 8-inch and 5,750 feet of 10-inch ACP with same-sized DIP	Vance	Distribution System Rehabilitation & Replacement	Assist Compliant System to Maintain Compliance	Transmission and Distribution
Bertie County Water District II	\$ 1,339,350	0%	1912	5/22/2016			Replacement of existing system controls at 15 sites (3 BPSs, 4 wells, 4 tanks, 4 bulk meters) with SCADA and replacement of emergency power generators at one well and one BPS	Bertie	Distribution System Rehabilitation & Replacement	Other Assistance Not Compliance Related	Transmission and Distribution
Bessemer City, Town of	\$ 2,317,400		1873	5/26/2016			Replacement of waterlines with approximately 15,600 feet of 6-inch waterline	Gaston	Distribution System Rehabilitation & Replacement	Assist Compliant System to Maintain Compliance	Transmission and Distribution
Marshville, Town of	\$ 1,104,240		1915	5/31/2016			Replacement of existing single-pump BPS with duplex BPS and backup generator; replacement of the sole transmission route from the BPS with 4,800 feet of 6-inch waterline; and extension of 1,800 feet of 6-inch waterline to provide distribution redundancy and close a hydraulic loop	Union	Distribution System Rehabilitation & Replacement	Assist Compliant System to Maintain Compliance	Transmission and Distribution
Oxford, City of	\$ 3,139,200		1872	6/1/2016			Installation of a 750,000 gallon elevated storage tank, related transmission mains, controls and a SCADA system	Granville	Distribution System Expansion	Assist Compliant System to Maintain Compliance	Storage
Junaluska Sanitary District	\$ 1,041,750		1917	5/24/2016			Replacement of approximately 1,696 water meters with Automated Meter Reading system	Haywood	None	Other Assistance Not Compliance Related	Transmission and Distribution
Rutherford College, Town of	\$ 474,430		1896	5/25/2016			Replacement of 2-inch galvanized steel pipe with approximately 5,300 LF of 6-inch and 3,700 LF of 2-inch lines including closing of loops and installation of approximately 30 blow-off valves.	Burke	None	Assist Compliant System to Maintain Compliance	Transmission and Distribution
Junaluska SD	\$ 4,233,194		1918	9/1/2016			Replacement of approximately 43,800 feet of existing aged and undersized waterlines.	Haywood	None	Assist Compliant System to Maintain Compliance	Transmission and Distribution
<b>Total Encumbrances September 2015</b>	<b>\$ 34,678,603</b>										



**Appendix B – Set-Aside Annual Report FY 2014-2015**



# **Summary Report Drinking Water State Revolving Fund Set-Aside Program**

The following report on set-asides is presented in the order described in the approved Intended Use Plans.

## **I. Program Administration (up to Four Percent of Capitalization Grant)**

The DWSRF is administered by the Division of Water Infrastructure. This set-aside is used for salaries and associated expenses of personnel devoting time to program administration, as outlined in the Intended Use Plan.

## **II. Technical Assistance for Small Systems (Up to Two Percent of Capitalization Grant)**

The NCPWS Section continued to provide technical assistance to water systems serving a population of less than 10,000 consumers. Funding from this set-aside was used jointly by the NCPWS Section and the North Carolina Rural Water Association to maintain work plan activities as required to achieve maximum utilization.

A contractual agreement with NCRWA was continued to support a circuit rider position that provided technical assistance to 871 contacts of technical assistance during the period from July 1, 2015 to June 30, 2016. These contacts involved dialog with water system personnel in accordance with the objectives and methods described in the activities and assistance within the Intended Use Plan.

The NCPWS Section continued to utilize this set-aside to support three Environmental Specialist positions in Regional Offices. Overall, PWS Section staff conducted a total of 4,893 site visits to small systems, including, 2,196 sanitary surveys of small systems during calendar year 2015 (data entry had not been completed for all fiscal year 2016 site visits at the time data was pulled from SDWIS for this report).

## **III. Drinking Water State Program Management Functions (Up to Ten Percent of Capitalization Grant)**

### *Administration of PWS Section Supervision Program*

Performance with this section is measured and evaluated as adherence to the terms and conditions of the PWS Section Supervision Program workplan and GPRA performance measures, reported in SDWIS and compiled directly by EPA.

### *Administration or Technical Assistance Activities for Source Water Protection*

A full-time Source Water Protection (SWP) Program Engineer coordinates the development, implementation, and management of a Drinking Water Protection Program, including coordination

with delineation and assessment activities, wellhead protection program activities, and interaction with other state agencies.

Partnership arrangements with other agencies are a major component of NC's drinking water protection strategy. Specifically, other agencies have been recruited to integrate SWAP data into their agendas and funding priorities. Additionally, the Drinking Water Protection Program maintains a statewide Collaborative that includes representatives from university programs, government agencies, non-profit organizations, professional associations, and regional Councils of Government. This group volunteers time and resources to promote drinking water protection.

The PWS Section continued to improve its GIS mapping application, which was created to assist other agencies and programs when prioritizing environmental projects. This GIS application effectively directs resources toward drinking water assessment areas and encourages use of SWAP susceptibility ratings. The PWS Section also updated its web-based application that delivers SWAP data to the public.

The SWP Program continued to promote the development of local SWP plans. This effort included outreach to local government officials, public water providers, and stakeholder groups. To date, thirteen public water providers using surface sources have completed comprehensive SWP Plans. These water providers serve a combined population of approximately 384,042 consumers. In response to a new state law, the PWS Program has been participating in rule making efforts to require SWP planning for public water suppliers using surface water as a source.

As an incentive to participate in the Source Water Protection Program, a low-interest loan program for land conservation exists and is administered by the SWP Program Engineer. To qualify for this program, an applicant must have an approved Source Water Protection Plan and the land conservation project must clearly demonstrate SWP benefits.

#### *Development and Implementation of a Capacity Development Strategy*

Performance with this section is reported to EPA annually in North Carolina's Capacity Development Progress Report. As described in the Intended Use Plan workplan, a Capacity Development team leader position is funded. In recent years, the Capacity Development program has developed electronic tools and training to improve water system compliance. The Capacity Development Team Leader is also leading the development of the Engineering Planning and Development Guidance Document.

Electronic tools include the Sampling Status report and analysis of water system performance data for the Area Wide Optimization Program. The Sampling Status report demonstrates what monitoring is required and what samples have been received during the current period. Analysis for the Area Wide Optimization Program ranks water system performance based on data submitted electronically and highlights areas for system improvement. The NCPWS Section issues awards to systems meeting optimization goals.

Training included regulatory and treatment training at the North Carolina Waterworks Operators School, in addition to sessions scheduled by and held at PWS Section regional offices.

The Engineering Planning and Development Guidance document is a document presenting

preferred design criteria for water systems in North Carolina. The document covers all facets of water system design including distribution, storage tanks, treatment, and general design criteria. The NCPWS Section expects the document to clarify design requirements to water system owners and engineers and thereby reduce project review time. Two chapters describing submittal requirements and the review and permitting process have been published.

#### **IV. Local Assistance and Other State Programs (Up to Fifteen Percent of Capitalization Grant)**

##### *Establishment and Implementation of a Wellhead Protection Program*

A full-time Wellhead Protection (WHP) Program Hydrogeologist coordinates the development, implementation, and management of a WHP Program within the NC PWS Section. During the current reporting period the WHP Program continued to implement a process for the review and approval of local WHP plans, including the evaluation and review of draft wellhead protection area (WHPA) delineations. In addition, the WHP Program continued to develop and maintain an MS Access database for tracking WHP Program information.

The WHP Program received eleven WHP plans during the reporting period, four first time submittals and seven updates/renewals of previously approved plans. Twelve WHP plans covering twelve PWS systems received approval during the current reporting period. These twelve approved plans represent both first time submittals as well as renewals of previously approved plans. At the end of the reporting period there were 143 active WHP plans covering 160 PWS systems comprising 923 wells serving a population of 946,767.

The WHP Program continued to provide information and technical assistance as requested to support WHP activities. Example information includes the following:

- WHP plan requirements;
- the NC WHP Guidebook;
- brochures to promote local source water protection efforts;
- lists of PWS systems with approved WHP plans;
- maps of approved WHPAs;
- source aquifer determination;
- assessment of the degree of aquifer confinement;
- aquifer recharge rates;
- determination of the size, shape and orientation of WHPAs; and
- information on potential contamination sources.

Such information is commonly accompanied by recommendations to reduce contamination risk, waste handling practices, standard operating procedures and best management strategies. The WHP Program also provided information to the State's Division of Waste Management (DWM) to support oversight of remediation efforts conducted at sites with ground-water contamination resulting from leaking underground storage tanks.

The WHP Program continued to develop and maintain ArcView GIS shapefiles for approved WHPAs. Maps of approved WHPAs on USGS 7.5 minute topographic quadrangle base maps were

generated to accompany WHP plan approval letters. Additionally, to facilitate the efficient transfer of this information, electronic versions of the approved WHPA maps as JPEG images were produced and distributed. A total of 334 individual JPEG map images are currently available via email to interested parties upon request.

The NC PWS Section administered a contractual agreement with NCRWA to provide assistance to PWS systems in the development of local WHP plans. Many of these systems are small systems that lack the technical and financial resources to pursue drinking water protection on their own. Under conditions of the contract, NCRWA provided on-site technical assistance in the development and implementation of WHP plans customized to individual communities. This activity included guidance to identify potential contaminants and effective actions to prevent contaminants from entering their drinking water supply.

### Capacity Development

The NCPWS Section continued to utilize this set-aside to support nine positions in Regional Offices. These positions provide direct support to water systems as they pursue Capacity Development goals and compliance with the Safe Drinking Water Act. Working in conjunction with other regional office staff, these positions review water systems' financial and managerial capabilities and perform sanitary surveys and site visits.

Overall, PWS Section staff conducted a total of 5,886 site visits, including, 2,308 sanitary surveys for all systems (including small systems) during calendar year 2015. Data entry was not complete for fiscal year 2016 site visits at the time data was pulled from SDWIS for this report. Table 1 on the following page shows the actual expenditures on non-project set-asides during the reporting year.

<b>Table 1. Set Aside Amounts Spent in FY 2015-2016</b>	
<b>Name of Non-Project Set-Aside</b>	<b>Amount Spent<sup>†</sup></b>
1. Administration -- up to 4%	\$982,610
2. State Program Management Functions -- up to 10%	\$3,120,570
3. Technical Assistance -- up to 2%	
a. NC Public Water Supply	\$238,278
b. NC Rural Water Association	\$203,520
<i>Total Technical Assistance:</i>	<i>\$441,798</i>
4. Local Assistance and Other State Programs (up to 15%)	
a. Land Acquisition	\$0
b. Wellhead Protection	\$567,449
NC Public Water Supply	\$365,030
NC Rural Water Association	\$197,541
Contracts, Equipment and Supplies	\$4,878
c. Capacity Development	\$672,935
<i>Total Local Assistance and Other State Program:</i>	<i>\$1,240,384</i>
<b>Sum of Non-Project Set-Asides</b>	<b>\$5,785,362</b>



**Appendix C – Binding Commitments for FY 2015-2016**



Binding Commitments in FY 2015-2016

<b>Date</b>	<b>Owner</b>	<b>Project Number</b>	<b>Binding Commitment</b>
7/17/2015	Morganton	1877	\$ 1,273,552
7/14/2015	Asheboro	1887	\$ 2,082,070
8/26/2015	Lenoir	1875	\$ 6,540,000
8/26/2015	Johnston County	1790	\$ 5,392,450
9/29/2015	Albemarle, City of	1868	\$ 11,044,800
12/3/2015	Gastonia	1879	\$ 30,000,000
2/4/2016	Yadkin County	1853	\$ 4,175,000
4/8/2016	Franklin	1874	\$ 3,578,750
4/8/2016	Boonville	1880	\$ 1,171,142
<b>Total Amount of Binding Commitments in FY 2015-2016:</b>			<b>\$ 65,257,764</b>
<b>Total Number of Projects with Binding Commitments:</b>			<b>9</b>



## **Appendix D – Financial Exhibits**



**STATE OF NORTH CAROLINA**  
**EPA Revolving Loan Fund**  
**Combining Statement of Net Assets**  
**June 30, 2016 and 2015**

**Exhibit 1**

	Clean Water Program	
	2016	2015
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 147,546,762	\$ 135,777,799
Investment-Bond Proceeds	154,418,987	146,795,768
Receivables:		
Loans (Due within one year)	61,319,470	58,967,552
Accrued Interest	2,615,983	2,646,837
Other	7,498	4,057
State Treasurer's Securities Lending Collateral	20,395,265	23,497,592
<b>Total Current Assets</b>	<b>386,303,964</b>	<b>367,689,605</b>
Capital Assets, Depreciable		
Machinery and Equipment	74,226	74,226
Accumulated Depreciation	(49,134)	(41,365)
<b>Total Capital Assets, Depreciable (net)</b>	<b>25,092</b>	<b>32,861</b>
Noncurrent Assets:		
Loans Receivable (Due after one year)	748,722,680	721,926,506
<b>Total Assets</b>	<b>1,135,051,736</b>	<b>1,089,648,971</b>
Deferred Outflows of Resources		
Deferred outflows for Pensions	179,253	167,581
<b>Total Deferred Outflows for Pensions</b>	<b>179,253</b>	<b>167,581</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	843	1,434
Accrued Vacation Leave	24,830	31,486
Accrued Payroll		
Obligations Under State Treasurer's Securities Lending Agreements	20,395,265	23,497,592
Other Accrued Liabilities	7,498	3,033
<b>Total Current Liabilities</b>	<b>20,428,436</b>	<b>23,533,544</b>
Noncurrent Liabilities:		
Accrued Vacation Leave	286,322	272,434
Net Pension Liability	417,853	141,806
<b>Total Liabilities</b>	<b>21,132,611</b>	<b>23,947,784</b>
Deferred Inflows for Resources		
Deferred inflows for Pensions	143,704	516,268
<b>Total Inflows for Pensions</b>	<b>143,704</b>	<b>516,268</b>
<b>NET ASSETS</b>		
Invested in Capital Assets, net of related debt	25,092	32,861
Restricted for:		
Program Loans	1,113,929,582	1,065,319,639
<b>Total Net Assets</b>	<b>\$ 1,113,954,674</b>	<b>1,065,352,500</b>

**STATE OF NORTH CAROLINA**  
**EPA Revolving Loan Fund**  
**Combining Statement of Revenues, Expenses, and**  
**Changes in Net Assets**  
**For the Fiscal Year Ended June 30, 2016 and 2015**      *Exhibit 2*

---

	Clean Water Program	
	2016	2015
<b>REVENUES</b>		
Operating Revenues:		
Interest Income on Loans	\$ 15,223,251	15,205,267
Loan Closing Fees	2,010,229	2,909,839
Miscellaneous		236
Total Operating Revenues	17,233,480	18,115,342
<b>EXPENSES</b>		
Operating Expenses:		
Personal Services	2,282,032	2,358,318
Supplies and Material	8,085	9,474
Services	161,934	131,940
Depreciation	7,769	4,785
Insurance & Bonding	2,850	923
Other Fixed Charges	19,422	21,580
Capital Outlay	16,803	11,528
Other Expenses	34,086	11,960
Total Operating Expenses	2,532,981	2,550,509
Operating Income (Loss)	14,700,499	15,564,833
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Federal Grants	25,178,441	29,915,181
Interest Income	8,513,508	(1,820,552)
Grants, Aid and Subsidies	(4,364,994)	(7,576,821)
Sale of Surplus Property		
Gain (loss) on Sale of Property & Equipment		
Miscellaneous	(54,548)	(45,956)
Total Nonoperating Revenues	29,272,407	20,471,852
Income Before Transfers	43,972,906	36,036,685
Transfers In	5,100,000	5,000,000
Transfers Out	(470,732)	(177,013)
Increase in Net Assets	48,602,174	40,859,672
Net Assets July 1	1,065,352,499	1,024,492,826
Net Assets June 30	\$ 1,113,954,674	\$ 1,065,352,499

**STATE OF NORTH CAROLINA**  
**EPA Revolving Loan Fund**  
**Combining Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2016 and 2015**

**Exhibit 3**

	Clean Water Program	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 2,010,229	\$ 2,910,075
Payments to employees and fringe benefits	(2,407,105)	(2,429,354)
Payments to vendors and suppliers	(181,104)	(176,668)
Other Receipts/Payments	(34,085)	(11,960)
	<u>(612,065)</u>	<u>292,093</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Grants	25,175,000	29,915,333
Federal Recovery Funds (ARRA)		
Transfers in	5,100,000	5,000,000
Transfers out	(470,732)	(177,013)
Grants, Aid and Subsidies	(4,364,994)	(7,576,821)
	<u>25,439,274</u>	<u>27,161,499</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets		(35,845)
Sale of Surplus and Adjustment		
		<u>(35,845)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Redemptions from the State Treasurer L/T investment pool		
Purchase into State Treasurer L/T investment pool	(7,623,219)	(146,795,768)
Repayment on loans	69,429,943	54,516,188
New loans issued	(98,578,034)	(118,323,994)
Interest on loans	15,285,441	15,061,357
Other	8,427,624	(2,054,314)
	<u>(13,058,245)</u>	<u>(197,596,531)</u>
Net Increase (decrease) in total Cash and Cash Equivalents	11,768,964	(170,178,785)
Cash and Cash Equivalents, Beginning of Year	135,777,801	305,956,584
	<u>\$ 147,546,765</u>	<u>\$ 135,777,801</u>
<b>RECONCILIATION OF NET OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ 14,700,499	15,564,833
Adjustments to Reconcile Operating Income to Net		
Depreciation/Amortization Expense	7,769	4,785
Cash Flow provided by Operating Activities:		
Nonoperating loan interest income	(15,223,251)	(15,205,267)
Pension Expense	34,978	59,617
Other - TSERS Allocations for Miscellaneous Expense	24,116	
(Increase) Decrease in Current Assets	(167,283)	(167,581)
Increase (Decrease) in Liabilities	11,107	35,706
	<u>\$ (612,065)</u>	<u>292,093</u>
<b>NONCASH INVESTING ACTIVITIES</b>		
Assets Acquired Through the Assumption of a Liability		
Change in fair value of investments		

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## **Appendix E – FFATA Capitalization Projects**

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FFATA List of Projects in Cap Grants

	Project Number	FFATA Projects	PF Min	PF Reported	PF Max	Green
<b>2015 Cap Grant</b>	<b>\$ 20,546,063</b>		<b>\$4,111,800</b>	<b>\$ 4,295,975</b>	<b>\$ 6,167,700</b>	
Bertie County Water Dist, IV	1897			\$ 500,000		
Canton	1898			\$ 2,464,200		
Woodland	1899			\$ 331,775		
Fork Township	1900			\$ 500,000		
Sharpsburg	1902			\$ 500,000		
<b>2014 Cap Grant</b>	<b>\$ 20,695,000</b>		<b>\$ 4,139,000</b>	<b>\$ 5,096,350</b>	<b>\$ 6,208,500</b>	
Tuckaseegee WSA	1789			\$ 2,696,350		
Badin W&SA	1673			\$ 2,400,000		\$5,948,630.00
<b>2013 Cap Grant</b>	<b>\$ 22,084,000</b>		<b>\$ 4,416,800</b>	<b>\$ 5,562,400</b>	<b>\$ 6,625,200</b>	
Garland, Town of	1775					\$254,375.00
Henderson, City of	1692					\$968,618.00
Henderson, City of	1694					\$1,831,483.00
Kittrell Water Association, Inc.	1765					\$256,005.00
Ahoskie, Town of	1832			\$ 762,400		
Beaufort County Water District VI - Chocowinity/Richland	1741			\$ 2,400,000		
Denton, Town of	1643			\$ 2,400,000		
<b>2012 Cap Grant</b>	<b>\$ 17,467,080</b>		<b>\$ 3,493,416</b>	<b>\$ 5,004,816</b>	<b>\$ 5,240,124</b>	
Broadway Water Association, Inc.	1767					\$226,960.00
Louisburg, Town of	1682					\$213,560.00
North Lenoir Water Corporation	1748					\$2,200,000.00
Peachland, Town of	1764					\$111,149.00
Landis	1834			\$ 736,800		
Pink Hill, Town of	1731			\$ 175,404		\$219,255.00
Aulander, Town of	1733			\$ 177,876		
Black Creek, Town of	1676			\$ 310,960		
Martin County Regional Water And Sewer Authority	1760			\$ 1,610,400		
Ossipee, Town of	1825			\$ 1,993,376		
<b>2011 Cap Grant</b>	<b>\$ 24,698,000</b>		<b>\$ 4,939,600</b>	<b>\$ 7,212,105</b>	<b>\$ 8,419,604</b>	<b>\$5,613,069</b>
Aqua North Carolina, Inc.	1691					\$2,093,076
Asheboro, City of	1718					\$475,857
Bryson City, Town of	1713					\$1,159,995
Greene, County of	1745					\$1,585,613
Henderson, City of	1693					\$293,928
Norlina, Town of	1681					\$257,235
Red Springs, Town of	1687					\$358,533
Saratoga, Town of	1677					\$96,450
South Greene Water Corporation	1737					\$580,000
Warren County Water System District II	1680					\$233,354
Waynesville, Town of	1704					\$329,868
Asheville, City of	1593			\$ 358,580		
Macon, County of	1275			\$ 2,531,090		
Middlesex, Town of	1700			\$ 418,992		
Robbins, Town of	1696			\$ 150,297		
Snow Hill, Town of	1635			\$ 632,346		
Spruce Pine, Town of	1649			\$ 1,940,800		
Taylorsville, Town of	1720			\$ 1,180,000		
<b>2010 Cap</b>			<b>\$ 7,118,600</b>	<b>\$ 10,331,300</b>	<b>\$ 10,677,900</b>	<b>\$7,118,600</b>
Benson, Town of	1701					\$510,000
Conover, City of	1646					\$377,500
Conover, City of	1645					\$724,928
Elizabethtown, Town of	1626					\$295,070
Johnston, County of	1061B					\$5,097,577
Jones, County of	1634					\$2,015,000
Raleigh, City of	1703					\$7,343,137
Roanoke Rapids Sanitary District	1661					\$1,146,261
Beaufort County Water District I - Washington Township	1735			\$ 2,400,000		
Columbus County W & S District II	1638			\$ 1,500,908		
Cumberland, County of	1662			\$ 432,642		
Duplin County Water District E	1636			\$ 734,125		
Duplin County Water District G	1632			\$ 810,214		
Greene County	1637			\$ 2,400,000		
Mount Olive, Town of	1629			\$ 1,750,280		
North Wilkesboro, Town of	1647P			\$ 20,000		
Ramseur, Town of	1642			\$ 283,131		



**Appendix C – State Reserve Programs Annual Report**



A photograph of a water treatment facility showing several vertical black pipes with various valves and sensors. The pipes are mounted on a wall and have blue and white markings. There are red-handled valves at the top and brass-colored components with sensors in the middle. The background is a light-colored wall with a window on the right.

# State Wastewater and Drinking Water Reserve Annual Report

State of North Carolina

Fiscal Year 2015-2016

September 30, 2016

*Financing Community Water Needs*

*The North Carolina Legislature passed legislation for the state wastewater reserve and state drinking water reserve to address water quality and public health issues in smaller, financially disadvantaged communities.*

## Table of Contents

Introduction.....	3
Overview of Programs .....	3
Legislative Changes .....	4
Available Funds .....	5
Purposes of Funding Programs .....	5
State Reserve Loans .....	5
State Emergency Loans.....	5
State Reserve Grants .....	6
Asset Inventory and Assessment Grants .....	6
Merger/Regionalization Feasibility Grants.....	7
Project Funding.....	7
Prioritization .....	7
State Reserve Funding for Fiscal Year .....	9
Financial Health .....	10
Appendix A — Active Projects within the State Water Infrastructure Reserve Programs	
Appendix B — Financial Information Related to the State Water Infrastructure Reserve Programs	

## Introduction

The Division of Water Infrastructure (the Division) in the North Carolina Department of Environment Quality (DEQ) administers financial assistance programs to assist local government units (LGUs) in constructing water infrastructure projects that both benefit water quality and public health and improve the human environment.

The Division administers the Clean Water State Revolving Fund (CWSRF), Drinking Water State Revolving Fund (DWSRF), the infrastructure grants for the Community Development Block Grant program, and the State Reserve programs. This report specifically details the annual activities of the State Drinking Water and Wastewater Reserve Loan and Grant programs.

As a result of legislative changes in 2015, significant changes were made to the grant and loan programs that utilize these funds. For construction projects, the High Unit Cost (HUC) grant program has been updated and renamed the State Project Grant program. This program now provides funding for eligible projects as a combination of loan and grant funds. Based on affordability criteria, a

community may be awarded a percentage of the total project funding as a grant with the remainder of the funding provided as a loan.

The legislative changes also allowed for the creation of two new grant programs: Asset Inventory and Assessment (AIA) grants and Merger/Regionalization Feasibility (MRF) grants. The Technical Assistance Grant (TAG) program of the past has been eliminated.

As part of the Water Infrastructure Fund statutes, G.S. 159G-26(a) requires an annual report on the status of the State Wastewater Reserve (SWWR) and State Drinking Water Reserve (SDWR) for the previous state fiscal year. For the purposes of this report, the most recently completed state fiscal year is FY 2015-2016.

The following sections discuss (1) the overview of the programs, (2) the goals of both the grant funding programs and loan funding programs, (3) project funding, and (4) project benefits.

## Overview of Programs

In 2015, legislation established a definition of “affordability” that is used to ensure that funds are available to communities with the greatest economic need. The legislative changes also broadened

the use of grant funds to allow for proactive management activities.



## Legislative Changes

*The State Water Infrastructure Authority utilizes information provided by Division staff to determine the best distribution of grant funding from the State Wastewater Reserves and State Drinking Water Reserves.*

The North Carolina General Assembly created the State Water Infrastructure Authority (the Authority), which consists of nine members: three *ex officio* members, two members appointed by the North Carolina House of Representatives, two members appointed by the North Carolina Senate, and two members appointed by the Governor. The legislation provides twelve duties for the Authority, including ranking applications for funding, establishing priority rating systems, and selecting applications that are eligible for funding through the state programs.

The Authority's 2014 annual report to the legislature recommended modifications to NCGS 159G to broaden the use of grant funds to encourage proactive management activities and to ensure that state reserve program funds are targeted to the most economically distressed communities. In response to these recommendations, the General Assembly approved legislation (SL2015-241) that included three key changes: (1) defining "affordability," which considers the relative affordability of a project for a particular community compared to other communities in the state; (2) stretching the use of limited grant funds by pairing grants with loans when financially feasible for communities; and (3) broadening the use of grant funds to utilities to pursue more proactive management through

the Asset Inventory and Assessment grant program and the Merger/Regionalization Feasibility grant program.

The revised legislation defines affordability as the relative affordability of a project for a community compared to other communities in the state based on the following factors, at a minimum: water and sewer service rates, median household income (MHI), poverty rates, employment rates, the population of the community served, and past expenditures by the community on water infrastructure compared to that community's capacity for financing water infrastructure improvements.

The Division created an Affordability Criteria methodology based on these parameters that evaluates four key measures: (1) population; (2) LGU economic indicators, including population change, percent of population below poverty, median household income, unemployment, and property valuation per capital; (3) future operating ratio, incorporating current debt load as well as the impact of the proposed project; and (4) current utility bills and future debt per connection. These four criteria are used for funding prioritization and, for project grants, to determine the loan/grant mix available to the LGU.

## Available Funds

In FY 2015-2016, the General Assembly appropriated \$7.4 million in grant funding to be awarded through the SWWR and SDWR programs. Additional funds were made available by allowing the Division to move excess matching funds not needed for the CWSRF and DWSRF into the state reserve for grants. This,

along with reconciliation of closed out grant projects, made \$8.69 million available for the funding round. (These figures do not include funds designated to certain projects through special budget provisions.)

## Purposes of the Funding Programs

GS 159G provides the framework for the funding programs administered by the Division, which for the state programs

includes the State Reserve Loan (SRL), State Emergency Loan (SEL), State Reserve Grants (SRG), AIA grants, and MRF

### State Reserve Loans

The SRL program provides low-interest loans through the SWWR and SDWR funds, which provide a long-term source of funding since loan repayments are used for additional loans. These loans can provide substantial saving in interest costs. SRL loans do not have the federal conditions of other programs and as a result cost less to administer by the LGU. The affordability criteria are used to determine the mix of grants (see discussion above) to loans for each project. The amount of targeted interest loans awarded for each system over three consecu-

tive fiscal years may not exceed \$3 million per applicant per system type. Loans at the base interest rate are available for a maximum \$3 million each year per applicant per system type.

The state project loans provide the benefit of low- or no-interest loans to LGUs who need funding to improve their wastewater or drinking water infrastructure. Where economically feasible, using a grant/loan mix stretches grant dollars to ensure that grant funds are used where they are most needed.

### State Emergency Loans

An emergency loan is available through the SWWR fund in the event that the Secretary of the Department of Environmental Quality certifies that a serious

public health hazard related to the inadequacy of an existing wastewater collection system or wastewater treatment works is present or imminent in a commu-



*After initial awards of AIA grants in the April 2016 funding round, several local government units within the state will be able to move forward with inventory work for both water and wastewater systems.*

*Demand for AIA grants was approximately \$20 million. Only 25% of these funding requests were awarded.*

nity. Similarly, an emergency loan is available through the SDWR fund if the Secretary certifies that either a serious public health hazard or drought emergency related to the water supply system is present or imminent in a

community. Decisions regarding SEL loans are determined by the Department and not the Authority. In the last fiscal year, one SEL was awarded.

## State Reserve Grants

**G**rants are available through the SWWR and SDWR funds to cover a portion or all of the construction costs associated with water or wastewater infrastructure. These projects will enable the rehabilitation of treatment plants, collection systems, and distribution systems that have fallen into disrepair. The purpose of the SRG is to enable financially disadvantaged communities to address water quality or public health issues related to water infrastructure.

Eligibility for grants is determined based on affordability criteria (see above discussion). The amount of SRG awarded for each system over three consecutive fiscal years may not exceed \$3 million per applicant per system type. However, in the last fiscal year, there were limited grant funds available and only one project received a \$3 million grant.

## Asset Inventory and Assessment Grants

**F**or many LGUs, water and sewer infrastructure consists of old, buried infrastructure that a town or mill installed 50, 70, or 100 years in the past. The varying age and condition of water infrastructure is a challenge for utility staff to manage. Asset inventory and assessment grants are available to inventory the existing water and/or sewer system and document the condition of the inventoried infrastructure. These grants enable utilities to identify system components, determine the condition of critical components, establish capital costs and operating and maintenance costs, prioritize projects, and prepare a realistic Capital Improvement Plan. Hav-

ing this information empowers utilities to become more proactive in management and financing for their systems by identifying their most critical needs, ensuring that financing for capital improvements is used most efficiently.

These grants are available through the SWWR and SDWR and provide funds to LGUs and nonprofit water corporations. Affordability criteria do not apply to applicants for eligibility for these grants, but a local match is required. Grants are limited to \$150,000 over a period of three fiscal years per applicant per system type.

*Merger/Regionalization Study Grants will enable local governments to study and determine the best solution to their water or wastewater system needs.*

## Merger/Regionalization Study Grants

Utilities may operate more efficiently under different organizational structures or by gaining economies of scale for treatment facilities. Merger/regionalization feasibility (MRF) grants are available to determine the feasibility of consolidating the management of multiple utilities into a single utility operation, utilizing management companies, and developing shared resources with other LGUs, to provide regional treatment, and the best way of carrying out the consolidation or regionalization alternatives [159G-33(a)(3)]. The purpose of these grants is to allow a utility to identify the challenges, benefits, and implications and then work

with potential partners. These MRF grants are especially helpful for systems that may be non-compliant or non-viable. These grants also offer a benefit to systems seeking to find opportunities to improve their operational efficiency by joining with another utility provider.

These grants are limited to \$50,000 over a period of three fiscal years per applicant per system type. Affordability criteria do not limit eligibility or grant percentages for this program.

## Project Funding

For the wastewater and drinking water SELs, LGUs may submit applications at any point during the year [159G-39(b)].

For other grant and loan programs, applications are accepted and reviewed during pre-determined funding rounds one-to-two times per year.

For the SRG/SRL grant/loan program, applications have typically been accepted in the fall. In fiscal

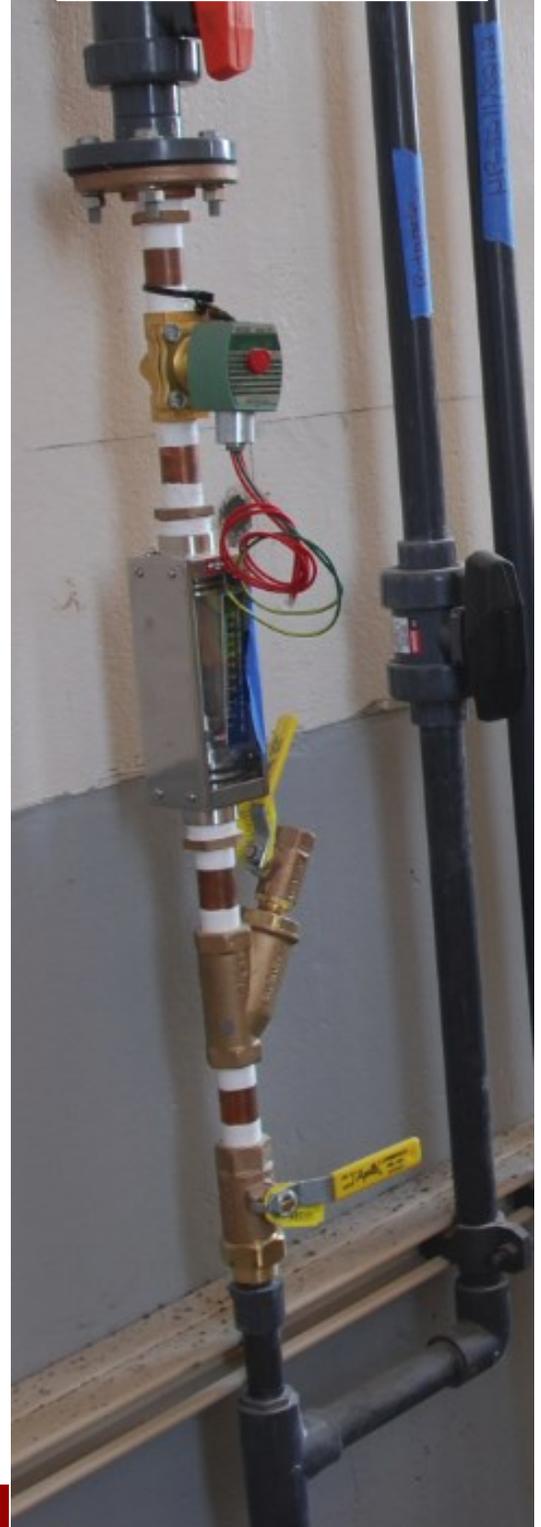
year 2015-2016, the General Assembly did not approve a budget in time for a fall application round, so applications were accepted in April 2016. Applications for the new AIA and MRF grant programs were also accepted during this round for the same reason.

The following sections discuss the prioritization methodology utilized for the grant programs.

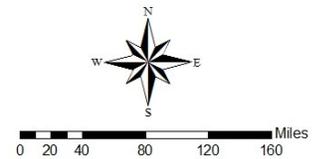
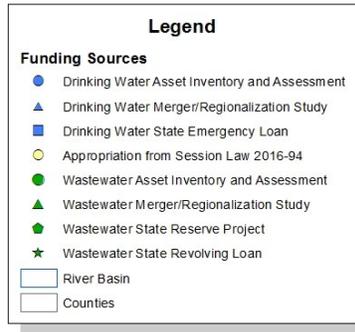
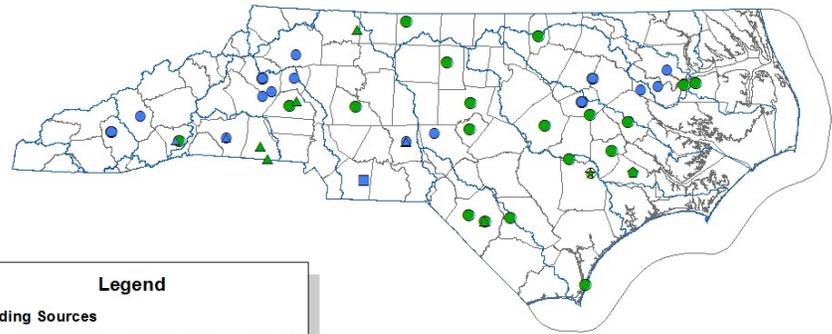
## Prioritization

In the SRG/SRL grant/loan programs, the Authority approved a prioritization system that is similar to the CWSRF and DWSRF funding rounds. Division staff utilize these systems to evaluate projects.

For project grants and loans, Division staff rank projects based on (1) project purpose, (2) project benefits (3) system management, and (4) affordability. Additionally, the affordability criteria are



*Through the State Revolving Loan awarded by the Authority, Duplin County has the funding needed to make septic system improvements at the B.F. Grady Elementary School.*



**Figure 1. State Reserve Loan and Grant Distribution**

used to determine the eligibility of a project for a grant and (2) the percentage of grant and loan offered to each applicant.

For the AIA grants, Division staff evaluate and rank applications based on (1) project benefits, (2) system management, and (3) affordability with a goal of prioritizing applications that reflect the greatest likelihood that information obtained through the grant will be utilized for future management of the system.

For the MRF grants, Division staff evaluate and rank applications based on (1) technical status, (2) organizational status, and (3) affordability status to prioritize those systems with fewer connections, more compliance issues, smaller staffs, greater financial barriers, or any combination of the above that may hinder system viability and the ability to self-fund

or conduct a feasibility study.

The priority systems for all of the state reserve programs incorporate portions of the affordability criteria that were first implemented in the April 2016 funding round for evaluating applications. However, for the MRF and AIA grant programs, all LGUs who receive funding receive 100 percent grants from the Division. For the AIA program, a match must be provided. This match is based on the affordability criteria.

Please note that with all of the state grant and loan programs, the Division provides the Authority with a list of projects ranked according to prioritization score. The Authority makes final funding determinations.

Figure 1 shows the distribution of state reserve grants and loans across the state.

## State Reserve Funding for Fiscal Year

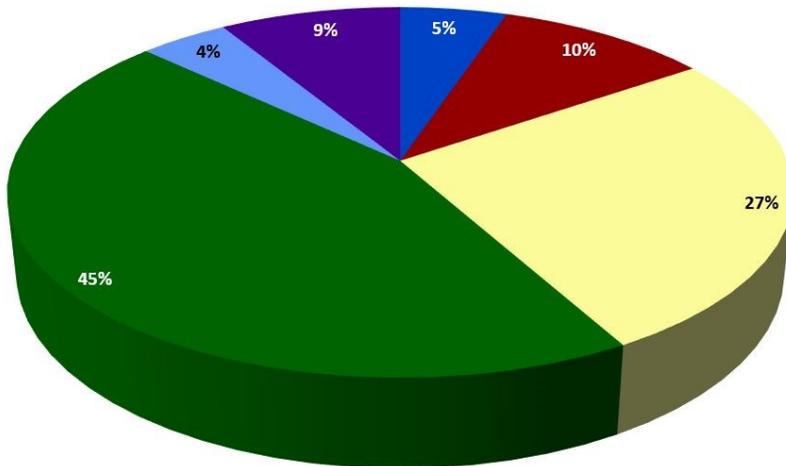
As mentioned above, the Authority determines the funding for all of the grant and loan programs and therefore the funding allocation among the different grant programs. The demand for grants far exceeds available funds. In the April 2016 application round, the Division received sixteen wastewater SRP applications and four drinking water SRP applications for a total of \$51,255,752 (\$44,052,424 wastewater and \$7,203,328 drinking water). The Authority awarded \$3 million in funding for one wastewater project that received the funds as 100 percent grant under affordability criteria. In addition, \$1,175,000 was awarded as a SRL to match grant funds provided by Session Law 2016-94. For

the AIA grant program, the Division received 185 applications for a requested amount of \$20,376,775. The Authority awarded funding for 42 projects for a total of \$5,129,444. For the MRF program, the Division received eleven applications for a total of \$490,000 and awarded grants to all eleven applicants.

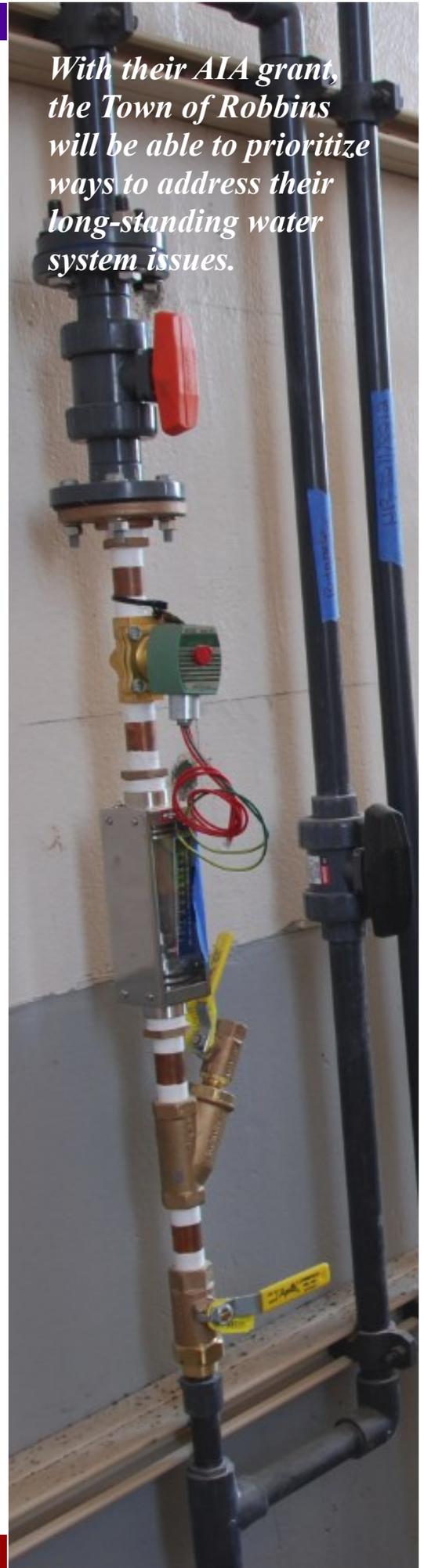
Figure 2 shows the breakdown of how the awarded funds were split among the programs. Appendix A contains an itemized listing of the funding awarded during FY 2015-2016.

Figure 2. Distribution of Funds Awarded Among Programs

- SEL Funding
- SRL Funding
- SPR Funding
- AIA Funding
- MRF Funding
- Specially Appropriated Funding



*With their AIA grant, the Town of Robbins will be able to prioritize ways to address their long-standing water system issues.*



## Financial Health

**D**uring Fiscal Year 2015-2016, the Division completed binding commitments related to the wastewater reserve general loan account for zero infrastructure projects under the SRL program. In addition, one project received a binding commitment for an emergency loan. This emergency loan totaled \$601,800.

Ongoing project costs continued to be reimbursed from the general loan, High Unit Cost Grant, and Technical Assistance Grants, and emergency loan accounts. Appendix B contains the financial status of the SWWR and SDWR projects.





**Appendix A – Active Projects within the State  
Water Infrastructure Reserve Programs**



Projects Awarded Funding under the State Reserve Program for Fiscal Year 2015-2016

Owner Name	Project Name	Project Type	Basin	County	System Type	Funding Type	Funding Source	Requested Funding
Marshville, Town of		Water Line Rehabilitation & Replacement	Yadkin	Union	Water	Loan	SEL	\$590,000
Duplin County	B.F. Grady School Sanitary Sewer Improvements	Collection System Expansion	Cape Fear	Duplin	Wastewater	Grant	Session Law 2016-94	\$1,000,000
Duplin County	B.F. Grady School Sanitary Sewer Improvements	Collection System Expansion	Cape Fear	Duplin	Wastewater	Loan	SRL	\$1,175,000
Rocky Mount, City of	2016 AIA Wastewater Project	N/A	Tar-Pamlico	Nash/Edgecombe	Wastewater	Grant	AIA	\$150,000
Henderson, City of	Wastewater Infrastructure Assessment	N/A	Tar-Pamlico	Vance	Wastewater	Grant	AIA	\$125,000
Salisbury, City of	Asset Inventory and Assessment Grant for Water	N/A	Yadkin	Rowan	Water	Grant	AIA	\$130,000
Lenoir, City of	Sewer AIA Grant	N/A	Catawba	Caldwell	Wastewater	Grant	AIA	\$140,000
Kinston, City of	Wastewater Asset Management Plan	N/A	Neuse	Lenoir	Wastewater	Grant	AIA	\$150,000
Pittsboro, Town of	Sewer Asset Inventory, Condition Assessment and Asset Management Planning	N/A	Cape Fear	Chatham	Wastewater	Grant	AIA	\$150,000
Broad River Water Authority	Water Asset Inventory and Assessment	N/A	Broad	Rutherford	Water	Grant	AIA	\$150,000
Rocky Mount, City of	2016 AIA Drinking Water Project	N/A	Tar-Pamlico	Nash/Edgecombe	Water	Grant	AIA	\$150,000
Mount Olive, Town of	Asset Inventory & Assessment Grant for Sewer	N/A	Neuse	Wayne	Wastewater	Grant	AIA	\$150,000
Winterville, Town of	Sanitary Sewer System Asset Inventory and Assessment	N/A	Neuse	Pitt	Wastewater	Grant	AIA	\$150,000
Tuckaseegee Water and Sewer Authority	Wastewater Asset Inventory and Assessment - Phase 1	N/A	Little Tennessee	Jackson	Wastewater	Grant	AIA	\$74,801
Tuckaseegee Water and Sewer Authority	Drinking Water Asset Inventory and Assessment - Phase 1	N/A	Little Tennessee	Jackson	Water	Grant	AIA	\$75,225
Lenoir, City of	Water AIA Grant	N/A	Catawba	Caldwell	Water	Grant	AIA	\$80,000
Wilson, City of	Wastewater System Asset Inventory and Assessment	N/A	Neuse	Wilson	Wastewater	Grant	AIA	\$108,200
Lumberton, City of	Sewer Mapping and Asset Management Plan	N/A	Lumber	Robeson	Wastewater	Grant	AIA	\$150,000
Newton, City of	Water System Asset Management	N/A	Catawba	Catawba	Water	Grant	AIA	\$150,000
Dublin, Town of	FY 16 Asset Management Plan - Wastewater System	N/A	Cape Fear	Bladen	Wastewater	Grant	AIA	\$15,000
Smithfield, Town of	Water Asset Inventory and Assessment	N/A	Neuse	Johnston	Water	Grant	AIA	\$150,000
Montgomery County	Water Asset Management Plan	N/A	Yadkin	Montgomery	Water	Grant	AIA	\$150,000
Salisbury, City of	Asset Inventory and Assessment Grant for Sewer	N/A	Yadkin	Rowan	Wastewater	Grant	AIA	\$130,000
Wilson, City of	Water System Asset Inventory and Assessment	N/A	Neuse	Wilson	Water	Grant	AIA	\$106,700

Projects Awarded Funding under the State Reserve Program for Fiscal Year 2015-2016

Owner Name	Project Name	Project Type	Basin	County	System Type	Funding Type	Funding Source	Requested Funding
Roper, Town of	System-wide Wastewater Asset Inventory and Assessment	N/A	Pasquotank	Washington	Wastewater	Grant	AIA	\$100,225
Newton, City of	Wastewater System Asset Management	N/A	Catawba	Catawba	Wastewater	Grant	AIA	\$150,000
Smithfield, Town of	Wastewater Asset Inventory and Assessment	N/A	Neuse	Johnston	Wastewater	Grant	AIA	\$150,000
Taylorsville, Town of	Drinking Water AIA	N/A	Catawba	Alexander	Water	Grant	AIA	\$54,268
Robbins, Town of	Water Asset Management Plan	N/A	Cape Fear	Moore	Water	Grant	AIA	\$97,587
Burlington, City of	Sewer Asset Inventory, Condition Assessment and Asset Management Planning	N/A	Cape Fear	Alamance	Wastewater	Grant	AIA	\$150,000
Stantonsburg, Town of	Sewer System Asset Inventory & Assessment	N/A	Neuse	Wilson	Wastewater	Grant	AIA	\$100,000
Plymouth, Town of	Wastewater Asset Management Plan	N/A	Roanoke	Washington	Wastewater	Grant	AIA	\$146,585
Stoneville, Town of	Sewer Asset Inventory & Assessment Program	N/A	Roanoke	Rockingham	Wastewater	Grant	AIA	\$90,000
Carolina Beach, Town of	2016 AIA Wastewater Project	N/A	Cape Fear	New Hanover	Wastewater	Grant	AIA	\$150,000
Pembroke, Town of	Wastewater AIA	N/A	Lumber	Robeson	Wastewater	Grant	AIA	\$150,000
Granite Falls, Town of	Water System Asset Management	N/A	Catawba	Caldwell	Water	Grant	AIA	\$150,000
Williamston, Town of	Water System Asset Inventory Assessment	N/A	Roanoke	Martin	Water	Grant	AIA	\$150,000
Rutherford College, Town of	Drinking Water AIA	N/A	Catawba	Burke	Water	Grant	AIA	\$52,541
Bertie County Water District IV	Drinkin Water Asset Inventory and Assessment	N/A	Roanoke	Bertie	Water	Grant	AIA	\$88,800
Sanford, City of	Sewer Asset Inventory, Condition Assessment and Asset Management Planning	N/A	Cape Fear	Lee	Wastewater	Grant	AIA	\$150,000
Hendersonville, City of	Sanitary Sewer System Asset Inventory and Assessment	N/A	French Broad	Henderson	Wastewater	Grant	AIA	\$150,000
Wilkesboro, Town of	Water System Asset Inventory and Condition Assessment	N/A	Yadkin	Wilkes	Water	Grant	AIA	\$150,000
Wilson County - Southeast Water District	Drinking Water District Asset Inventory and Assessment	N/A	Neuse	Wilson	Water	Grant	AIA	\$90,000
Clyde, Town of	Water System Asset & Inventory Assessment	N/A	French Broad	Haywood	Water	Grant	AIA	\$50,000
Robersonville, Town of	Water Asset Management Plan	N/A	Tar-Pamlico	Martin	Water	Grant	AIA	\$124,512
Grover, Town of	Wastewater Treatment Merger/Regionalization Feasibility Study	N/A	Broad	Cleveland	Wastewater	Grant	MRF	\$50,000
Handy Sanitary District	Sewer System Merger Study	N/A	Yadkin	Davidson/Montgomery	Wastewater	Grant	MRF	\$50,000
Broad River Water Authority	Merger/Regionalization Study	N/A	Broad	Rutherford	Water	Grant	MRF	\$50,000
Cleveland County	Merger/Regionalization Feasibility Grant for Sewer	N/A	Broad	Cleveland	Wastewater	Grant	MRF	\$50,000

Projects Awarded Funding under the State Reserve Program for Fiscal Year 2015-2016

Owner Name	Project Name	Project Type	Basin	County	System Type	Funding Type	Funding Source	Requested Funding
Claremont, City of	Wastewater Treatment Merger/Regionalization Study	N/A	Catawba	Catawba	Wastewater	Grant	MRF	\$50,000
Handy Sanitary District	Water System Merger Study	N/A	Yadkin	Davidson/Montgomery	Water	Grant	MRF	\$50,000
Laurel Park, Town of	Water System Merger Feasibility Study	N/A	French Broad	Henderson	Water	Grant	MRF	\$40,000
Pilot Mountain, Town of	Water Merger/Regionalization Feasibility Grant	N/A	Yadkin	Surry	Water	Grant	MRF	\$50,000
Pilot Mountain, Town of	Sewer Merger/Regionalization Feasibility Grant	N/A	Yadkin	Surry	Wastewater	Grant	MRF	\$50,000
Lumberton, City of	Regional Wastewater Study	N/A	Lumber	Robeson	Wastewater	Grant	MRF	\$50,000
Trenton, Town of	2016 Wastewater Improvements Project	Collection System Rehabilitation and Repair	Neuse	Jones	Wastewater	Grant	SRP	\$3,000,000



**Appendix B – Financial Information Related to the State Water  
Infrastructure Reserve Programs**



Disbursements July 1, 2015 - June 30, 2016 State Projects

Project Number (Internal)	Long Project and Recipient Desc	Project		Transaction Time	Project Account GL Center	Transaction Amount
		Account Budget Code Desc	Project Account GL Account			
100694	PRJ100694 TOWN OF GARLAND	24327	536919	E-TAG-W-2014-00000002-2320-536919	07/06/2015	2320 (\$1,800.00)
100694	PRJ100694 TOWN OF GARLAND	24327	536919	E-TAG-W-2014-00000002-2320-536919	09/01/2015	2320 (\$1,575.00)
100694	PRJ100694 TOWN OF GARLAND	24327	536919	E-TAG-W-2014-00000002-2320-536919	10/06/2015	2320 (\$2,000.00)
100694	PRJ100694 TOWN OF GARLAND	24327	536919	E-TAG-W-2014-00000002-2320-536919	11/03/2015	2320 (\$1,970.00)
100694	PRJ100694 TOWN OF GARLAND	24327	536919	E-TAG-W-2014-00000002-2320-536919	12/08/2015	2320 (\$1,899.00)
100694	PRJ100694 TOWN OF GARLAND	24327	536919	E-TAG-W-2014-00000002-2320-536919	01/05/2016	2320 (\$1,970.00)
100694	PRJ100694 TOWN OF GARLAND	24327	536919	E-TAG-W-2014-00000002-2320-536919	03/01/2016	2320 (\$1,970.00)
100694	PRJ100694 TOWN OF GARLAND	24327	536919	E-TAG-W-2014-00000002-2320-536919	03/29/2016	2320 (\$1,970.00)
100694	PRJ100694 TOWN OF GARLAND	24327	536919	E-TAG-W-2014-00000002-2320-536919	06/21/2016	2320 (\$1,970.00)
100728	PRJ100728 BAY RIVER METROPOLITAN	24327	536919	E-TAG-W-2014-00000004-2320-536919	11/24/2015	2320 (\$10,359.00)
100759	PRJ100759 CITY OF LOWELL	24327	536919	E-TAG-W-2015-00000019-2320-536919	08/04/2015	2320 (\$10,875.00)
100759	PRJ100759 CITY OF LOWELL	24327	536919	E-TAG-W-2015-00000019-2320-536919	09/01/2015	2320 (\$3,500.00)
100760	PRJ100760 TOWN OF RAMSEUR	24327	536919	E-TAG-W-2015-00000012-2320-536919	09/22/2015	2320 (\$14,400.00)
100760	PRJ100760 TOWN OF RAMSEUR	24327	536919	E-TAG-W-2015-00000012-2320-536919	10/27/2015	2320 (\$7,350.00)
100760	PRJ100760 TOWN OF RAMSEUR	24327	536919	E-TAG-W-2015-00000012-2320-536919	02/09/2016	2320 (\$5,300.00)
100764	PRJ100764 CITY OF ASHEBORO	24327	536919	E-TAG-W-2015-00000009-2320-536919	07/28/2015	2320 (\$9,449.00)
100764	PRJ100764 CITY OF ASHEBORO	24327	536919	E-TAG-W-2015-00000009-2320-536919	02/02/2016	2320 (\$6,286.00)
100765	PRJ100765 TOWN OF BAILEY	24327	536919	E-TAG-W-2015-00000014-2320-536919	08/04/2015	2320 (\$17,003.00)
100765	PRJ100765 TOWN OF BAILEY	24327	536919	E-TAG-W-2015-00000014-2320-536919	05/03/2016	2320 (\$31,397.00)
100787	PRJ100787 TOWN OF WOODLAND	24327	536919	E-TAG-W-2015-00000017-2320-536919	02/23/2016	2320 (\$46,600.00)
100791	PRJ100791 TOWN OF HOOKERTON	24327	536919	E-TAG-W-2015-00000016-2320-536919	03/15/2016	2320 (\$49,750.00)
100794	PRJ100794 CITY OF EDEN	24327	536919	E-TAG-W-2014-00000008-2320-536919	04/05/2016	2320 (\$50,000.00)
100800	PRJ100800 TOWN OF WILLIAMSTON WTR SI	24327	536919	E-TAG-W-2014-00000001-2320-536919	04/05/2016	2320 (\$36,693.00)
100804	PRJ100804 YADKIN VALLEY SEWER AUTHOR	24327	536919	E-TAG-W-2015-00000010-2320-536919	04/19/2016	2320 (\$41,225.00)
						<b>2320 (\$357,311.00)</b>

Disbursements July 1, 2015 - June 30, 2016 State Projects

Project Number (Internal)	Long Project and Recipient Desc	Project Account Budget Code Desc	Project Account GL Account	Long Project Account Desc	Transaction Time	Project Account GL Center	Transaction Amount
100748	PRJ100748 MARTIN COUNTY	24327	536919	H-TAG-D-2014-00000003-2322-536919	11/09/2015	2322	(\$20,650.00)
100768	PRJ100768 TOWN OF ROPER	24327	536919	H-TAG-D-2015-00000005-2322-536919	09/22/2015	2322	(\$25,000.00)
100768	PRJ100768 TOWN OF ROPER	24327	536919	H-TAG-D-2015-00000005-2322-536919	04/26/2016	2322	(\$25,000.00)
100792	PRJ100792 TUCKASEIGEE WATER AND SEWI	24327	536919	H-TAG-D-2014-00000001-2322-536919	03/22/2016	2322	(\$24,600.00)
100813	PRJ100813 CITY OF BESSEMER CITY	24327	536919	H-TAG-T-2015-00000006-2322-536919	06/14/2016	2322	(\$50,000.00)
						<b>2322</b>	<b>(\$145,250.00)</b>

Project Number (Internal)	Long Project and Recipient Desc	Project Account Budget Code Desc	Project Account GL Account	Long Project Account Desc	Transaction Time	Project Account GL Center	Transaction Amount
100769	PRJ100769 TOWN OF FONTANA DAM	24327	536919	H-HUC-D-2014-00000001-2323-536919	10/06/2015	2323	(\$331,593.00)
100769	PRJ100769 TOWN OF FONTANA DAM	24327	536919	H-HUC-D-2014-00000001-2323-536919	11/17/2015	2323	(\$209,764.00)
100769	PRJ100769 TOWN OF FONTANA DAM	24327	536919	H-HUC-D-2014-00000001-2323-536919	01/20/2016	2323	(\$232,501.00)
100769	PRJ100769 TOWN OF FONTANA DAM	24327	536919	H-HUC-D-2014-00000001-2323-536919	02/16/2016	2323	(\$19,656.00)
100769	PRJ100769 TOWN OF FONTANA DAM	24327	536919	H-HUC-D-2014-00000001-2323-536919	03/08/2016	2323	(\$37,014.00)
100769	PRJ100769 TOWN OF FONTANA DAM	24327	536919	H-HUC-D-2014-00000001-2323-536919	04/12/2016	2323	(\$166,725.00)
100769	PRJ100769 TOWN OF FONTANA DAM	24327	536919	H-HUC-D-2014-00000001-2323-536919	05/03/2016	2323	(\$137,856.00)
100769	PRJ100769 TOWN OF FONTANA DAM	24327	536919	H-HUC-D-2014-00000001-2323-536919	06/07/2016	2323	(\$154,037.00)
						<b>2323</b>	<b>(\$1,289,146.00)</b>

Disbursements July 1, 2015 - June 30, 2016 State Projects

Project								
Project Number (Internal)	Long Project and Recipient Desc	Project Account Budget Code Desc	Project Account GL Account	Long Project Account Desc	Transaction Time	Project Account GL Center	Transaction Amount	
100770	PRJ100770 COUNTY OF STOKES	24327	536919	E-SAP-T-2014-00000002-2328-536919	10/20/2015	2328	(\$482,500.00)	
							2328	(\$482,500.00)

Project								
Project Number (Internal)	Long Project and Recipient Desc	Project Account Budget Code Desc	Project Account GL Account	Long Project Account Desc	Transaction Time	Project Account GL Center	Transaction Amount	
100663	PRJ100663 TOWN OF NORWOOD	64304	536704	E-SRL-C-2014-00000067-6210-536704	07/14/2015	6210	(\$178,765.00)	
100663	PRJ100663 TOWN OF NORWOOD	64304	536704	E-SRL-C-2014-00000067-6210-536704	09/22/2015	6210	(\$53,974.00)	
100663	PRJ100663 TOWN OF NORWOOD	64304	536704	E-SRL-C-2014-00000067-6210-536704	11/09/2015	6210	(\$102,630.00)	
							6210	(\$335,369.00)

Disbursements July 1, 2015 - June 30, 2016 State Projects

Project Number (Internal)	Long Project and Recipient Desc	Project Account Budget Code Desc	Project Account GL Account	Long Project Account Desc	Transaction Time	Project Account GL Center	Transaction Amount
100690	PRJ100690 TOWN OF STANLEY	64304	536704	E-SRL-T-2014-00000087-6211-536704	08/04/2015	6211	(\$586,018.00)
100690	PRJ100690 TOWN OF STANLEY	64304	536704	E-SRL-T-2014-00000087-6211-536704	10/06/2015	6211	(\$444,968.00)
100690	PRJ100690 TOWN OF STANLEY	64304	536704	E-SRL-T-2014-00000087-6211-536704	12/08/2015	6211	(\$430,226.00)
100690	PRJ100690 TOWN OF STANLEY	64304	536704	E-SRL-T-2014-00000087-6211-536704	02/02/2016	6211	(\$250,061.00)
100709	PRJ100709 TOWN OF GREEN LEVEL	64304	536704	E-SRL-T-2012-00000089-6211-536704	07/21/2015	6211	(\$39,370.00)
100709	PRJ100709 TOWN OF GREEN LEVEL	64304	536704	E-SRL-T-2012-00000089-6211-536704	09/22/2015	6211	(\$71,169.00)
100709	PRJ100709 TOWN OF GREEN LEVEL	64304	536704	E-SRL-T-2012-00000089-6211-536704	12/21/2015	6211	(\$140,714.00)
100713	PRJ100713 CITY OF CONOVER	64304	536704	E-SRL-T-2013-00000091-6211-536704	07/14/2015	6211	(\$109,593.00)
100713	PRJ100713 CITY OF CONOVER	64304	536704	E-SRL-T-2013-00000091-6211-536704	08/25/2015	6211	(\$51,911.00)
100713	PRJ100713 CITY OF CONOVER	64304	536704	E-SRL-T-2013-00000091-6211-536704	02/02/2016	6211	(\$492,714.00)
100733	PRJ100733 YADKIN VALLEY SEWER AUTHOR	64304	536704	E-SRL-T-2012-00000088-6211-536704	07/28/2015	6211	(\$65,761.00)
100733	PRJ100733 YADKIN VALLEY SEWER AUTHOR	64304	536704	E-SRL-T-2012-00000088-6211-536704	09/15/2015	6211	(\$158,052.00)
100733	PRJ100733 YADKIN VALLEY SEWER AUTHOR	64304	536704	E-SRL-T-2012-00000088-6211-536704	06/01/2016	6211	(\$78,631.00)
						6211	(\$2,919,188.00)

Project Number (Internal)	Long Project and Recipient Desc	Project Account Budget Code Desc	Project Account GL Account	Long Project Account Desc	Transaction Time	Project Account GL Center	Transaction Amount
100697	PRJ100697 JOHNSTON COUNTY FINANCE	64304	536704	E-SEL-T-2014-00000052-6220-536704	07/14/2015	6220	(\$52,445.00)
						6220	(\$52,445.00)

Disbursements July 1, 2015 - June 30, 2016 State Projects

Project Number (Internal)	Long Project and Recipient Desc	Project Account Budget Code Desc	Project Account GL Account	Long Project Account Desc	Transaction Time	Project Account GL Center	Transaction Amount
100717	PRJ100717 CITY OF LUMBERTON	64304	536704	E-SEL-T-2013-00000050-6221-536704	09/08/2015	6221	(\$136,279.00)
100717	PRJ100717 CITY OF LUMBERTON	64304	536704	E-SEL-T-2013-00000050-6221-536704	12/08/2015	6221	(\$64,850.00)
						6221	(\$201,129.00)

Project Number (Internal)	Long Project and Recipient Desc	Project Account Budget Code Desc	Project Account GL Account	Long Project Account Desc	Transaction Time	Project Account GL Center	Transaction Amount
100493	PRJ100493 TOWN OF ELM CITY	64304	536919	E-TAG-P-2011-00000003-6231-536919	07/06/2015	6231	(\$12,500.00)
						6231	(\$12,500.00)

Project Number (Internal)	Long Project and Recipient Desc	Project Account Budget Code Desc	Project Account GL Account	Long Project Account Desc	Transaction Time	Project Account GL Center	Transaction Amount
100696	PRJ100696 CITY OF HICKORY	64318	536919	E-SRG-T-2008-00000140-6251-536919	04/05/2016	6251	(\$527,715.00)
						6251	(\$527,715.00)

Project Number (Internal)	Long Project and Recipient Desc	Project Account Budget Code Desc	Project Account GL Account	Long Project Account Desc	Transaction Time	Project Account GL Center	Transaction Amount
100486	PRJ100486 YANCEY COUNTY FINANCE OFFI	64318	536919	E-SRG-T-2005-00000141-6252-536919	05/03/2016	6252	(\$354,575.00)
100486	PRJ100486 YANCEY COUNTY FINANCE OFFI	64318	536919	E-SRG-T-2005-00000141-6252-536919	06/27/2016	6252	(\$157,572.00)
100696	PRJ100696 CITY OF HICKORY	64318	536919	E-SRG-T-2008-00000140-6252-536919	04/05/2016	6252	(\$527,716.00)
						6252	(\$1,039,863.00)