



North Carolina Department of Environment and Natural Resources
Division of Water Infrastructure

Pat McCrory
Governor

Kim H. Colson, P.E.
Acting Director

John E. Skvarla, III
Secretary

November 1, 2013

MEMORANDUM

TO: Mark Trogdon, Director
Fiscal Research Division of the Legislative Services Commission

FROM: John E. Skvarla, III

SUBJECT: Report on the Water Infrastructure Fund, Fiscal Year 2013

Enclosed is the subject report as required by G.S. 159G-26. The report is provided in a PDF electronic format and includes information on the last fiscal year, including total funds received, allocations made, and unallocated funds on hand in each account. Questions regarding this report should be directed to Kim H. Colson of the Division of Water Infrastructure at (919) 707-9177.

Enclosure

JMH

cc: Kim H. Colson

One
North Carolina
Naturally



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TO: Environmental Review Commission of the General Assembly
Sen. Brent Jackson, Co-Chair
Rep. Mike Hager, Co-Chair
Rep. Ruth Samuelson, Co-Chair

FROM: John E. Skvarla, III

SUBJECT: Report on the Water Infrastructure Fund, Fiscal Year 2013

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**NORTH CAROLINA
WATER INFRASTRUCTURE FUND
Annual Report
Fiscal Year 2013**

Prepared by
The Division of Water Infrastructure
Department of Environment and Natural Resources
John E. Skvarla, III, Secretary
November 1, 2013

EXECUTIVE SUMMARY

North Carolina Water Infrastructure Fund

Fiscal Year 2013

This annual report on the North Carolina Water Infrastructure Fund has been prepared pursuant to North Carolina General Statute 159G-26.

During Fiscal Year 2013 the Division of Water Quality, Infrastructure Finance Section^{*}, received a Clean Water State Revolving Fund Capitalization Grant from the Environmental Protection Agency (EPA) in the amount of \$25,507,000 with a State match of \$5,101,400. The State of North Carolina provided the required twenty percent State match for the EPA grants. The 2013 EPA Capitalization Grant was submitted following the close of June 30, 2013. The award details will be made available in the 2014 Annual Report.

The Division of Water Quality, Infrastructure Finance Section also completed administering EPA funds received under the American Recovery and Reinvestment Act of 2009 during Fiscal Year 2013. All projects were closed out and the grant is finished.

During Fiscal Year 2013 the wastewater reserve general loan account provided funding for 3 wastewater infrastructure projects for 3 local government units, all of which met the high-unit cost threshold (i.e., interest rate for the loan is 0%). These loans totaled \$4,214,489. In addition, 6 local government units received Emergency Loans. These Emergency Loans totaled \$3,220,150. Ongoing project costs continued to be reimbursed from the general loan, high unit cost grant, Technical Assistance Grants and, emergency loan accounts.

During Fiscal Year 2013 the Division of Water Resources^{*} received the 2011 EPA Drinking Water State Revolving Fund Capitalization Grant in the amount of \$29,637,600. The State of North Carolina has provided the required \$4,939,600 State match through appropriations. The Division of Water Resources has also continued to administer EPA funds received under the American Recovery and Reinvestment Act of 2009 during FY 2013.

Exhibits I through V in this report provide full details regarding the financial status of the Wastewater and Drinking Water Reserves within the North Carolina Water Infrastructure Fund. Detailed information about the Clean Water and Drinking Water State Revolving Fund accounts is contained in the respective EPA Annual Reports (copies attached).

^{*}Please note that this report does not reflect recent legislative changes from SL 2013-360 (Budget) that created the new Division of Water Infrastructure (DWI) and State Water Infrastructure Authority. Those changes were not effective during the FY12-13 report period.

Clean Water State Revolving Fund Annual Report

State of North Carolina

Fiscal Year 2012-2013

September 30, 2013



Clean Water Works!

Photo by: Martin Kane

Table of Contents

*The total reported
water quality needs for
the nation as of
January 1, 2008 are
\$298.1 billion.*

*—U.S. EPA Clean
Watersheds Needs
Survey*

Introduction.....	3
Overview of Program History.....	3
Program History.....	3
Financial History.....	4
Clean Water State Revolving Fund Goals	4
Short-Term Goals.....	5
Long-Term Goals.....	5
Project Funding.....	6
Prioritization	7
Funding Schedule.....	8
CWSRF Base Program	8
Principal Forgiveness.....	9
Zero Percent Interest.....	10
Green Project Reserve.....	11
Environmental Benefits of CWSRF Funding	12
Impaired Waters.....	13
Implementation of Basinwide Plans	13
Distribution of Funded Projects.....	14
Long-Term Financial Health of Program	15
Appendix A — Status of Recent Projects	
Appendix B — Binding Commitments by Quarter	
Appendix C — Clean Water Benefits Reporting (CBR) System Summary Report	
Appendix D — Financial Exhibits	

Introduction

The Infrastructure Finance Section (IFS) is part of the Division of Water Quality (DWQ) within the North Carolina Department of Environment and Natural Resources (NCDENR). Please note that this report does not reflect recent legislative changes that created the new Division of Water Infrastructure (DWI). IFS administers financial assistance programs to assist local government units (LGUs) in constructing projects that both benefit water quality and improve the human environment.

Specifically, IFS administers the Clean Water State Revolving Fund (CWSRF) program as established by Title VI of the Federal Water Pollution Control Act (a.k.a. Clean Water Act) as amended in 1987. The CWSRF program offers low-interest loans

to LGUs at interest rates lower than market rates for clean water infrastructure. As a LGU repays the loan, the monies are again loaned out, hence the revolving nature of the program. All loan repayments go back into the CWSRF.

As part of its operating agreement with the USEPA and in accordance with the Clean Water Act, IFS must submit an annual report to EPA that details the activities for the State fiscal year. For the purposes of this report, the most recently completed fiscal year is FY 2012-2013.

The following sections discuss (1) the overview of the program, (2) the CWSRF goals, (3) project funding, (4) environmental benefits of CWSRF funding, and (5) long-term financial health.

A project needing a \$10 million loan would save \$1,900,000 in interest payments by utilizing a 2% CWSRF loan over a 20-year loan made at the market rate.

Overview of Program History

In order to understand why the program functions as it currently does, it is important to gain an understanding of its past

history. This section discusses the historic process as well as the financial history associated with the program.

Program History

The CWSRF program replaced the Construction Grants program in the late 1980's. The purpose of the grants program established during the early 1970's was to provide funding for LGUs to improve their wastewater infrastructure to meet new (at the time) Federal mandates, including minimum

treatment requirements associated with changes to the Clean Water Act in 1972.

In 1989, the CWSRF program was created to replace the grants program to establish a sustainable financing program consisting of low-interest loans to LGUs for the same purposes of improving

water quality and the human environment.

For over 20 years, the CWSRF program has provided financing for clean water infrastructure,

saving LGUs in North Carolina millions of dollars in interest costs. These 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 Clean Water Act. 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 \$781,953,833 for Clean Water Act projects since the inception of the program in 1987. However, since the CWSRF is a revolving program, these government funds have enabled \$1,324,240,320 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). While providing substantial support, this infrastructure financing has only met a small percentage of need for LGUs in North Carolina. However, if capitalization grants are increased, the program will be better 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 Program Goals

As part of the Intended Use Plan (IUP) for the CWSRF program, the Clean Water Act requires that the State identify the goals and objectives of 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 Quality (DWQ) 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.

According to the U.S. EPA Clean Watershed Needs Survey (2008), the total reported water quality needs for North Carolina are \$1.4 billion. It is likely that actual needs are higher than estimated.

Short-Term Goals

As part of the Fiscal Year 2013 IUP, IFS developed two short-term goals. First, IFS 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 Clean Water Act. As a result, funded projects were required over the past fiscal year to meet a 22-month schedule that is further discussed in the section on project funding cycles (see Page 8).

Second, IFS planned significant efforts to inform LGUs of the availability of funds, benefits of

the CWSRF program, and funding process improvements. IFS staff attended several events throughout the Spring of 2013, including the Rural Water Association's annual conference and the American Water Works Association—North Carolina Water Environment Association's spring conference. Additionally, IFS staff have spoken at several training events. IFS will continue to look for opportunities to conduct outreach on the advantages of the CWSRF program.



IFS outreach at AWWA-WEA Spring Conference, April 2012

Long-Term Goals

In addition to short-term goals, IFS 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 IFS 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 22-month funding schedule, IFS has ensured that all projects will move through the system from application to executed construction contract in a timely manner. IFS will continue to partner with funding recipients to help ensure projects adhere to the schedule.

Goal #2: To aid compliance with State and Federal water

quality standards by all funded publicly-owned wastewater treatment works. IFS has taken a two-pronged approach to ensure that this long-term goal is met. First, the priority system was revised to more highly prioritize 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 that implement a basinwide strategy or benefit an impaired or sensitive water 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 specifications review,

Application deadlines are March 1st and September 1st of each year.

and permitting, contract review, and construction inspection), IFS staff ensure the wastewater infrastructure projects that are being funded through 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, IFS 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, IFS seeks to maximize loans to LGUs, resulting in minimum fund balances managed by the Treasurer's office.

Goal #5: To ensure the priority system reflects the Division of Water Quality's goals. Every year as the IUP is prepared, IFS reviews the priority points utilized to score applicant projects during each semi-annual review cycle. Additionally, when necessary, other DWQ personnel are contacted to obtain input as the priority points system relates to DWQ concerns and goals. Consideration is given to any changes in DWQ's priorities, and the points system is revised to reflect these changes.

Project Funding

There are two funding rounds each year with application deadlines of March 1st and September 1st. Applications are reviewed and prioritized in one month. Successful applicants are notified of the required funding schedule. 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 Congressional

authority. There are two special interested rate programs: zero percent interest funds and a green project reserve. The following sections discuss the overall schedule and each of the four funding types. Since a full cycle is 22 months, four cycles are examined in this report: September 2011, March 2012, September 2012, and March 2013.

Over the past four project review cycles, 81 projects were funded.

Prioritization

The prioritization system developed by IFS considers four elements of a project: (1) project type, (2) environmental benefit, (3) system management, and (4) financial situation.

For project type, IFS places 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) are also prioritized more highly.

Figure 1 shows the breakdown of funded projects by project type.

In terms of environmental benefits, projects that seek to either proactively benefit the environment or correct water

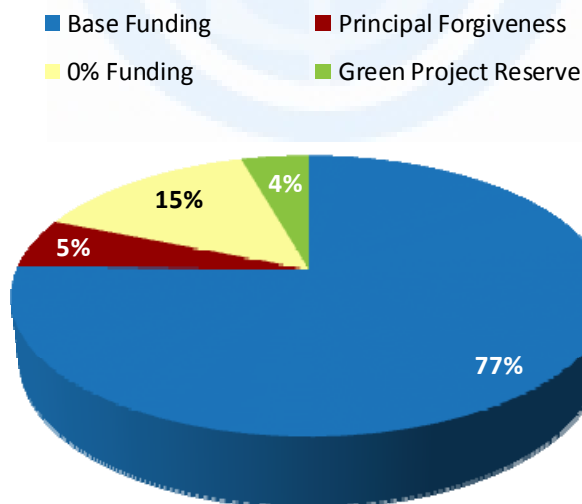
quality issues receive points for environmental benefits. For example, IFS more highly prioritizes projects implementing basinwide strategies, projects correcting groundwater violations, or projects directly benefitting impaired waters.

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

Last, IFS 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.

CWSRF application reviewers have 30 days to complete their review of CWSRF funding applications, regardless of the number of applications submitted each cycle.

Figure 1. Funding by Program



Funding Schedule

All funded projects must have construction contracts executed within 22 months of submitting an application.

The schedule that all applicants must follow if they choose to accept CWSRF funding includes the following: (1) application received, (2) engineering report / environmental information document approved, (3) plans and specifications and permitting approved, (4) Authority to Award issued, and (5) construction contracts executed. This new system requires that both IFS and the 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 2011 cycle began construction no later than July 2013. Projects in the March 2012 cycle have recently reached the plans and specifications permitting approval stage. Projects in the September 2012 cycle are in the process of preparing their plans and specifications as well as permitting. Last, projects in the March 2013 cycle are currently in the engineering report / environmental information document phase. The projects funded in these cycles are shown in Figure 2 and presented in Appendix A.

CWSRF Base Program

The base program is the core of the loan program; all special programs (e.g., principal forgiveness) represent a special

departure from the base program. As shown in Figure 3, the base CWSRF program provides the vast majority of loans made with

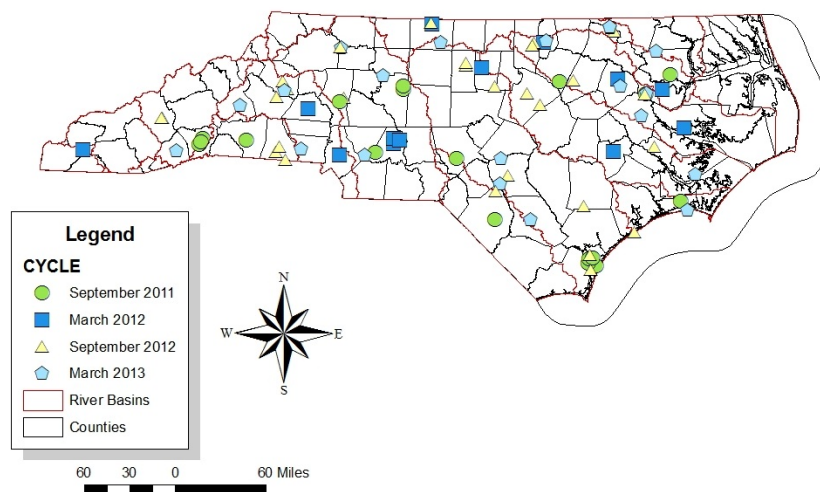


Figure 2. CWSRF-Funded Project by Project Cycle

CWSRF funds. This is because not all projects meet the requirements of the other three funding methods, including many larger projects (e.g., wastewater treatment plant expansions).

According to the IUP, individual projects may not have a loan amount exceeding \$50 million, and one applicant may not take on CWSRF exceeding \$100 million. However, there may be 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. The current CWSRF interest rate is two percent.

In addition, interest does not start accruing until the contract completion date, which provides additional interest savings for the LGUs. The maximum term for CWSRF loans is 20 years.

All projects must meet Federal requirements for the CWSRF program such as the requirement of Davis-Bacon prevailing wage rates. These requirements may be directly from the Clean Water Act or from specific Federal appropriation bills that provide capitalization grants.

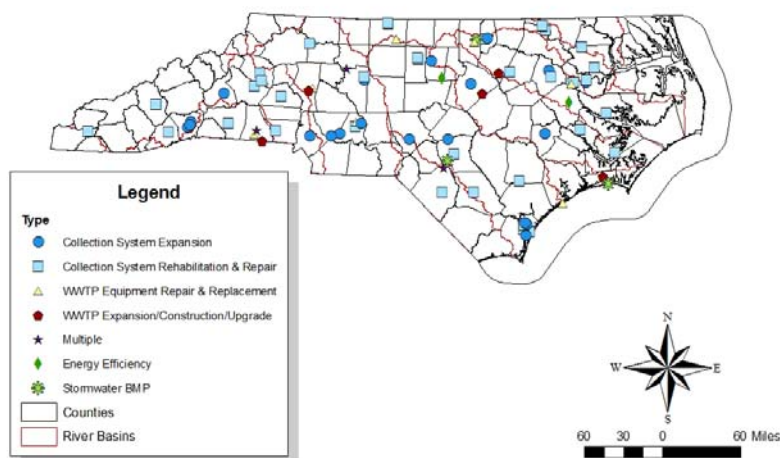
Figure 3 shows the breakdown of projects funded by project type.

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. Over the last four funding cycles, 27 loans have included over \$15 million in principal forgiveness. The demand for principal

Figure 3. Funded Projects by Project Type



The current interest rates offered by the Infrastructure Finance Section are 2% and 0% (special funding methods only).

Since the new funding cycle system was implemented in September 2010, the demand for principal forgiveness funds has always exceeded supply of funds.

forgiveness has always exceeded availability.

Additionally, principal forgiveness is restricted to half of the total funding amount not to exceed a maximum of \$1 million. 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 would qualify under the green project reserve.

Principal forgiveness is awarded not only based on eligibility but also on the priority of the project. Figure 4 shows the projects that received principal forgiveness broken out by type. As clearly evident in the figure, the vast majority of projects receiving

principal forgiveness were collection system rehabilitation and replacement projects.

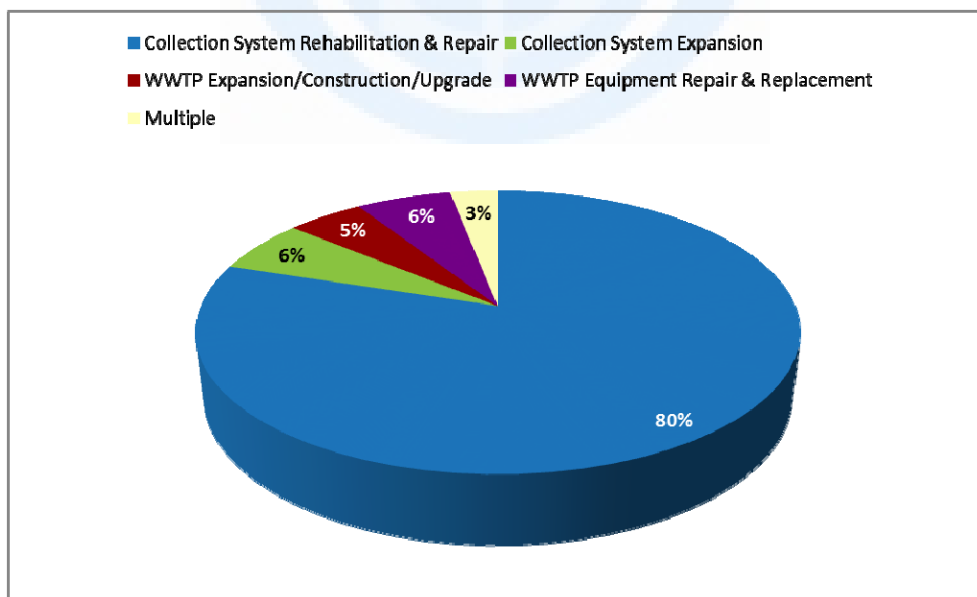
For the past four cycles, the amount of loans for wastewater treatment plant upgrade/rehabilitation projects decreased from above \$10 million to slightly above \$800 thousand while the principal forgiveness funds related to collection system rehabilitation and replacement increased to slightly over \$13 million. The decrease in wastewater treatment plant rehabilitation/ upgrade is due a large project being in one of the previous review cycles not considered in this annual report.

Zero Percent Interest

The State has begun to offer zero percent loans for certain disadvantaged communities with rehabilitation-type projects (i.e.,

collection system rehabilitation/ replacement, wastewater treatment plant equipment rehabilitation/ upgrade, collection

Figure 4. Percentage of Principal Forgiveness Funds Spent by Project Type



system expansion to remove failing septic systems). To qualify for this interest rate, LGUs must meet the above-noted principal forgiveness criteria.

This special 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 other grants offered

through other funding programs. Figure 5 shows the percentage breakdown of project types that received zero percent interest loans for the project cycles under consideration. As shown in the figure, collection system rehabilitation and replacement projects as well as wastewater treatment plant rehabilitation/upgrade projects received the vast amount of zero percent interest funds (approximately 94 percent).

Green Project Reserve

Recent Federal appropriations include a green project reserve (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 State include:

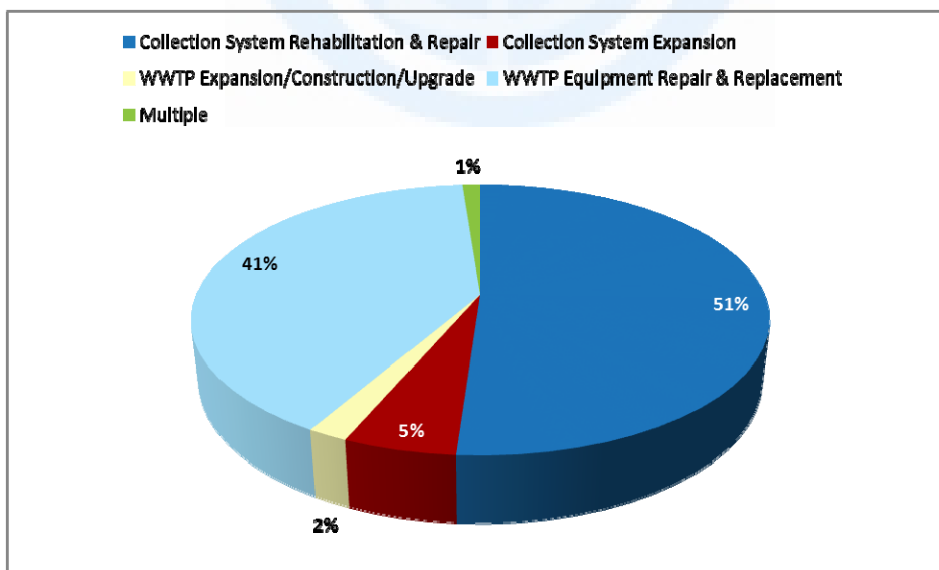
- Reclaimed water systems
- Stormwater best management practices (BMPs)

- Stream, wetland, and/or buffer restoration, and
- Energy efficiency wastewater infrastructure projects.

Beginning in 2010, all capitalization grants have required 10 percent of the grant be provided for green projects; however, this is subject to availability of projects meeting these criteria. IFS offers zero

The Orange Water and Sewer Authority's Aeration and Mixing System Efficiency Improvement project will reduce energy usage at the wastewater treatment plant by more than 30 percent.

Figure 5. Percentage of Project Types Funded by 0% Funding



The Pine Knoll Shores East End Drainage Project will benefit waters surrounding the town by the installation of stormwater controls, a recommendation listed in the basinwide plan for the the White Oak Basin.

percent interest rates for all green projects regardless of cost. Principal forgiveness is not available for GPR projects. IFS has presented information at various seminars and conferences soliciting green projects as part of the short-term goals. Figure 6 presents the percentage of funds of the GPR utilized for each project type.

Note that for the project cycles under consideration, there were no wetland/ stream/buffer restoration projects or reclaimed water projects funded. Energy efficiency projects for wastewater treatment infrastructure utilized the majority of the GPR funds (77 percent).

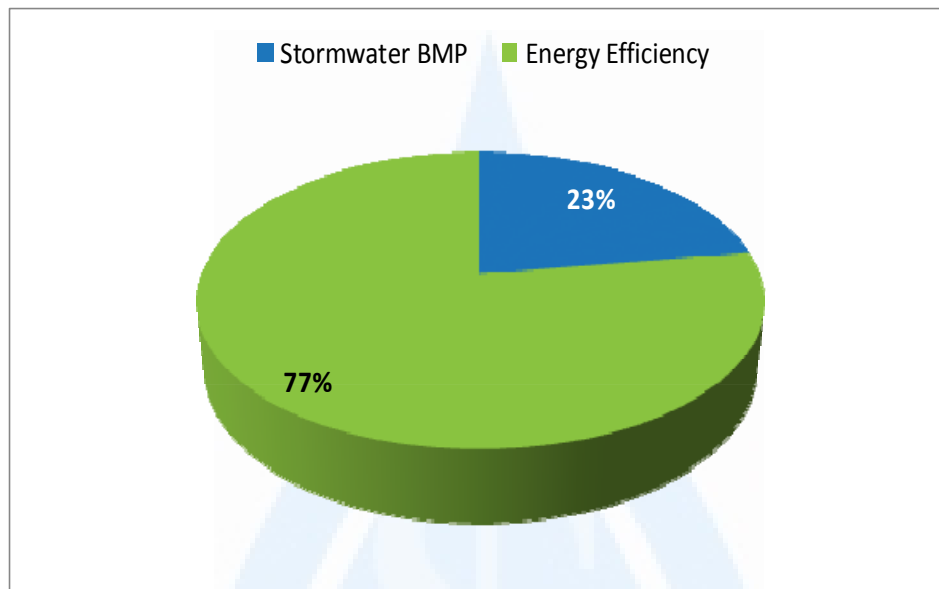


Figure 6. Percentage of Project Types Funded by the Green Project Reserve

Environmental Benefits of CWSRF Funding

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 that different projects benefit the environment and a variety of environmental results data is maintained in the

CBR system. Appendix C contains a summary report from this system. Consistent with the second and fifth long-term goals, IFS 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.

Over the past four cycles, approximately \$62 million of CWSRF funds have been allocated to projects that benefit impaired waters. Only projects that claimed and received impaired points on their CWSRF application are included in this

figure. Approximately \$30 million of this amount is related to two projects, one a treatment plant expansion and another that is an energy efficiency project under the GPR category. By improving the treatment plant capabilities at these facilities, both projects will benefit impaired waters.

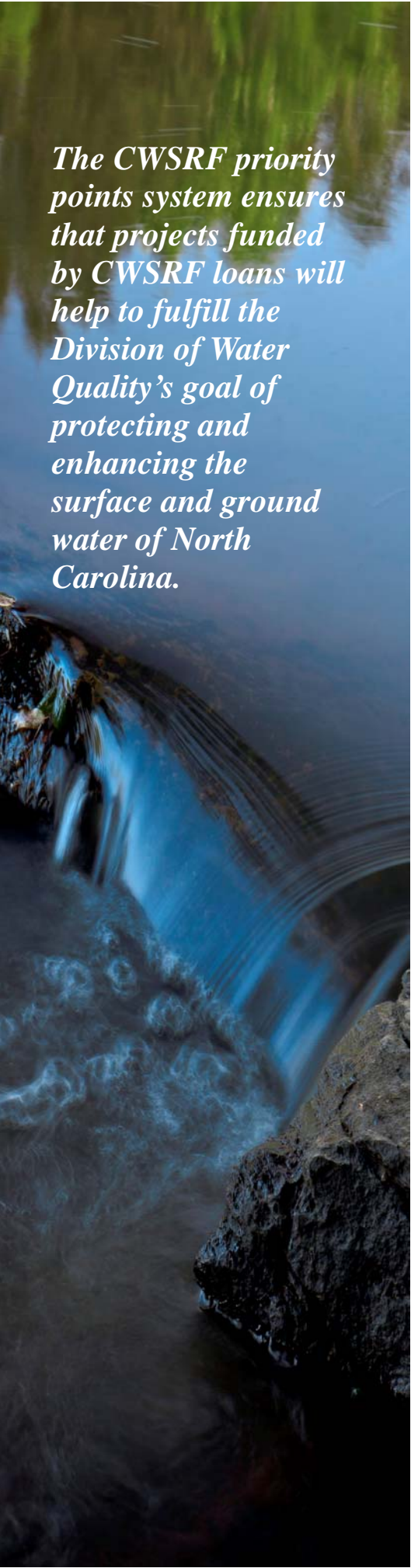
Refer to Appendix C for more information about funding related to projects that benefit impaired waters (i.e., may or may not have received priority points related to impairment).

Implementation of Basinwide Plans

In addition to prioritizing projects that benefit impaired waters, IFS also more highly prioritizes projects that implement Basinwide Management Plans. Basinwide management strategies may address existing water quality issues (whether a stream is deemed impaired or not) or proactively address water quality trends that may lead to impairment. By prioritizing basinwide strategies, the CWSRF program directs funds first toward

both improving existing water quality issues and preventing water quality impairment.

Over the past four cycles, approximately \$1.6 million has been awarded to projects that directly address a recommendation or strategy in a Basinwide Management Plan. Only projects receiving points for this in the priority points system were counted.



The CWSRF priority points system ensures that projects funded by CWSRF loans will help to fulfill the Division of Water Quality's goal of protecting and enhancing the surface and ground water of North Carolina.

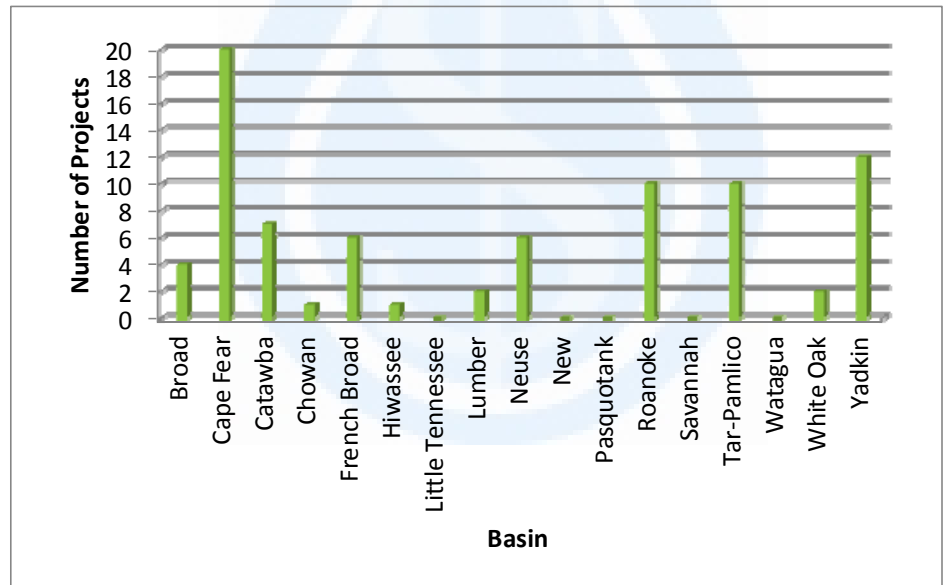
Distribution of Funded Projects

Figure 7 shows the number of projects awarded funding throughout the 17 river basins in North Carolina.

The basins that did not have a project in each of the four cycles under consideration in this report were the Pasquotank, Watauga, New, Savannah, and Little Tennessee basins. Compared to the other basins in North Carolina, these basins either have a very small land area or are sparsely populated, hence the increased likelihood that they would not have a CWSRF-funded project.

Some basins (e.g., Neuse, Roanoke, Tar-Pamlico, and Yadkin) have received more funding than others. For example, projects within the Cape Fear River Basin and Roanoke River Basin received approximately \$110 million and \$50 million, respectively over the last four cycles (see Figure 8). These basins are larger both in terms of geography and population and have more potential applicants for CWSRF funds.

Figure 7. Number of Funded Projects by River Basin



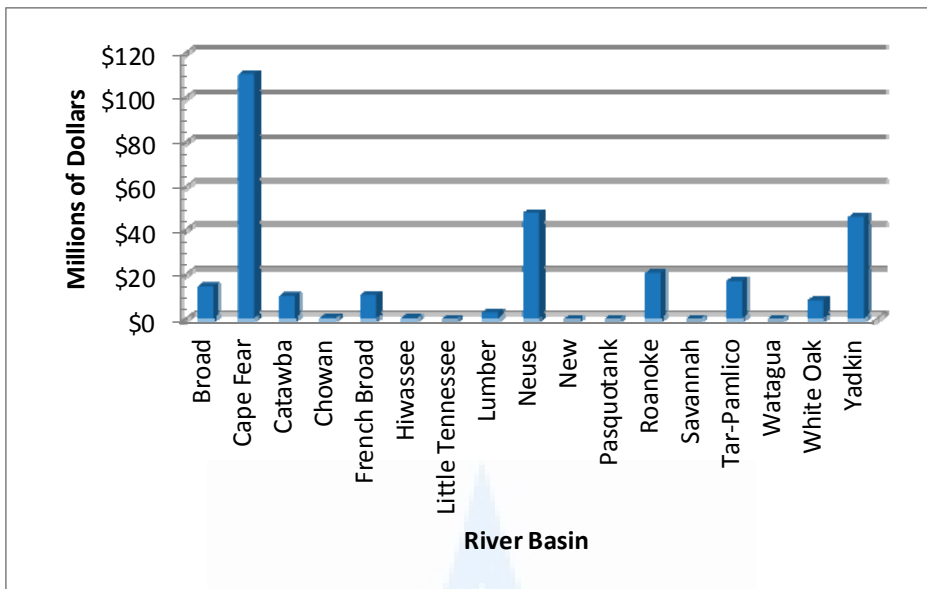


Figure 8. Distribution of Funds by River Basin

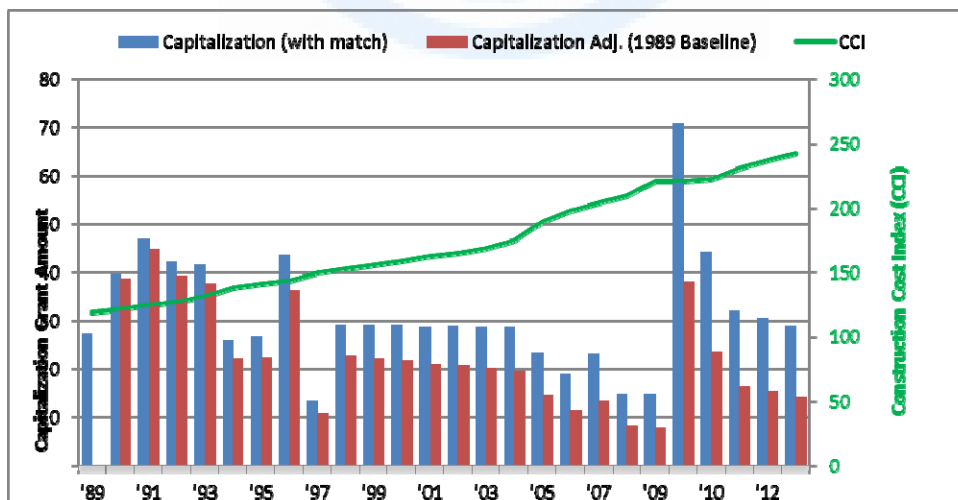
Long-Term Financial Health of Program

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

Capitalization grants, plus State match, minus the four percent administrative allowance has provided \$781,953,833 since the

inception of the program. Figure 9 also indicates the effect of inflation. While capitalization grants have increased over 2009 levels, the effectiveness of those dollars are about half those of the first capitalization in the early 1990's. Combined with the increased awareness of clean water infrastructure needs, the CWSRF can only meet a small

Figure 9. Capitalization Grants (with Match) Including ARRA





percentage of infrastructure funding needs of LGUs as a whole.

In addition to the four percent administrative allowance, the CWSRF charges a two percent closing fee on all loans to supplement this allowance for administering the program. 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, DWQ

uses a portion of these funds to support water quality positions within DWQ that support the CWSRF program.

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. The targeted financial incentives and awareness efforts have resulted in a significant increase in projects receiving binding commitments. Figure 10 illustrates the increase in annual binding commitments. Also, in accordance with §603(b)(3), North Carolina continues to easily meet its binding commitment rate; see Appendix B for this information.

Figure 10. Binding Commitments per Year

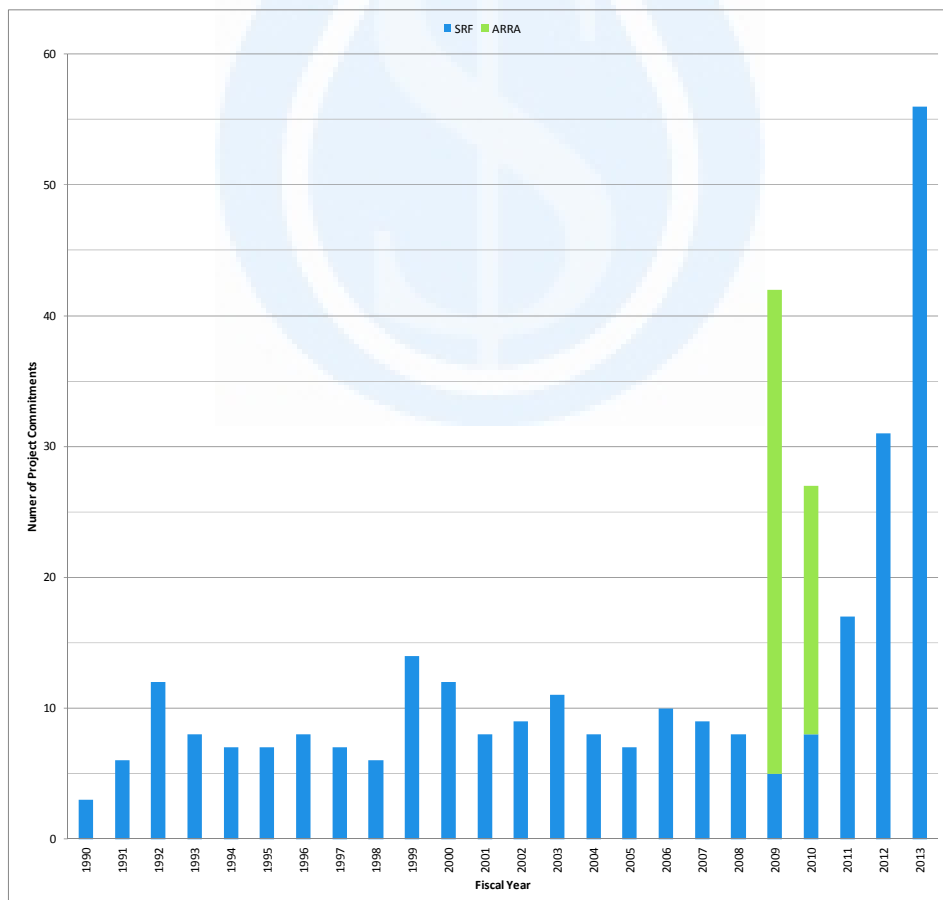


Figure 11 shows how the cumulative value of loans, which has risen in the past six years and with it—nearly parallel—the actual disbursements. As monies are disbursed, the amount due back into the program (accounts receivable) also increases. As such, even though the fund has been capitalized with over \$700 million as noted above, the revolving nature of the program has allowed the program to enter into \$1.2 billion in binding commitments at that same time. However, the American Recovery and Reinvestment Act of 2009 (ARRA) funds were provided at 50 percent principal forgiveness. Principal forgiveness will not revolve back into the funding program. Therefore, the accounts receivable line has not increased at the same rate.

Finally, Figure 12 on the following page demonstrates how

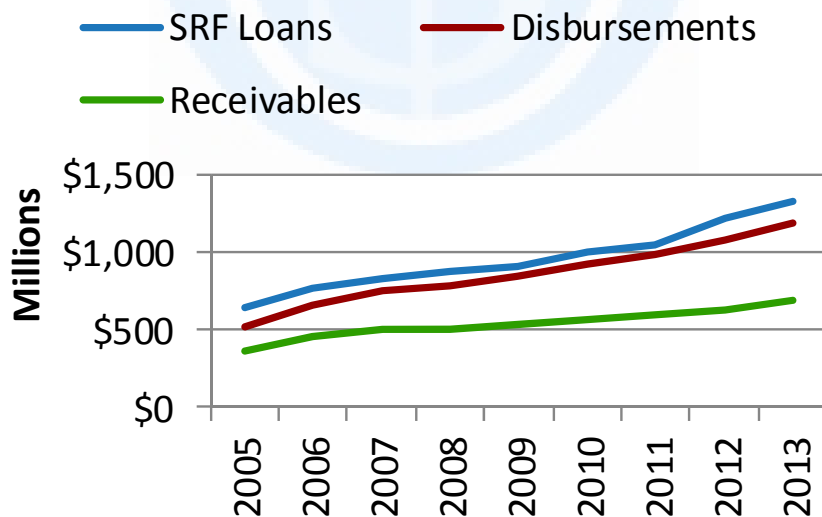
the combined capitalization and repayments on hand (cash), and accounts receivable, has increased the value of the program (net assets) in North Carolina to just under one billion dollars.

The NC CWSRF continues to greatly exceed the requirements of §602(b)(3) of the Clean Water Act to make binding commitments of 120% of each grant payment. Appendix B displays the three previous fiscal years. The most recent applicable cap grant payment has already exceeded the required binding commitments with a committed amount equal to 355% made in the same quarter as the grant payment.

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

Several local government units have more than two CWSRF projects with the CWSRF program.

Figure 11. CWSRF Increase in Loan



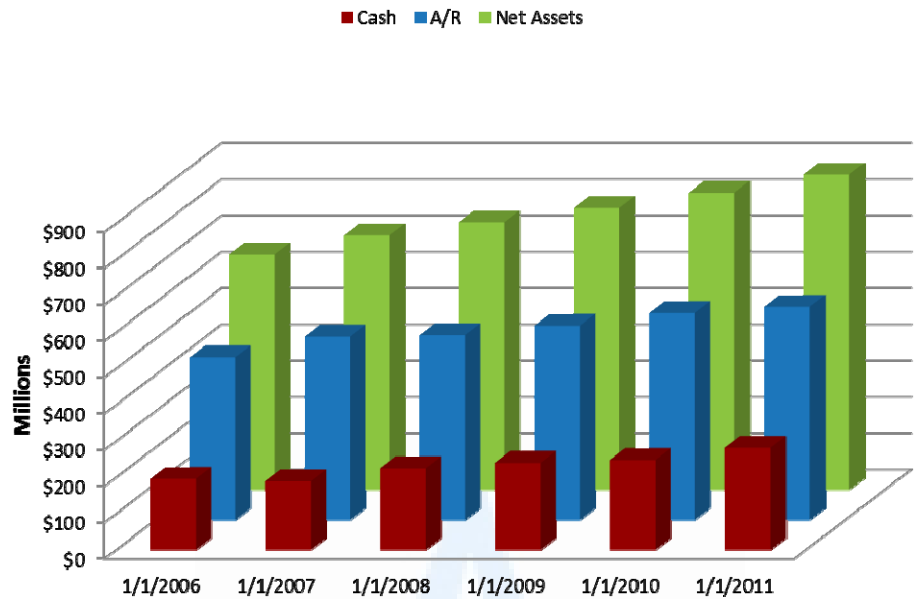


Figure 12. Increase in Net Assets

have matching funds available in accordance with §602(b)(2). The 22-month process is intended to meet the intent of §602(b)(4) and

ensure that all CWSRF funds are expended in a timely manner.



Appendix A – Status of Recent Projects



STATUS OF RECENT PROJECTS

	Cost	Loan Type *	Project Number	Engineering Report	Plans & Specs	Contracts	Description	County	Priority Rating	Project Type	Federal Needs Category
September 2011 Deadlines	\$ 60,970,772			6/1/2012	3/1/2013	7/2/2013					
Robersonville, Town of	\$ 1,143,780	PF, PF-0%	758-02	3/20/2012	3/20/2012	4/1/2013	Wastewater Collection System Rehabilitation	Martin	Collection System Rehabilitation and Replacement		III-A
Windsor, Town of	\$ 1,096,790	PF, PF-0%	703-01	2/27/2012	2/27/2012	bids app'd	Collection System Rehab and WWTP Influent PS Replacement	Bertie	Collection System Rehabilitation and Replacement		III-B
Lumberton, City of	\$ 2,000,000	PF, PF-0%	455-03	3/23/2012	3/23/2012	8/12/2013	West Lumberton Sewer Rehabilitation.	Robeson	Collection System Rehabilitation and Replacement		V
Spindale, Town of	\$ 1,000,016	PF, PF-0%	621-03	3/23/2012	3/23/2012	bids app'd	Replacing 8000 l.f of 8" sewer and 40 manholes.	Rutherford	Collection System Rehabilitation and Replacement		III-B
Cape Fear Pub. Util. Authority	\$ 390,000		923-02	4/4/2012	4/4/2012	7/22/2013	Between the Creeks Pump Station 28 Refurbishment	New Hanover	Collection System Rehabilitation and Replacement		III-B
Bunn, Town of	\$ 1,606,000	PF, PF-0%	531-05	3/29/2012	3/29/2012	bids app'd	Wastewater Treatment Plant Expansion	Franklin	WWTP Expansion/Construction/Upgrade		I
Cape Fear Pub. Util. Authority	\$ 1,750,000		923-03	3/13/2012	3/13/2012	bids app'd	30th Street Sewer Rehabilitation Project	New Hanover	Collection System Rehabilitation and Replacement		III-B
Cape Fear Pub. Util. Authority	\$ 1,250,000		923-04	3/13/2012	3/13/2012	bids app'd	McCumber's Ditch Sewer System Rehabilitation Project	New Hanover	Collection System Rehabilitation and Replacement		III-B
Locust, City of	\$ 941,870		828-02	2/15/2012	2/15/2012		Sherwood park and Kings Heights Sewer	Stanly	Collection System Expansion		IV-A
Bath, Town of	\$ 806,360		733-01	4/24/2012	4/24/2012	11/8/2012	Wastewater Treatment and Disposal Upgrade	Beaufort	WWTP Equipment Repair & Replacement		I
Cape Fear Pub. Util. Authority	\$ 2,250,000		923-05	5/3/2012	5/3/2012	bids app'd	Greenfield Lake Outfall Rehabilitation	New Hanover	Collection System Rehabilitation and Replacement		III-B
Cape Fear Pub. Util. Authority	\$ 2,425,000		923-06	5/3/2012	5/3/2012	bids app'd	Smith Creek Alandale Pump Station Removal Project	New Hanover	Collection System Expansion		IV-B
Newport, Town of	\$ 8,000,000		691-02	5/21/2012	5/21/2012	Negotiating	Wastewater Treatment Plant Expansion	Carteret	WWTP Expansion/Construction/Upgrade		II
Hendersonville, City	\$ 3,000,000		444-09	5/21/2012	5/21/2012		Wolfpen Sewer Interceptor Project	Henderson	Collection System Expansion		IV-B
Thomasville, City of	\$ 2,709,099		619-04	5/31/2012	5/31/2012	Negotiating	North Hamby Sanitary Sewer Outfall	Davidson	Collection System Expansion		IV-B
Thomasville, City of	\$ 632,500		619-05	5/21/2012	5/21/2012	bids app'd	Wastewater Collection System improvements	Davidson	Collection System Expansion		IV-B
Hendersonville, City	\$ 3,946,000		444-08	5/29/2012	5/29/2012		Jackson Park Sewer Interceptor Project	Henderson	Collection System Expansion		IV-B
Moore County	\$ 1,000,000		496-04	6/6/2012	6/6/2012		Liftstation 3-4 Rehabilitation	Moore	Collection System Expansion		IV-B
Hendersonville, City	\$ 1,650,000		444-11	5/3/2012	5/3/2012		Shepherd Creek/Atkinson elementary Sewer Improvements Project	Henderson	Collection System Expansion		IV-B
Statesville, City of	\$ 23,373,357		395-03	5/15/2012	5/15/2012	6/26/2013	Third Creek Wastewater Treatment Plant Expansion to 6 MGD	Iredell	WWTP Expansion/Construction/Upgrade		II
March 2012 Deadlines	\$ 24,598,730			12/1/2012	9/4/2013	1/2/2014					
Midland, Town of	\$ 1,200,000		928-01	10/10/2012			Cabarrus Acres Sewer Project	Cabarrus	Collection System Expansion		IV-A. IV-B
Eden, City of	\$ 2,519,449	PF, PF-0%	458-06	11/6/2012			Tanyard Branch Outfall Rehabilitation	Rockingham	Collection System Rehabilitation and Replacement		III-B
Williamston, Town of	\$ 2,083,289	PF, PF-0%	435-05	9/17/2012	6/21/2013		Sanitary Sewer Rehab	Martin	Collection System Rehabilitation and Replacement		III-A
Newton, City of	\$ 1,399,000		685-02	9/17/2012	6/21/2013		Snow Creek Sewer Outfall Rehab, Phase II, III, & IV	Catawba	Collection System Rehabilitation and Replacement		III-B
Andrews, Town of	\$ 492,300	PF, PF-0%	537-02	9/17/2012	2/21/2013	6/3/2013	Main Street Sewer Rehab	Cherokee	Collection System Rehabilitation and Replacement		III-B
Henderson, City of	\$ 1,800,000	PF, PF-0%	410-07	10/5/2012			Sandy Creek Pump Station Improvements	Vance	Collection System Rehabilitation and Replacement		III-B
Spring Lake, Town of	\$ 1,756,032	PF, PF-0%	750-05	5/3/2012	8/27/2012	11/26/2012	Lower Little River Interceptor	Cumberland	Collection System Rehabilitation and Replacement		III-A
Edgecombe W&S District #5	\$ 3,243,815	PF, PF-0%	883-01	9/19/2012			Hwy 33/Logsboro Rd WW Collection & Transport System	Edgecombe	Collection System Expansion		IV-A, IV-B
Orange, County of	\$ 755,450		884-02	10/30/2012			McGowan Creek Interceptor	Orange	Collection System Expansion		IV-B
Stanly, County of	\$ 1,658,000		834-02	10/5/2012			Tarheel Challenge Academy/NC Hwy 740 Sewer	Stanly	Collection System Expansion		IV-B
Albemarle, City of	\$ 3,664,395		522-03	9/5/2012	7/25/2013		WWTP Headworks Improvements	Stanly	WWTP Equipment Repair & Replacement		II
Kinston, City of	\$ 775,000		527-07	9/5/2012	9/28/2012		Smithfield Foods Sewer Improvements	Lenoir	Collection System Expansion		IV-B
Albemarle, City of	\$ 3,252,000		522-04	9/19/2012			Sanitary Sewer Rehab, Phase I	Stanly	Collection System Rehabilitation and Replacement		III-B

* Projects labeled principal forgiveness (PF), receive 1/2 of their loan amount forgiven, not to exceed \$1,000,000 per project. Green projects (GPR) receive a 0% interest loan. PF-0% indicates 0% loans in lieu of PF

STATUS OF RECENT PROJECTS

	Cost	Loan Type *	Project Number	Engineering Report	Plans & Specs	Contracts	Description	County	Priority Rating	Project Type	Federal Needs Category
September 2012 Deadlines				6/1/2013	3/1/2014	7/2/2014					
Eden, City of	\$ 2,718,636	PF, PF-0%	458-07	5/23/2013			Matrimony Creek Outfall Rehabilitation				III-B
Green Level, Town of	\$ 633,000	PF, PF-0%	917-01	4/10/2013			Basil Holt Pump Station Replacement				III-B
Green Level, Town of	\$ 282,500	PF, PF-0%	917-02	6/1/2013			Otter Creek Pump Station Renovation/Rehabilitation				III-B
Yadkin Valley Sewer Authority	\$ 1,050,000	PF, PF-0%	541-04	4/4/2013			Sewer Collection System Rehabilitation Phase II				III-B
Lenoir, City of	\$ 578,500	PF, PF-0%	393-05	3/20/2013			Powell Road Greenway Sewer Replacement				III-B
Parkton, Town of	\$ 1,000,000	PF, PF-0%	777-02	5/20/2013			Wastewater Treatment Plant Improvements				I
Clyde, Town of	\$ 310,100	PF, PF-0%	755-01	2/25/2013			Fire Station Branch Sewer Line Replacement				III-B
Wallace, Town of	\$ 492,818	PF, PF-0%	445-06	5/31/2013			Lift Station Rehabilitation				III-B
Vanceboro, Town of	\$ 1,651,344	PF, PF-0%	450-03	3/7/2013			Sanitary Sewer Rehabilitation 2012				III-B
Clyde, Town of	\$ 226,500	0 %	755-02	2/25/2013			Hyder Mountain Pump Station				III-B
Lenoir, City of	\$ 3,850,000	0 %	393-04	10/30/2012			Gunpowder Creek WWTP Improvements				I
Halifax, County of	\$ 1,169,974	0 %	629-02	5/1/2013			Sanitary Sewer Rehabilitation				III-A
Oxford, City of	\$ 1,397,427	0 %	439-06	3/12/2013			Coon Creek (Fishing Creek) Stormwater Improvement Project				VI
Shelby, City of	\$ 8,383,000	0 %	502-05	2/25/2013			First Broad Wastewater Treatment Plant Improvements				II
Orange Water & Sewer Authority	\$ 6,560,000	0 %	562-05	10/26/2012	12/10/2012		Aeration & Mixing Sys. Eff Imp.@ OWASA's Mason Farm WWTP				II
Public Works Commission of Fayetteville	\$ 2,967,243		434-13	4/11/2013			Sanitary Sewer Replacement on Person Street at the Lobster House				III-B
Grover, Town of	\$ 1,936,000		505-01	5/31/2013			Wastewater Project				I
Onslow Water and Sewer Authority	\$ 1,895,618	0 %	569-03	5/20/2013			Summerhouse Water Reclamation Facility Rehabilitation				X
Spring Hope, Town of	\$ 265,024	0 %	415-04	5/7/2013			Country Inn Lift Station Elimination Project				III-B
Oxford, City of	\$ 2,440,825	0 %	439-07	4/4/2013			WWTP Equalization Basin Project				II
Statesville, City of	\$ 4,800,000	0 %	395-04	4/20/2013			Fourth Creek WWTP Improvements				II
Drexel, Town of	\$ 428,260		677-01	4/12/2013			Sewer Pump Station Replacement				III-B
Shelby, City of	\$ 3,332,000		502-06	3/12/2013			Outfall Improvements				III-B
New Hanover, County of	\$ 5,616,862		426-07	4/12/2013			Heritage Park Area-Sewer Installation to Replace Failing Septic Tanks				IV-A
New Hanover, County of	\$ 11,237,503		426-08	4/11/2013			Marquis Hills Area-Sewer Installation to Replace Failing Septic Tanks				IV-A
Raleigh, City of	\$ 27,638,450		419-18	2/5/2013	2/6/2013	bids app'd	Neuse River Wastewater Treatment Plant Expansion to 75 MGD Phase III				II
Raleigh, City of	\$ 17,000,000		419-19	5/20/2013			Crabtree Basin Wastewater System Conveyance Improvements Phase II				III-B
March 2013 Deadlines				12/1/2013	9/1/2014	1/2/2015					
Pine Knoll Shores, Town of	\$ 419,000	0 %	717-01				Pine Knoll Shores East End Drainage Project				VI
Bessemer City, City of	\$ 1,565,000	PF, PF-0%	763-02				Sewer System Improvements				III-B
Aulander, Town of	\$ 543,415	PF, PF-0%	587-02				Wastewater Collection System Improvements				III-B
Elizabethtown, Town of	\$ 795,640	PF, PF-0%	418-04				Downtown WWTP Collection System Rehab and Replacement				III-B
Bay River Metropolitan Sewer District	\$ 429,658	PF, PF-0%	683-03				Oriental Sewage Collection System Rehab				III-B
Robersonville, Town of	\$ 1,323,837	PF, PF-0%	758-03	4/4/2013			Robersonville Lift Stations Improvements				III-B
Robersonville, Town of	\$ 3,021,100	PF, PF-0%	758-04	4/3/2013			WWTP Rehabilitation				I
Tarboro, City of	\$ 955,046	PF, PF-0%	581-03				Sewer System Rehabilitation				III-B
Roanoke Rapids Sanitary District	\$ 3,535,000	PF, PF-0%	449-05				Sub Basin C & D Sewer Rehabilitation Project				III-A
Roanoke Rapids Sanitary District	\$ 1,371,500	0 %	449-06				Outfall G Sewer Rehabilitation				III-B
Henderson, City of	\$ 1,800,000		410-08				Elmwood Cemetery Sewer Main Replacement				III-B
Lenoir, City of	\$ 1,275,000	0 %	393-06				Meadowood Sewer Replacement				III-B
Yadkin Valley Sewer Authority	\$ 362,800		541-05				Johnson Ridge Rd/Dutchman Crk Outfall & PGW Dr Sewer Improvements				III-B
Reidsville, City of	\$ 15,000,000	0 %	384-05				WWTP Improvements				II
Marion, City of	\$ 1,250,550		406-03				East Court Street Sewer Rehabilitation				III-A
Greenville Utilities	\$ 3,360,000	0 %	487-09	8/15/2013			WWTP Ultraviolet Disinfection Sys. Replacement/Upgrade for Energy Eff.				II
Brevard, City of	\$ 1,680,000		476-04				City Wide 6 Inch Gravity Sewer Upgrade				III-B
Hope Mills, Town of	\$ 1,075,000	0 %	751-02				Town Hall Drainage & BMP Retrofit Project				VI
Cumberland, County of	\$ 3,134,416		929-01				Overhills Sewer Extension				IV-A
Midland, Town of	\$ 2,210,000		928-02				Cabarrus Acres Phase 2 Sewer Project				IV-A
Winston-Salem, City of	\$ 50,000,000		399-08				Muddy Creek Consolidated Pumping Sta.				IV-B

* Projects labeled principal forgiveness (PF), receive 1/2 of their loan amount forgiven, not to exceed \$1,000,000 per project. Green projects (GPR) receive a 0% interest loan. PF-0% indicates 0% loans in lieu of PF



Appendix B – Binding Commitments by Quarter



Binding Commitments by Quarter

In accordance with section 602(b)(3) of the Clean Water Act, States must have binding commitments of at least 120% of a capitalization grant payment within one year of receiving that grant payment.

Calendar Period	2009 Cap Grant	2010 Cap Grant	2011 Cap Grant	2012 Cap Grant	2013 Cap Grant	Total Grant Payments	Total Commitments	Commitments minus Grant Payment	Available Bank = four most recent quarters from previous column	Available Bank/Total Grant Payments
2009 : July-Sept						\$0	\$8,327,176	\$8,327,176	\$46,553,172	*
2009 : Oct-Dec						\$0	\$19,721,109	\$19,721,109	\$51,225,996	*
2010 : Jan-Mar						\$0	\$1,734,287	\$1,734,287	\$39,310,777	*
2010 : April-June						\$0	\$16,770,600	\$16,770,600	\$121,180,798	*
2010 : July-Sept	5,000,000					\$5,000,000	\$18,000,000	\$13,000,000	\$137,639,975	2752.80%
2010 : Oct-Dec	5,000,000	6,000,000				\$11,000,000	\$18,805,890	\$7,805,890	\$158,391,483	1439.92%
2011 : Jan-Mar	2,000,000	6,000,000				\$8,000,000	\$91,604,308	\$83,604,308	\$146,585,593	1832.32%
2011 : April-June	181,148	10,000,000				\$10,181,148	\$43,410,925	\$33,229,777	\$71,667,766	703.93%
2011 : July-Sept	100,000	10,000,000				\$10,100,000	\$43,851,508	\$33,751,508	\$68,342,727	676.66%
2011 : Oct-Dec		4,000,000				\$4,000,000	\$0	-\$4,000,000	\$40,039,496	1000.99%
2012 : Jan-Mar		773,000	4,000,000			\$4,773,000	\$13,459,481	\$8,686,481	\$134,349,816	2814.79%
2012 : April-June			4,000,000			\$4,000,000	\$33,904,738	\$29,904,738	\$182,059,834	4551.50%
2012 : July-Sept			6,800,000			\$6,800,000	\$12,248,277	\$5,448,277	\$172,556,286	2537.59%
2012 : Oct-Dec			6,800,000			\$6,800,000	\$97,110,320	\$90,310,320	\$167,108,009	2457.47%
2013 : Jan-Mar			2,000,000	6,000,000		\$8,000,000	\$64,396,499	\$56,396,499	\$76,797,689	959.97%
2013 : April-June			2,000,000	6,000,000		\$8,000,000	\$28,401,190	\$20,401,190	\$20,401,190	255.01%

* These cells and possibly subsequent cells would be impacted by 2008 and earlier cap grants such that the percentages would increase

First, subtract the 100%, which is simply the commitments minus the grant payment(s) itself . The remainder from this step (available bank)for the most recent four quarters should be equal to at least 20% of the quarterly grant payment . The last column ensures this amount is at least 20% of the grant payment.

2013 : July-Sept		1,050,000	4,000,000		\$5,050,000
2013 : Oct-Dec			4,000,000		\$4,000,000
2014 : Jan-Mar			3,000,000		\$3,000,000
2014 : April-June			2,507,000	24,096,000	\$26,603,000

<u>\$ 12,281,148</u>	<u>\$ 36,773,000</u>	<u>\$ 26,650,000</u>	<u>\$ 25,507,000</u>	<u>\$ 24,096,000</u>
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Appendix C – 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	204.9	56	204.3		56	0.0	143	41
Records with Benefits Data	47.9	9	47.9	19.8	9	0.0	90	7
Impacting Human Health	0.8	1	0.8	0.3	1	0.0	7	1
	2%	11%	2%		11%	25,000	People Served per \$million	14%
With Impaired Waterbody			29.8	11.9	2	0.0	75	1
			62%		22%	0	People Served per \$million	14%
With Waterbody Meeting Standards			10.9	4.6	3			
To Improve Water Quality			37.9	15.0	3			
To Maintain Water Quality			2.9	1.6	2			
To Achieve Compliance			8.1	3.1	1			
To Maintain Compliance			30.5	12.1	3			

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	1,541.7	345	892.1		355	2.0	516	195
Records with Benefits Data	529.8	112	511.3	181.6	122	2.0	463	91
Impacting Human Health	196.0	51	189.4	72.7	61	1.2	267	45
	37%	46%	37%		50%	6,122	People Served per \$million	49%
With Impaired Waterbody			200.7	72.1	53	1.0	199	33
			39%		43%	4,876	People Served per \$million	36%
With Waterbody Meeting Standards			224.7	80.7	52			
To Improve Water Quality			337.6	122.0	85			
To Maintain Water Quality			141.1	47.7	27			
To Achieve Compliance			246.1	86.6	65			
To Maintain Compliance			180.8	61.8	27			



Appendix D – Financial Exhibits



STATE OF NORTH CAROLINA
EPA Revolving Loan Fund
Combining Statement of Net Assets
June 30, 2013 and 2012

Exhibit 1

	2013	2012
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 271,494,097	\$ 284,737,436
Investment-Bond Proceeds		
Receivables:		
Loans (Due within one year)	52,293,312	47,516,974
Accrued Interest	2,495,089	2,303,966
Other	0	8,274
State Treasurer's Securities Lending Collateral	23,387,049	28,639,456
Total Current Assets	349,669,548	363,206,106
Capital Assets, Depreciable		
Machinery and Equipment	38,381	53,203
Accumulated Depreciation	(35,381)	(42,021)
Total Capital Assets, Depreciable (net)	3,000	11,182
Noncurrent Assets:		
Loans Receivable (Due after one year)	631,291,189	579,661,935
Total Assets	980,963,737	942,879,223
LIABILITIES		
Current Liabilities:		
Accounts Payable	3,821	7,282
Accrued Vacation Leave	9,953	11,858
Accrued Payroll	0	0
Obligations Under State Treasurer's Securities		
Lending Agreements	24,561,569	30,560,461
Other Accrued Liabilities	5,139	3,135
Total Current Liabilities	24,580,482	30,582,736
Noncurrent Liabilities:		
Accrued Vacation Leave	245,021	231,541
Total Liabilities	24,825,503	30,814,277
NET ASSETS		
Invested in Capital Assets, net of related debt	3,000	11,182
Restricted for:		
Program Loans	956,135,234	912,053,764
Total Net Assets	\$ 956,138,234	912,064,946

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, 2013 and 2012

Exhibit 2

	2013	2012
REVENUES		
Operating Revenues:		
Interest Income on Loans	\$ 12,875,322	13,855,548
Loan Closing Fees	1,668,211	4,257,493
Miscellaneous		
Total Operating Revenues	14,543,533	18,113,041
EXPENSES		
Operating Expenses:		
Personal Services	2,336,265	2,354,212
Supplies and Material	14,528	8,181
Services	66,151	49,191
Depreciation	5,210	2,002
Insurance & Bonding	840	280
Other Fixed Charges	33,243	2,136
Capital Outlay	34,025	3,966
Other Expenses	16,452	82,847
Total Operating Expenses	2,506,714	2,502,815
Operating Income (Loss)	12,036,819	15,610,226
NONOPERATING REVENUES (EXPENSES)		
Federal Grants	38,844,097	27,538,652
Interest Income	(39,055)	20,568
Grants, Aid and Subsidies	(8,413,523)	(1,746,110)
Sale of Surplus Property		
Gain (loss) on Sale of Property & Equipment	(2,972)	(9,890)
Miscellaneous	(47,357)	(53,214)
Total Nonoperating Revenues	30,341,189	25,750,006
Income Before Transfers	42,378,008	41,360,232
Transfers In		
Transfers Out	(225,725)	(182,032)
Increase in Net Assets	42,152,283	41,178,200
Net Assets July 1 (restated in 2012 for 2010)	913,985,951	870,886,746
Net Assets June 30	\$ 956,138,234	\$ 912,064,946

STATE OF NORTH CAROLINA
EPA Revolving Loan Fund
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2013 and 2012

Exhibit 3

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 1,668,211	\$ 4,257,493
Payments to employees and fringe benefits	(2,324,690)	(2,303,597)
Payments to vendors and suppliers	(150,243)	(59,056)
Other Receipts/Payments	(16,452)	(82,847)
Net Cash Used by Operating Activities	(823,175)	1,811,992
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Grants	29,800,298	23,904,443
Federal Recovery Funds (ARRA)	9,052,073	3,628,295
Transfers in		
Transfers out	(225,725)	(182,032)
Grants, Aid and Subsidies	(8,413,523)	(1,746,110)
Net Cash Provided from Noncapital Financing Activities	30,213,124	25,604,596
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets		
Sale of Surplus and Adjustment		
Net Cash Used in Capital Financing Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemptions from the State Treasurer L/T investment pool		
Purchase into State Treasurer L/T investment pool		
Repayment on loans	57,103,194	50,747,102
New loans issued	(113,508,787)	(90,580,155)
Interest on loans	12,641,174	13,961,677
Other	1,131,132	1,997,212
Net Cash Provided by Investing Activities	(42,633,287)	(23,874,163)
Net Increase (decrease) in total Cash and Cash Equivalents	(13,243,338)	3,542,425
Cash and Cash Equivalents, Beginning of Year	284,737,436	281,195,011
Cash and Cash Equivalents, End of Year	\$ 271,494,097	\$ 284,737,436
RECONCILIATION OF NET OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 12,036,818	15,610,226
Adjustments to Reconcile Operating Income to Net		
Depreciation/Amortization Expense	5,210	2,002
Cash Flow provided by Operating Activities:		
Nonoperating loan interest income	(12,875,322)	(13,855,548)
Loan Repayment		
(Increase) Decrease in Current Assets		
Increase (Decrease) in Liabilities	10,118	55,312
Net Cash Used by Operating Activities	\$ (823,175)	1,811,992
NONCASH INVESTING ACTIVITIES		
Assets Acquired Through the Assumption of a Liability	23,387,049	28,639,456
Change in fair value of investments	(1,174,520)	(1,921,005)

Drinking Water State Revolving Fund (DWSRF) Annual Report

Capitalization Grants

For Period Ending June 30, 2013



State of North Carolina

September 20, 2013

I. INTRODUCTION

Amendments to the Safe Drinking Water Act (SDWA) of 1996 created the Drinking Water State Revolving Fund (DWSRF). Public Law 104-182 established a new Section 1452 in the SDWA which authorized capitalization grants to states. This law also established the qualifying conditions to be met by the states as recipients of the funds and also described the intended uses of the DWSRF.

The State of North Carolina herewith submits its Annual Report for the DWSRF program for state fiscal year 2013 (July 1, 2012-June 30, 2013). This report shows the actual use of these funds, and describes how North Carolina has met the goals and objectives of its DWSRF program during fiscal year 2013 as identified in its Intended Use Plan (IUP) which described the planned use of these funds for project and set-aside purposes.

II EXECUTIVE SUMMARY

North Carolina has received capitalization grants totaling \$328,356,900. The approved IUPs included DWSRF monies for projects in the amount of \$250,252,285. The state has provided the required 20% match funds of \$65,671,380. The remaining portion of the capitalization grants, \$78,104,615 was described as non-project or set-aside uses in the IUPs. Supplemental funding for this reporting period included \$329,896 interest earned on deposits, as well as loan repayments of \$18,689,369 principal and \$5,317,608 in interest.

During state fiscal year 2013 North Carolina made 64 new binding commitments to provide assistance for the construction of water supply facilities. This obligation totaled \$94,960,730. Other projects had changes in the amount of their original commitments resulting in a net obligation increase of \$0.00. Disbursements from North Carolina's DWSRF to 42 loan recipients totaled \$22,581,694. In addition \$5,312,482 was expended during this reporting period for set-aside purposes, including DWSRF program administration; state program management; small system technical assistance; and local assistance and other state programs, as detailed in Exhibit 1 and in this report.

From the award of the 2009 Capitalization Grant for the purposes of the American Resource Recovery Act (ARRA), North Carolina made 79 new binding commitments to provide assistance for the construction of water supply facilities. The obligation of \$64,060,000 in total commitments was increased through by the addition of \$1,029,676 in setasides to \$65,089,676 before June 30, 2013. Disbursements from North Carolina's ARRA funds to 17 loan recipients totaled \$5,719,661.

III. GOALS AND ACCOMPLISHMENTS

A. Short-Term Goals and Accomplishments

North Carolina continues to work on the following nine short-term goals and accomplishments that were included in its prior IUPs.

1. Provide loans to eligible public water systems to address acute health risks as a priority.

North Carolina assigns its second highest priority to projects that help a system comply with current or future regulations.

2. Provide loans to eligible public water systems to allow consolidation of non-viable water systems to form systems with adequate capacity.

North Carolina assigns its highest priority to projects to consolidate water systems that lack the technical capacity to meet standards, or that are failing for other reasons. This allows eligible, viable water systems to take over supplying the service area of the failed system.

3. Provide funding for preventative and efficiency measures, such as source water protection and the replacement of aging infrastructure.

Applications for off stream settling basins, upgrading of water treatment plants, and upgrading transmission and distribution lines were given high to medium priority ratings when documentation was provided to show the existing health risk associated with excessive raw water turbidity or insufficient water pressure could be reduced by funding the project. All projects types that are federally eligible are also state eligible.

The operating agreement (revised effective 2 April 2012) assigns the third highest priority to projects that replace aging infrastructure.

4. Improve compliance for water systems.

The Public Water Supply Section's field staff continues to provide updated inventory information as they become aware of the needed changes. Maximum contaminant level exceedance letters, monitoring failure notifications and administrative orders are routinely prepared and mailed from the central office in Raleigh. In addition, central office has also prepared and issued administrative penalties to non-compliant systems for delinquencies in bacteriological monitoring. Overall systems' compliance rates have improved each year. Details are provided in the annual 2012 Capacity Development Progress Report.

5. Assist EPA in meeting regional program objectives by conducting State Supervision activities and meeting workplan objectives and measures.

The Section met the workplan objectives and measures for the State Supervision activities during the past year.

6. Provide the required State match within the required time frame.

State match for the Federal FY 2012 capitalization grant (not yet received) was provided by SL2012-142, passed 2 July 2012.

7. Participate in the creation of a joint drinking water/wastewater database system for financial management of the DWSRF.

The database has been developed and is maintained by the Infrastructure Finance Section of the Division of Water Quality. The Infrastructure Finance Section has since been moved to the Division of Water Infrastructure. The database has been used for active production. The Department continues to fix minor technical issues involved with the deployment of this system.

8. Provide funding to improve state knowledge of availability of water supply to meet drinking water needs.

A contract was renewed with the University of North Carolina's Environmental Finance Center to develop measures of managerial capacity for North Carolina water systems, to develop an interconnections map and database, to develop guidance regarding water partnership agreements and shared management models, and to provide training on these topics. Draft deliverables were reviewed and refined by upper management. The resulting tools are available for PWS Section consideration when assessing strategies and activities to meet the state's drinking water needs.

9. Assist in the economic recovery by providing infrastructure funding to eligible applicants in an expedited fashion.

The NC PWS Section administered the provisions of the American Recovery and Reinvestment Act (ARRA) and met the February 17, 2010 deadline for establishing binding commitments with all ARRA fund awardees. The Projects Benefits Reporting (PBR) system developed by EPA is used to report on the implementation progress being made by the awardees, especially with the new project reporting requirements, such as jobs reporting. Other oversight activities included on-site inspections of the water system construction, monitoring of ARRA signage requirements, review of documentation about wages paid to employees subject to the Davis-Bacon Act, and review of verification documents for the Buy-American requirements.

B. Long-Term Goals and Accomplishments

North Carolina continues to work on the following nine long-term commitments that were included in its prior IUPs.

1. Support the North Carolina goal of assuring safe and healthy drinking water for state residents and visitors served by public water supplies.

The NC PWS Section continues to make progress in improving the drinking water quality for the state. The 2012 Capacity Development Progress Report documents the improvements.

2. Increase the percent of the population served by safe public water systems.

The NC PWS Section constantly monitors analytical results for regulated and unregulated contaminants to ensure that the highest percent of the state's population are being served drinking water from safe public water systems. While compliance rates fluctuate as new rules take effect, trends show increases overall.

The NC PWS Section continues to fund service area expansion projects that address areas with contaminated private wells and raise the state's overall level of public health protection.

3. Increase the safety of public water systems.

The award of DWSRF monies to public water system upgrade proposals allows the safety of existing public water systems to be increased. Additionally small system technical assistance and resultant inspections identify deficiencies that must be satisfied to remain in compliance with state and federal requirements.

4. Promote safe and affordable drinking water.

In addition to the improvements to existing water systems made possible by project funding, a great emphasis is now being placed on prevention of entry of threatening contaminants through the implementation of a source water assessment program and its subcomponents, like wellhead protection. These activities, as well as the other set-asides, are described in more detail in the Program Details, Section IV, in this report.

5. Provide technical and financial assistance to public water systems in adapting to changing drinking water quality standards and maintaining the health objectives of the SDWA.

Assistance provided by both central and field office staff support ARRA and DWSRF loans.

6. Maintain the fiscal integrity of the DWSRF to assure continuance of loan funds for future generations.

As revolving loan principal repayments and interest payments are received, they are deposited to an account dedicated to disbursement for new loans. The now-repeating Federal requirements to provide principal forgiveness runs counter to this objective. For next fiscal year, more than 20 percent of the money will not be returned, as mandated by federal law. EPA should address this disconnect between directly competing requirements.

7. Assist water systems in complying with new SDWA rules as they are implemented.

The NC PWS Section provides assistance with new rules to the extent resources allow. Limited DWSRF funding supports this goal. Informational mailings including an annual "Regulatory Update," to water systems on specific issues, and staff participate in numerous operator schools and training classes. Reductions in state appropriations and lack of increases in federal funding to address inflationary costs continue to reduce the amount of assistance that can be provided. Assistance is still available in key areas, but as trends continue, this goal may be harder to achieve.

8. Implement a capacity development strategy that will result in improved water system compliance

The strategy for implementing North Carolina's Capacity Development Program was submitted on August 23, 2000 and approved on September 21, 2000. Beginning in FY 2000, an annual report has been available online to the public describing the efficacy of and the progress made by NC's capacity development program. This report has been submitted in a timely manner to the Governor in FY 2002, FY 2005, and FY 2008, and FY 2011, as required by Section 1420(c)(3) of the SDWA.

Water System Management Plans are a central feature of North Carolina's capacity development strategy. The majority of community and nontransient noncommunity water systems have documented their management plans and policies, financial strategies, and basic operating requirements in these documents. To promote further increases in capacity, the NC PWS Section is working directly with small water systems through outreach and training.

Continuing strong improvement in compliance rates shows the wide variety of section activities are working.

9. Ensure technical integrity of the proposed water system improvements, advocate self-sufficiency, protect water resources from new pollution sources, and promote sustainability.

This goal is accomplished through a Plan Review and Approval process which includes Capacity Development requirements. Federal requirements to award SRF money without repayment may result in propping up systems that are fundamentally non-viable.

IV. PROGRAM DETAILS

A. Fund Financial Status

1. Sources of Funds

Exhibits 1-A, 1-B, 4, and 5 show the sources of project funds for state fy 2013. Other state fy 2013 sources included \$329,896 in interest earned on deposits, and \$24,006,977 (principal and interest) in loan repayments.

2. Projects

Exhibit 2 shows that during the fiscal year the State of North Carolina entered into 64 original binding commitments totaling \$94,690,730. Including increases and decreases to other projects the total committed during the fiscal year was as follows:

Commitment from Capitalization Grant/Match Funds-Prior	\$350,232,064
Commitment from Revolving Fund-Current Year	\$ 94,690,730
Adjustment to Prior Commitments	\$ 0.00
Total Committed through June 30, 2013	\$444,922,794

3. Payments to Automated Clearinghouse (ACH)

Exhibit 2 shows binding commitments as compared to the payment schedule. Exhibit 3 shows the Schedules of Payments to the ACH.

4. Disbursements

Exhibit 3 shows that total disbursement during the fiscal year consisted of \$22,581,694 disbursed to projects and \$5,312,482 expended for set-aside activities.

5. Loan Repayments

Exhibit 4 shows that loan principal repayments during the fiscal year totaled \$18,689,369 with interest received on loans totaling 5,317,608.

6. Loan Administrative Fee

Exhibit 5 shows activity associated with loan administrative fees. During the fiscal year 2013, 24 applicants paid fees totaling \$735,644. Interest earned on funds in the Loan Administrative Fee Account totaled \$31,640.

7. Financial Statements

Exhibits 1 through 7 are prepared on the cash basis, in keeping with the method used to compile DWSRF data in the National Information Management System (NIMS).

B. Assistance Activity

Exhibits 6 and 7 illustrate the project assistance activity of the DWSRF funds for the period ending June 30, 2013.

Exhibit 6 shows the projects with which North Carolina's DWSRF has entered into binding commitments for low interest loans or principal forgiveness loans during the period.

Exhibit 7 shows the assistance amount provided to each project by needs/construction category.

C. Conditions of the Grant

The North Carolina State Auditor's Office conducts an annual audit of the DWSRF. Audit procedures are conducted in accordance with Generally Accepted Auditing Standards and Government Auditing Standards issued by the Comptroller General of the United States. The State Auditor Report for the last fiscal year disclosed no instances of non-compliance with Terms and Conditions of the DWSRF Grant. Recommendations for improved management were provided and have been or are in the process of being implemented.

D. Set-Aside Program Reports

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

1. Program Administration (up to 4% of Capitalization Grant).

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

2. Technical Assistance for Small Systems. (up to 2% 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, 2012 to June 30, 2013. 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 5,907 site visits to small systems, including, 2,491 sanitary surveys for small systems during calendar year 2012 (data entry had not been completed for all fiscal year 2013 site visits at the time data was pulled from SDWIS for this report).

3. Drinking Water State Program Management Functions (up to 10% of Capitalization Grant).

i. 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.

ii. 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 maintains a web-based application to deliver SWAP data to the public. We are currently overhauling this application to improve its functionality and dependability. An anticipated outcome of this effort will include publication of new SWAP reports for the state's 9000+ sources of public drinking water.

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, five public water providers using surface sources have completed comprehensive SWP Plans. These water providers serve a combined population of approximately 235,000 consumers. A recent partnership with the NC Clean Water Management Trust Fund will provide approximately \$150,000 to further promote local SWP planning during the next fiscal year.

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.

The NC SWP Program continues to receive invitations to share successful SWP strategies at national conferences and events. This year program staff presented case studies in a series of EPA webinars. Staff also addressed the National Source Water Collaborative in Washington, DC.

iii. *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, 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.

4. Local Assistance and other State programs (up to 15% of Capitalization Grant).

i. *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 nine WHP plans during the reporting period, three first time submittals, five updates/renewals of previously approved plans, and one complete revision of a formally submitted plan that had failed to receive approval. The newly submitted plans bring the total number of unique PWS systems that have submitted WHP plans to 173. Nine PWS systems received approval of their WHP plans during the reporting period, increasing the total number of PWS systems with approved WHP plans to 135. These 135 systems comprise 861 wells serving a population of 920,273.

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 provided hydrogeologic expertise and analysis as requested by other programs and agencies, units of local government, citizens, environmental consultants, contractors, and the NCRWA. Examples include: analysis to verify source aquifers and degree of confinement as related to monitoring for disinfection byproducts; review and comment regarding proposed well construction rule changes; and review of potential impacts of hydraulic fracturing for enhanced shale gas recovery.

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 314 individual JPEG map images are currently available via email to interested parties upon request. Electronic map images are regularly provided to the DWM/UST Section to support the review of limited site assessments for facilities with soil and/or ground water contamination. Individual electronic maps were also provided upon request to environmental consultants conducting risk based analysis of sites with soil and /or ground-water contamination.

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.

The WHP Program continued to recognize and promote local interest and participation in source water protection activities. As part of this effort, PWS systems that had received approval of their WHP plans during the previous twelve months were recognized with framed certificates at the NCRWA's annual conference. The WHP Program also continued to foster and develop cross-communication efforts between the state UST/UST Program and the State Drinking Water Program.

The WHP Program provided support to the Source Water Assessment Program (SWAP) and the Source Water Protection Program. Program support includes: review of work products; review and analysis relevant to delineation and assessment activities; participation in the NC Source Water Collaborative; and assisting in the generation of SWAP reports

ii. 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 7,271 site visits, including, 2,931 sanitary surveys for all systems (including small systems) during calendar year 2012. Data entry was not complete for fiscal year 2013 site visits at the time data was pulled from SDWIS for this report.

E. Transfer of Funds from Set-Asides into Standard Project Accounts.

Funds for Local Assistance and Other State Programs can be reallocated among the five different activities or transferred to project fund, based upon the needs of the eligible water systems for any given year upon approval of grant amendment. At any time, the DWSRF Administrator can transfer any unspent funds to the project funds. Once transferred, these funds must remain as part of the project fund. A request was submitted in October 2012 and the funds in the amount of \$11,375,847 were approved and transferred in June 2013.

F. DBE (MBE/WBE) Requirements.

The total amount of MBE procurement during the state FY 2013 was \$285,063 (1.0 percent of total procurement of \$27,540,430). The total amount of WBE procurement during the same time was \$3,099,439 (11.3 percent of total procurement).

G. Special Capitalization Grant Requirements.

The Capitalization Grants starting in 2010 required North Carolina to provide a minimum level of additional subsidization and a minimum level of assistance to green projects. Exhibits 8A and 8B show how North Carolina satisfied this requirement.

Exhibits

**North Carolina
Drinking Water State Revolving Fund
Annual Report
June 30, 2013**

Exhibit 1

**Capitalization Grants
Current Summary**

	Remaining Balance as of <u>7/1/2012</u>	Current Year Award (a)	Total Available	Current Year Disbursements	Remaining Balance as of <u>6/30/2013</u>	Transfers to Projects at 7/1/2013 (b)
<u>Set Asides</u>						
63xx Administration	\$ 4,162,271.02	\$ -	\$ 4,162,271.02	\$ 666,474.16	\$ 3,495,796.86	\$ (1,750,630.00)
64xx State Program Functions	\$ 6,717,598.61	\$ -	\$ 6,717,598.61	\$ 2,765,957.23	\$ 3,951,641.38	\$ (671,593.00)
65xx Technical Assistance	\$ 1,661,982.30	\$ -	\$ 1,661,982.30	\$ 421,226.67	\$ 1,240,755.63	\$ (456,161.00)
66xx Local Assistance and Other State Programs						
-6621 Wellhead Protection	\$ 4,409,534.91	\$ -	\$ 4,409,534.91	\$ 510,260.77	\$ 3,899,274.14	\$ (2,240,359.00)
-6622 Capacity Development	\$ 6,747,343.89	\$ -	\$ 6,747,343.89	\$ 948,563.32	\$ 5,798,780.57	\$ (1,726,114.00)
-6640 Loans for Acquisitions/Easements	\$ 6,384,915.00	\$ -	\$ 6,384,915.00	\$ -	\$ 6,384,915.00	\$ (4,530,990.00)
Total Local Assistance & Other State Programs	\$ 17,541,793.80	\$ -	\$ 17,541,793.80	\$ 1,458,824.09	\$ 16,082,969.71	\$ (8,497,463.00)
Total Set Asides	\$ 30,083,645.73	\$ -	\$ 30,083,645.73	\$ 5,312,482.15	\$ 24,771,163.58	\$ (11,375,847.00)
<u>Projects</u>						
Federal Share	\$ 70,150,722.00	\$ -	\$ 70,150,722.00	\$ 18,912,536.00	\$ 51,238,186.00	\$ 11,375,847.00
State Share	\$ 17,036,202.00	\$ -	\$ 17,036,202.00	\$ 3,669,158.00	\$ 13,367,044.00	
Total Projects	\$ 87,186,924.00	\$ -	\$ 87,186,924.00	\$ 22,581,694.00	\$ 64,605,230.00	
Total Funding	\$ 117,270,569.73	\$ -	\$ 117,270,569.73	\$ 27,894,176.15	\$ 89,376,393.58	
<u>Funding Source</u>						
Federal Funds	\$ 100,234,367.73	\$ -	\$ 100,234,367.73	\$ 24,225,018.15	\$ 76,009,349.58	
State Funds	\$ 17,036,202.00	\$ -	\$ 17,036,202.00	\$ 3,669,158.00	\$ 13,367,044.00	
Total Funding	\$ 117,270,569.73	\$ -	\$ 117,270,569.73	\$ 27,894,176.15	\$ 89,376,393.58	

Cumulative Summary

	See Exhibit	Set Asides	Projects	Match	Total Available	Total Disbursed	Ending Balance 6/30/2013
Closed Grants - 1997 through 2006	1-F	\$ 33,832,275.00	\$ 151,710,625.00	\$ 37,108,580.00	\$ 222,651,480.00	\$ 222,651,480.00	\$ -
2007 Capitalization Grant	1-E	\$ 8,585,450.00	\$ 19,109,550.00	\$ 5,539,000.00	\$ 33,234,000.00	\$ 30,824,087.77	\$ 2,409,912.23
2008 Capitalization Grant	1-D	\$ 8,498,340.00	\$ 18,915,660.00	\$ 5,482,800.00	\$ 32,896,800.00	\$ 25,335,221.74	\$ 7,561,578.26
2009 Capitalization Grant	1-C	\$ 8,498,340.00	\$ 18,915,660.00	\$ 5,482,800.00	\$ 32,896,800.00	\$ 15,136,715.46	\$ 17,760,084.54
2010 Capitalization Grant	1-B	\$ 11,033,830.00	\$ 24,559,170.00	\$ 7,118,600.00	\$ 42,711,600.00	\$ 10,259,181.42	\$ 32,452,418.58
2011 Capitalization Grant	1-A	\$ 7,656,380.00	\$ 17,041,620.00	\$ 4,939,600.00	\$ 29,637,600.00	\$ 445,200.03	\$ 29,192,399.97
Total Program Funding		\$ 78,104,615.00	\$ 250,252,285.00	\$ 65,671,380.00	\$ 394,028,280.00	\$ 304,651,886.42	\$ 89,376,393.58

- (a) 2010 Capitalization Grant awarded 9/8/2011
(a) 2011 Capitalization Grant awarded 5/29/2012

Note: The extent to which funds have been expended does not reflect an absence of commitment of unspent funds. It should be noted that, in fact, all grant funds awarded have been committed as defined in the approved EPA Work Plan and Intended Use Plans.

- (b) Set aside remaining balances at 6/30/2013 are being transferred to Projects. These amounts will be reflected in Beginning Balances at 7/1/2013.

Administration	\$ (1,750,630.00)
State Program Functions	\$ (671,593.00)
Technical Assistance	\$ (456,161.00)
Local Assistance	\$ (8,497,463.00)
Projects - Federal Share	\$ 11,375,847.00

**North Carolina
Drinking Water State Revolving Fund
Annual Report
June 30, 2013**

Exhibit 1-A

**2011 Capitalization Grant
7/1/2012 - 9/30/2017**

	<u>Award Amount</u>	<u>Remaining Balance as of 6/30/2012</u>	<u>Current Year Disbursements</u>	<u>Remaining Balance as of 6/30/2013</u>
<u>Set Asides</u>				
63A1 Administration	\$ 987,920.00	\$ 987,920.00	\$ -	\$ 987,920.00
64A1 State Program Functions	\$ 2,469,800.00	\$ 2,469,800.00	\$ -	\$ 2,469,800.00
65A1 Technical Assistance	\$ 493,960.00	\$ 493,960.00	\$ -	\$ 493,960.00
6609 Local Assistance and Other State Programs				
-6H21 Wellhead Protection	\$ 864,245.00	\$ 864,245.00	\$ 445,200.03	\$ 419,044.97
-6H22 Capacity Development	\$ 2,469,800.00	\$ 2,469,800.00	\$ -	\$ 2,469,800.00
-6H40 Loans for Acquisitions/Easements	\$ 370,655.00	\$ 370,655.00	\$ -	\$ 370,655.00
Total Local Assistance and Other State Programs	\$ 3,704,700.00	\$ 3,704,700.00	\$ 445,200.03	\$ 3,259,499.97
Total Set Asides	\$ 7,656,380.00	\$ 7,656,380.00	\$ 445,200.03	\$ 7,211,179.97
<u>Projects</u>				
6C11 Federal Share	\$ 17,041,620.00	\$ 17,041,620.00	\$ -	\$ 17,041,620.00
6D11 State Share	\$ 4,939,600.00	\$ 4,939,600.00	\$ -	\$ 4,939,600.00
Total Projects	\$ 21,981,220.00	\$ 21,981,220.00	\$ -	\$ 21,981,220.00
Total Funding	\$ 29,637,600.00	\$ 29,637,600.00	\$ 445,200.03	\$ 29,192,399.97
<u>Funding Source</u>				
Total Federal Funds	\$ 24,698,000.00	\$ 24,698,000.00	\$ 445,200.03	\$ 24,252,799.97
Total State Funds	\$ 4,939,600.00	\$ 4,939,600.00	\$ -	\$ 4,939,600.00
Total Funding	\$ 29,637,600.00	\$ 29,637,600.00	\$ 445,200.03	\$ 29,192,399.97

Note: The extent to which funds have been expended does not reflect an absence of commitment of unspent funds. It should be noted that, in fact, all grant funds awarded have been committed as defined in the approved EPA Work Plan and Intended Use Plans.

**North Carolina
Drinking Water State Revolving Fund
Annual Report
June 30, 2013**

Exhibit 1-B

**2010 Capitalization Grant
7/1/2011 - 9/30/2016**

	<u>Award Amount</u>	<u>Remaining Balance as of 6/30/2012</u>	<u>Current Year Disbursements</u>	<u>Remaining Balance as of 6/30/2013</u>
<u>Set Asides</u>				
63A0 Administration	\$ 1,423,720.00	\$ 1,423,720.00	\$ 666,474.16	\$ 757,245.84
64A0 State Program Functions	\$ 3,559,300.00	\$ 3,559,300.00	\$ 2,749,051.92	\$ 810,248.08
65A0 Technical Assistance	\$ 711,860.00	\$ 711,860.00	\$ 421,226.67	\$ 290,633.33
66A0 Local Assistance and Other State Programs				
-6G21 Wellhead Protection	\$ 1,304,250.00	\$ 1,304,250.00	\$ 64,380.35	\$ 1,239,869.65
-6G22 Capacity Development	\$ 2,551,430.00	\$ 2,551,430.00	\$ 948,563.32	\$ 1,602,866.68
-6G40 Loans for Acquisitions/Easements	\$ 1,483,270.00	\$ 1,483,270.00	\$ -	\$ 1,483,270.00
Total Local Assistance and Other State Programs	\$ 5,338,950.00	\$ 5,338,950.00	\$ 1,012,943.67	\$ 4,326,006.33
Total Set Asides	\$ 11,033,830.00	\$ 11,033,830.00	\$ 4,849,696.42	\$ 6,184,133.58
<u>Projects</u>				
6C10 Federal Share	\$ 24,559,170.00	\$ 23,810,125.00	\$ 3,444,823.00	\$ 20,365,302.00
6D10 State Share	\$ 7,118,600.00	\$ 6,901,484.00	\$ 998,501.00	\$ 5,902,983.00
Total Projects	\$ 31,677,770.00	\$ 30,711,609.00	\$ 4,443,324.00	\$ 26,268,285.00
Total Funding	\$ 42,711,600.00	\$ 41,745,439.00	\$ 9,293,020.42	\$ 32,452,418.58
<u>Funding Source</u>				
Total Federal Funds	\$ 35,593,000.00	\$ 34,843,955.00	\$ 8,294,519.42	\$ 26,549,435.58
Total State Funds	\$ 7,118,600.00	\$ 6,901,484.00	\$ 998,501.00	\$ 5,902,983.00
Total Funding	\$ 42,711,600.00	\$ 41,745,439.00	\$ 9,293,020.42	\$ 32,452,418.58

Note: The extent to which funds have been expended does not reflect an absence of commitment of unspent funds. It should be noted that, in fact, all grant funds awarded have been committed as defined in the approved EPA Work Plan and Intended Use Plans.

**North Carolina
Drinking Water State Revolving Fund
Annual Report
June 30, 2013**

Exhibit 1-C

**2009 Capitalization Grant
7/1/2010 - 9/30/2015**

	<u>Award Amount</u>	<u>Remaining Balance as of 6/30/2012</u>	<u>Current Year Disbursements</u>	<u>Remaining Balance as of 6/30/2013</u>	<u>Transferred to Projects at 6/30/2013 (a)</u>
<u>Set Asides</u>					
6309 Administration	\$ 1,096,560.00	\$ 1,096,560.00	\$ -	\$ 1,096,560.00	\$ (1,096,560.00)
6409 State Program Functions	\$ 2,741,400.00	\$ 652,908.75	\$ -	\$ 652,908.75	\$ (652,908.00)
6509 Technical Assistance	\$ 548,280.00	\$ 321,050.79	\$ -	\$ 321,050.79	\$ (321,051.00)
6609 Local Assistance and Other State Programs					
-6621 Wellhead Protection	\$ 1,304,250.00	\$ 1,304,250.00	\$ -	\$ 1,304,250.00	\$ (1,304,250.00)
-6622 Capacity Development	\$ 1,324,580.00	\$ 1,324,580.00	\$ -	\$ 1,324,580.00	\$ (1,324,580.00)
-6640 Loans for Acquisitions/Easements	\$ 1,483,270.00	\$ 1,483,270.00	\$ -	\$ 1,483,270.00	\$ (1,483,270.00)
Total Local Assistance and Other State Programs	\$ 4,112,100.00	\$ 4,112,100.00	\$ -	\$ 4,112,100.00	\$ (4,112,100.00)
Total Set Asides	\$ 8,498,340.00	\$ 6,182,619.54	\$ -	\$ 6,182,619.54	\$ (6,182,619.00)
<u>Projects</u>					
6C09 Federal Share	\$ 18,915,660.00	\$ 19,878,593.00	\$ 10,326,233.00	\$ 9,552,360.00	\$ 6,182,619.00
6D09 State Share	\$ 5,482,800.00	\$ 3,969,848.00	\$ 1,944,743.00	\$ 2,025,105.00	
Total Projects	\$ 24,398,460.00	\$ 23,848,441.00	\$ 12,270,976.00	\$ 11,577,465.00	
Total Funding	\$ 32,896,800.00	\$ 30,031,060.54	\$ 12,270,976.00	\$ 17,760,084.54	
<u>Funding Source</u>					
Total Federal Funds	\$ 27,414,000.00	\$ 26,061,212.54	\$ 10,326,233.00	\$ 15,734,979.54	
Total State Funds	\$ 5,482,800.00	\$ 3,969,848.00	\$ 1,944,743.00	\$ 2,025,105.00	
Total Funding	\$ 32,896,800.00	\$ 30,031,060.54	\$ 12,270,976.00	\$ 17,760,084.54	

Note: The extent to which funds have been expended does not reflect an absence of commitment of unspent funds. It should be noted that, in fact, all grant funds awarded have been committed as defined in the approved EPA Work Plan and Intended Use Plans.

(a) Set aside remaining balances at 6/30/2013 are being transferred to Projects. These amounts will be reflected in Beginning Balances at 7/1/2013.

Administration	\$ (1,096,560.00)
State Program Functions	\$ (652,908.00)
Technical Assistance	\$ (321,051.00)
Local Assistance	\$ (4,112,100.00)
Projects - Federal Share	\$ 6,182,619.00

**North Carolina
Drinking Water State Revolving Fund
Annual Report
June 30, 2013**

Exhibit 1-D

**2008 Capitalization Grant
7/1/2009 - 9/30/2014**

	<u>Award Amount</u>	<u>Remaining Balance as of 6/30/2012</u>	<u>Current Year Disbursements</u>	<u>Remaining Balance as of 6/30/2013</u>	<u>Transferred to Projects at 6/30/2013 (a)</u>
<u>Set Asides</u>					
6308 Administration	\$ 1,096,560.00	\$ 647,293.09	\$ -	\$ 647,293.09	\$ (647,293.00)
6408 State Program Functions	\$ 2,741,400.00	\$ -	\$ -	\$ -	\$ -
6508 Technical Assistance	\$ 548,280.00	\$ 135,110.76	\$ -	\$ 135,110.76	\$ (135,110.00)
6608 Local Assistance and Other State Programs					
-6E21 Wellhead Protection	\$ 1,304,250.00	\$ 936,109.52	\$ -	\$ 936,109.52	\$ (936,109.00)
-6E22 Capacity Development	\$ 1,324,580.00	\$ 401,533.89	\$ -	\$ 401,533.89	\$ (401,534.00)
-6E40 Loans for Acquisitions/Easements	\$ 1,483,270.00	\$ 1,483,270.00	\$ -	\$ 1,483,270.00	\$ (1,483,270.00)
Total Local Assistance and Other State Programs	\$ 4,112,100.00	\$ 2,820,913.41	\$ -	\$ 2,820,913.41	\$ (2,820,913.00)
Total Set Asides	\$ 8,498,340.00	\$ 3,603,317.26	\$ -	\$ 3,603,317.26	\$ (3,603,316.00)
<u>Projects</u>					
6C08 Federal Share	\$ 18,915,660.00	\$ 7,280,860.00	\$ 3,762,609.00	\$ 3,518,251.00	\$ 3,603,316.00
6D08 State Share	\$ 5,482,800.00	\$ 1,065,957.00	\$ 625,947.00	\$ 440,010.00	
Total Projects	\$ 24,398,460.00	\$ 8,346,817.00	\$ 4,388,556.00	\$ 3,958,261.00	
Total Funding	\$ 32,896,800.00	\$ 11,950,134.26	\$ 4,388,556.00	\$ 7,561,578.26	
<u>Funding Source</u>					
Total Federal Funds	\$ 27,414,000.00	\$ 10,884,177.26	\$ 3,762,609.00	\$ 7,121,568.26	
Total State Funds	\$ 5,482,800.00	\$ 1,065,957.00	\$ 625,947.00	\$ 440,010.00	
Total Funding	\$ 32,896,800.00	\$ 11,950,134.26	\$ 4,388,556.00	\$ 7,561,578.26	

Note: The extent to which funds have been expended does not reflect an absence of commitment of unspent funds. It should be noted that, in fact, all grant funds awarded have been committed as defined in the approved EPA Work Plan and Intended Use Plans.

(a) Set aside remaining balances at 6/30/2013 are being transferred to Projects. These amounts will be reflected in Beginning Balances at 7/1/2013.

Administration	\$ (647,293.00)
State Program Functions	\$ -
Technical Assistance	\$ (135,110.00)
Local Assistance	\$ (2,820,913.00)
Projects - Federal Share	\$ 3,603,316.00

**North Carolina
Drinking Water State Revolving Fund
Annual Report
June 30, 2013**

Exhibit 1-E

**2007 Capitalization Grant
7/1/2008- 9/30/2013**

	<u>Award Amount</u>	<u>Remaining Balance as of 6/30/2012</u>	<u>Current Year Disbursements</u>	<u>Remaining Balance as of 6/30/2013</u>	<u>Transferred to Projects at 6/30/2013 (a)</u>
<u>Set Asides</u>					
6307 Administration	\$ 1,107,800.00	\$ 6,777.93	\$ -	\$ 6,777.93	\$ (6,777.00)
6407 State Program Functions	\$ 2,769,500.00	\$ 35,589.86	\$ 16,905.31	\$ 18,684.55	\$ (18,685.00)
6507 Technical Assistance	\$ 553,900.00	\$ 0.75	\$ -	\$ 0.75	\$ -
6607 Local Assistance and Other State Programs					
-6D21 Wellhead Protection	\$ 1,291,800.00	\$ 680.39	\$ 680.39	\$ -	\$ -
-6D22 Capacity Development	\$ 1,286,000.00	\$ -	\$ -	\$ -	
-6D40 Loans for Acquisitions/Easements	\$ 1,576,450.00	\$ 1,564,450.00	\$ -	\$ 1,564,450.00	\$ (1,564,450.00)
Total Local Assistance and Other State Programs	\$ 4,154,250.00	\$ 1,565,130.39	\$ 680.39	\$ 1,564,450.00	\$ (1,564,450.00)
Total Set Asides	\$ 8,585,450.00	\$ 1,607,498.93	\$ 17,585.70	\$ 1,589,913.23	\$ (1,589,912.00)
<u>Projects</u>					
6C07 Federal Share	\$ 19,109,550.00	\$ 2,139,524.00	\$ 1,378,871.00	\$ 760,653.00	1,589,912.00
6D07 State Share	\$ 5,539,000.00	\$ 159,313.00	\$ 99,967.00	\$ 59,346.00	
Total Projects	\$ 24,648,550.00	\$ 2,298,837.00	\$ 1,478,838.00	\$ 819,999.00	
Total Funding	\$ 33,234,000.00	\$ 3,906,335.93	\$ 1,496,423.70	\$ 2,409,912.23	
<u>Funding Source</u>					
Total Federal Funds	\$ 27,695,000.00	\$ 3,747,022.93	\$ 1,396,456.70	\$ 2,350,566.23	
Total State Funds	\$ 5,539,000.00	\$ 159,313.00	\$ 99,967.00	\$ 59,346.00	
Total Funding	\$ 33,234,000.00	\$ 3,906,335.93	\$ 1,496,423.70	\$ 2,409,912.23	

Note: The extent to which funds have been expended does not reflect an absence of commitment of unspent funds. It should be noted that, in fact, all grant funds awarded have been committed as defined in the approved EPA Work Plan and Intended Use Plans.

(a) Set aside remaining balances at 6/30/2013 are being transferred to Projects. These amounts will be reflected in Beginning Balances at 7/1/2013.

Administration	\$ (6,777.00)
State Program Functions	\$ (18,685.00)
Technical Assistance	\$ -
Local Assistance	\$ (1,564,450.00)
Projects - Federal Share	\$ 1,589,912.00

**North Carolina
Drinking Water State Revolving Fund
Annual Report
June 30, 2013**

Exhibit 1-F

Grants Closed in Prior Fiscal Years

	<u>Set Asides</u>	<u>Projects</u>	<u>Match</u>	<u>Total Available</u>	<u>Total Disbursed</u>
1997 Capitalization Grant	\$ 7,198,208.00	\$ 38,915,892.00	\$ 9,222,820.00	\$ 55,336,920.00	\$ 55,336,920.00
1998 Capitalization Grant	\$ 2,466,464.00	\$ 10,392,936.00	\$ 2,571,880.00	\$ 15,431,280.00	\$ 15,431,280.00
1999 Capitalization Grant	\$ 2,804,785.00	\$ 10,673,115.00	\$ 2,695,580.00	\$ 16,173,480.00	\$ 16,173,480.00
2000 Capitalization Grant	\$ 2,872,124.00	\$ 11,135,276.00	\$ 2,801,480.00	\$ 16,808,880.00	\$ 16,808,880.00
2001 Capitalization Grant	\$ 3,201,564.00	\$ 10,863,836.00	\$ 2,813,080.00	\$ 16,878,480.00	\$ 16,878,480.00
2002 Capitalization Grant	\$ 2,610,138.00	\$ 11,529,762.00	\$ 2,827,980.00	\$ 16,967,880.00	\$ 16,967,880.00
2003 Capitalization Grant	\$ 2,856,623.00	\$ 11,198,277.00	\$ 2,810,980.00	\$ 16,865,880.00	\$ 16,865,880.00
2004 Capitalization Grant	\$ 1,191,051.00	\$ 13,388,849.00	\$ 2,915,980.00	\$ 17,495,880.00	\$ 17,495,880.00
2005 Capitalization Grant	\$ 45,899.00	\$ 14,503,201.00	\$ 2,909,820.00	\$ 17,458,920.00	\$ 17,458,920.00
2006 Capitalization Grant	\$ 8,585,419.00	\$ 19,109,481.00	\$ 5,538,980.00	\$ 33,233,880.00	\$ 33,233,880.00
 Total Closed Grants	 <u>\$ 33,832,275.00</u>	 <u>\$ 151,710,625.00</u>	 <u>\$ 37,108,580.00</u>	 <u>\$ 222,651,480.00</u>	 <u>\$ 222,651,480.00</u>
		\$ 185,542,900.00			

**North Carolina
Drinking Water State Revolving Fund
Annual Report
June 30, 2013**

Exhibit 1-1A

2009 Capitalization Grant - American Recovery and Reinvestment Act

7/1/2009 - 9/30/2013

			Award Amount	Remaining Balances of 6/30/2012	Current Year Disbursements	Remaining Balance as of 6/30/2013	Transferred to Projects at 6/30/2013 (a)
<u>ARRA Set Asides</u>							
63S9	Administration		\$ 1,565,000.00	\$ 1,029,676.00	\$ -	\$ 1,029,676.00	\$ (1,029,676.00)
	Total Set Asides		<u>\$ 1,565,000.00</u>	<u>\$ 1,029,676.00</u>	<u>\$ -</u>	<u>\$ 1,029,676.00</u>	<u>\$ (1,029,676.00)</u>
<u>ARRA Projects</u>							
6CS9	Federal Share	Loan Portion	\$ 31,245,369.00	\$ 3,192,438.83	\$ 2,859,829.40	\$ 332,609.43	\$ 514,838.00
6CS9	Federal Share	Principal Forgiveness	<u>\$ 32,814,631.00</u>	<u>\$ 3,192,455.82</u>	<u>\$ 2,859,831.40</u>	<u>\$ 332,624.42</u>	\$ 514,838.00
	Total Projects		<u>\$ 64,060,000.00</u>	<u>\$ 6,384,894.65</u>	<u>\$ 5,719,660.80</u>	<u>\$ 665,233.85</u>	
	Total Funding		<u>\$ 65,625,000.00</u>	<u>\$ 7,414,570.65</u>	<u>\$ 5,719,660.80</u>	<u>\$ 1,694,909.85</u>	
<u>Funding Source</u>							
	Total Federal Funds	Loan Portion	\$ 32,810,369.00	\$ 4,222,114.83	\$ 2,859,829.40	\$ 1,362,285.43	
	Total Federal Funds	Principal Forgiveness	<u>\$ 32,814,631.00</u>	<u>\$ 3,192,455.82</u>	<u>\$ 2,859,831.40</u>	<u>\$ 332,624.42</u>	
	Total Funding		<u>\$ 65,625,000.00</u>	<u>\$ 7,414,570.65</u>	<u>\$ 5,719,660.80</u>	<u>\$ 1,694,909.85</u>	

Exhibit 1-1B

		Total Disbursements					
		<u>Prior Years</u>	<u>Fiscal Year 2013</u>				
			<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>	<u>Total</u>
<u>2009 ARRA Grant</u>							
Set Asides	2009 Grant	\$ 535,324.00	\$ -	\$ -	\$ -	\$ -	\$ -
	TOTAL	<u>\$ 535,324.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Projects							
	2009 Grant	\$ 58,704,781.35	\$ 2,217,164.00	\$ 338,517.00	\$ 289,687.00	\$ 2,874,292.80	\$ 5,719,660.80
	TOTAL	<u>\$ 58,704,781.35</u>	<u>\$ 2,217,164.00</u>	<u>\$ 338,517.00</u>	<u>\$ 289,687.00</u>	<u>\$ 2,874,292.80</u>	<u>\$ 5,719,660.80</u>

2009 ARRA Grant awarded 4/14/2009

(a) Set aside remaining balances at 6/30/2013 are being transferred to Projects. These amounts will be reflected in Beginning Balances at 7/1/2013.

Note: The extent to which funds have been expended does not reflect an absence of commitment of unspent funds. It should be noted that, in fact, all grant funds awarded have been committed as defined in the approved EPA work Plan and Intended use Plans.

**NORTH CAROLINA
DRINKING WATER STATE REVOLVING FUND
Annual Report
June 30, 2013**

Exhibit 2 Binding Commitments With Respect To Payment Schedule

<u>Project Name</u>	<u>Project Number (DEH-)</u>	<u>Total Award</u>	----- Binding Commitments -----				
			<u>Prior Years</u>	<u>Quarter Ending</u>			
				<u>9/30/2012</u>	<u>12/31/2012</u>	<u>3/31/2013</u>	<u>6/30/2013</u>
<u>Current Year Projects</u>							
Apex, Town of	1758FP	\$ 805,000			\$ 805,000		
Aqua North Carolina, Inc.	1691	\$ 2,125,617			\$ 2,125,617		
Aqua North Carolina, Inc.	1689	\$ 1,733,141			\$ 1,733,141		
Asheboro, City of	1718	\$ 487,850			\$ 487,850		
Aulander, Town of	1733	\$ 222,345					\$ 222,345
Beaufort County Water District I	1735	\$ 3,000,000			\$ 3,000,000		
Beaufort County Water District VI	1741	\$ 3,000,000			\$ 3,000,000		
Belmont, City of	1781F	\$ 745,140				\$ 745,140	
Benson, Town of	1701	\$ 510,000			\$ 510,000		
Benson, Town of	1756	\$ 199,050					\$ 199,050
Bertie County Water District I	1740	\$ 869,000			\$ 869,000		
Bertie County Water District II	1446	\$ 394,000			\$ 394,000		
Bertie County Water District II	1743	\$ 794,000			\$ 794,000		
Bertie County Water District III	1742	\$ 1,018,000			\$ 1,018,000		
Bertie County Water District IV	1744	\$ 904,000			\$ 904,000		
Black Creek, Town of	1676	\$ 490,518					\$ 490,518
Bladenboro, Town of	1698	\$ 746,946					\$ 746,946
Brevard, City of	1778	\$ 2,402,041				\$ 2,402,041	
Broadway Water Association, Inc.	1767	\$ 226,960					\$ 226,960
Bryson City, Town of	1713	\$ 1,172,587			\$ 1,172,587		
Carolina Beach, Town of	1786F	\$ 1,547,000					\$ 1,547,000
Cary, Town of	1757FP	\$ 2,695,000			\$ 2,695,000		
Columbus County W & S District II	1638	\$ 1,867,135		\$ 1,867,135			
Conover, City of	1645	\$ 724,928		\$ 724,928			
Conover, City of	1646	\$ 377,500		\$ 377,500			
Craven, County of	1759FP	\$ 3,014,530				\$ 3,014,530	
Denton, Town of	1643	\$ 3,604,691				\$ 3,604,691	
1	1751	\$ 428,464					\$ 428,464
Faison, Town of	1754	\$ 510,000		\$ 510,000			
Fayetteville Public Works Commission	1761FP	\$ 2,801,858					\$ 2,801,858
Franklinville, Town of	1709	\$ 112,487			\$ 112,487		
Greene County	1637	\$ 3,000,000		\$ 3,000,000			
Greene, County of	1745	\$ 1,701,000			\$ 1,701,000		
Greensboro, City of	1656	\$ 4,142,500				\$ 4,142,500	
Halifax, County of	1699B	\$ 1,585,228		\$ 1,585,228			
Henderson, City of	1692	\$ 1,129,000		\$ 1,129,000			
Henderson, City of	1693	\$ 294,000		\$ 294,000			
Henderson, City of	1694	\$ 1,726,000		\$ 1,726,000			
Jones, County of	1634	\$ 2,015,000		\$ 2,015,000			
Kings Mountain, City of	1773	\$ 5,243,500					\$ 5,243,500
Louisburg, Town of	1682	\$ 213,560					\$ 213,560
Martin County Regional W&S Authority	1760	\$ 2,013,000				\$ 2,013,000	
Montgomery, County of	1697	\$ 1,729,000		\$ 1,729,000			
Norlina, Town of	1681	\$ 233,850		\$ 233,850			
North Lenoir Water Corporation	1748	\$ 2,200,000					\$ 2,200,000
Onslow Water & Sewer Authority	1628	\$ 6,167,615			\$ 6,167,615		
Orange-Alamance Water System, Inc.	1672	\$ 689,000					\$ 689,000
Peachland, Town of	1764	\$ 142,290					\$ 142,290
Pink Hill, Town of	1731	\$ 219,255					\$ 219,255
Raleigh, City of	1703	\$ 6,688,700		\$ 6,688,700			
Ramseur, Town of	1755F	\$ 300,725				\$ 300,725	
Red Springs, Town of	1687	\$ 588,960			\$ 588,960		
Robbins, Town of	1696	\$ 1,530,000			\$ 1,530,000		

Cont.

Saratoga, Town of	1677	\$ 117,582		\$ 117,582				
Snow Hill, Town of	1734	\$ 656,000				\$ 656,000		
Snow Hill, Town of	1635	\$ 841,000		\$ 841,000				
Spring Lake, Town of	1685	\$ 1,314,666					\$ 1,314,666	
Taylorsville, Town of	1720	\$ 1,475,000				\$ 1,475,000		
Thomasville, City of	1562	\$ 1,363,905		\$ 1,363,905				
Topsail Beach, Town of	1674	\$ 3,500,000		\$ 3,500,000				
Warren County Water System District I	1680	\$ 291,427		\$ 291,427				
Washington County	1675	\$ 573,811					\$ 573,811	
Waynesville, Town of	1704	\$ 329,868				\$ 329,868		
Williamston, Town of	1783F	\$ 1,145,500	\$ -	\$ -	\$ -	\$ -	\$ 1,145,500	
Total Current Year Projects		\$ 94,690,730	\$ -	\$ 25,789,350	\$ 31,813,162	\$ 18,683,495	\$ 18,404,723	
Prior Year Projects		\$ 350,232,064	\$303,108,981					
Adjustments to Commitments Reported in Prior Years(a)		\$ -	\$ -					
Total Project Commitments		\$ 444,922,794	\$303,108,981	\$ 25,789,350	\$ 31,813,162	\$ 18,683,495	\$ 18,404,723	
Set Asides(b)		\$ 78,104,615	\$ 78,104,615	\$ -	\$ -	\$ -	\$ -	
Binding Commitment Totals		\$ 523,027,409	\$381,213,596	\$ 25,789,350	\$ 31,813,162	\$ 18,683,495	\$ 18,404,723	
Cumulative Binding Commitments Cumulative Through 6/30/2011			\$381,213,596	\$ 407,002,946	\$ 438,816,108	\$ 457,499,603	\$ 475,904,326	
Cumulative Required Commitments (c)								Future Years
Payments to ACH								
1997-2006 Capitalization Grant		\$ 185,542,900	\$185,542,900	\$ -	\$ -	\$ -	\$ -	\$ -
2007 Capitalization Grant		\$ 27,695,000	\$ 25,432,566	\$ 17,586	\$ 82,719	\$ 1,034,816	\$ 261,336	\$ 865,977
2008 Capitalization Grant		\$ 27,414,000	\$ 19,906,783	\$ 1,705,094	\$ 14,719	\$ 224,477	\$ 2,112,823	\$ 3,450,104
2009 Capitalization Grant		\$ 27,414,000	\$ 6,905,357	\$ 1,074,951	\$ 1,699,221	\$ 1,781,419	\$ 6,229,163	\$ 9,723,889
2010 Capitalization Grant		\$ 35,593,000	\$ 738,046	\$ 563,926	\$ 1,982,603	\$ 3,076,822	\$ 2,682,168	\$ 26,549,435
2011 Capitalization Grant		\$ 24,698,000	\$ 6,130,654	\$ -	\$ 111,554	\$ 184,724	\$ 148,922	\$ 18,122,146
Total Federal Funds		\$ 328,356,900	\$244,656,306	\$ 3,361,557	\$ 3,890,816	\$ 6,302,258	\$ 11,434,412	\$ 58,711,551
State Match		\$ 65,671,380	\$ 48,931,261	\$ 672,311	\$ 778,163	\$ 1,260,452	\$ 2,286,882	\$ 11,742,310
Total		\$ 394,028,280	\$293,587,567	\$ 297,621,436	\$ 302,290,415	\$ 309,853,124	\$ 323,574,419	\$ 394,028,280
Binding Commitments as a Percent of Required Amount			130%	137%	145%	148%	147%	

(a) Net increase/decrease to project commitments reported in prior years. These changes are the result of projects being completed for less than the original committed amount, and excess funds being reverted to the general loan pool, or reassigned to existing increases. projects for commitment.

(b) All Grant Funds awarded have been committed as defined in the approved EPA Workplan and Intended Use Plans.

(c) Payments to ACH lagged by one year

Note: This Exhibit reflects the commitment of funds paid into the ACH. It does not include commitments made from loan repayments deposited into the Revolving Fund.

**NORTH CAROLINA
ARRA--DRINKING WATER STATE REVOLVING FUND
Annual Report
6/30/2013 (a)**

Exhibit 2-A Binding Commitments With Respect To Payment Schedule- ARRA

Project Name	Project Number (DEH-)	Total Award	Prior Year (a)	Binding Commitments				
				Quarter Ending				
				9/30/2012	12/31/2012	3/31/2013	6/30/2013	
		\$0	\$0					
		\$	-	\$		\$		\$
Total Current Year Projects		\$ -	\$ 65,089,676	\$ -	\$ -	\$ -	\$ -	
Prior Years Projects Reported (a)		<u>\$65,089,676</u>	<u>65,089,676</u>					
Adjustments to Commitments Reported in Prior Years		<u>\$0</u>	<u>\$0</u>					
Total Project Commitments		<u>\$ 65,089,676</u>	<u>65,089,676.00</u>	\$ -	\$ -	\$ -	\$ -	
Set Asides (b)		<u>\$ 535,324</u>	<u>\$ 535,324</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Binding Commitment Totals		<u>\$ 65,625,000</u>	<u>\$ 65,625,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Cumulative Binding Commitments Cumulative Through 6/30/2011			<u>\$ 65,625,000</u>	<u>\$ 65,625,000</u>	<u>\$ 65,625,000</u>	<u>\$ 65,625,000</u>	<u>\$ 65,625,000</u>	
Cumulative Required Commitments								Future Years
Payments to ACH 2009 Cap Grant		<u>\$ 65,625,000</u>	<u>\$ 65,625,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Federal Funds		<u>\$ 65,625,000</u>	<u>\$ 65,625,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
State Match		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total		<u>\$ 65,625,000</u>	<u>\$ 65,625,000</u>	<u>\$ 65,625,000</u>	<u>\$ 65,625,000</u>	<u>\$ 65,625,000</u>	<u>\$ 65,625,000</u>	<u>\$ -</u>
Binding Commitments as a Percent of Required Amount			100%	100%	100%	100%	100%	

Notes:

(a) This no change report is being retained in anticipation of reversion of set-asides for project use.

(b) All ARRA funded projects met the February 17,2010 deadline for binding commitments.

**NORTH CAROLINA
DRINKING WATER STATE REVOLVING FUND
Annual Report
June 30, 2013**

Exhibit 3 Total Disbursements

	<u>Prior Years</u>	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>Fiscal Year 2013 3rd Quarter</u>	<u>4th Quarter</u>	<u>Total</u>
<u>Capitalization Grants</u>						
Set Asides 1997 - 2006 Capitalization Grant	\$ 33,832,275.00	\$ -	\$ -	\$ -	\$ -	\$ -
2007 Capitalization Grant	\$ 6,977,951.07	\$ 17,585.70	\$ -	\$ -	\$ -	\$ 17,585.70
2008 Capitalization Grant	\$ 4,895,022.74	\$ -	\$ -	\$ -	\$ -	\$ -
2009 Capitalization Grant	\$ 2,315,720.46	\$ -	\$ -	\$ -	\$ -	\$ -
2010 Capitalization Grant	\$ 966,161.00	\$ 231,716.92	\$ 1,920,895.20	\$ 1,194,057.57	\$ 1,503,026.73	\$ 4,849,696.42
2011 Capitalization Grant	\$ -	\$ -	\$ 153,959.20	\$ 142,318.39	\$ 148,922.44	\$ 445,200.03
Total	\$ 48,987,130.27	\$ 249,302.62	\$ 2,074,854.40	\$ 1,336,375.96	\$ 1,651,949.17	\$ 5,312,482.15
<u>Projects</u>						
1997 - 2006 Capitalization Grant	\$ 151,710,625.77	\$ -	\$ -	\$ -	\$ -	\$ -
State Match	\$ 37,108,580.23	\$ -	\$ -	\$ -	\$ -	\$ -
2007 Capitalization Grant	\$ 18,559,938.00	\$ -	\$ 82,719.00	\$ 1,034,816.00	\$ 261,336.00	\$ 1,378,871.00
State Match	\$ 5,379,687.00	\$ -	\$ 23,976.00	\$ 144,178.00	\$ (68,187.00)	\$ 99,967.00
2008 Capitalization Grant	\$ 15,238,116.00	\$ 1,410,590.00	\$ 14,719.00	\$ 224,477.00	\$ 2,112,823.00	\$ 3,762,609.00
State Match	\$ 4,416,843.00	\$ 408,866.00	\$ 4,267.00	\$ 65,066.00	\$ 147,748.00	\$ 625,947.00
2009 Capitalization Grant	\$ 5,219,686.00	\$ 769,696.00	\$ 1,699,221.00	\$ 1,781,419.00	\$ 6,075,897.00	\$ 10,326,233.00
State Match	\$ 1,512,952.00	\$ 223,100.00	\$ 261,147.00	\$ 209,350.00	\$ 1,251,146.00	\$ 1,944,743.00
2010 Capitalization Grant	\$ 749,045.00	\$ 417,627.00	\$ -	\$ 1,848,055.00	\$ 1,179,141.00	\$ 3,444,823.00
State Match	\$ 217,116.00	\$ 121,053.00	\$ -	\$ 535,667.00	\$ 341,781.00	\$ 998,501.00
2011 Capitalization Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Match	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 240,112,589.00	\$ 3,350,932.00	\$ 2,086,049.00	\$ 5,843,028.00	\$ 11,301,685.00	\$ 22,581,694.00
<i>Federal Share</i>	\$ 191,477,411	\$ 2,597,913	\$ 1,796,659	\$ 4,888,767	\$ 9,629,197	
<i>Cumulative</i>	\$ 191,477,411	\$ 194,075,324	\$ 195,871,983	\$ 200,760,750	\$ 210,389,947	
<i>State Share</i>	\$ 48,635,178	\$ 753,019	\$ 289,390	\$ 954,261	\$ 1,672,488	
<i>Cumulative</i>	\$ 48,635,178	\$ 49,388,197	\$ 49,677,587	\$ 50,631,848	\$ 52,304,336	
	\$ 289,099,719.27	\$ 3,600,234.62	\$ 4,160,903.40	\$ 7,179,403.96	\$ 12,953,634.17	\$ 27,894,176.15
Total Disbursements	\$ 289,099,719	\$ 292,699,954	\$ 296,860,857	\$ 304,040,261	\$ 316,993,895	

Cumulative Disbursement Totals

	<u>Prior Years</u>	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>Fiscal Year 2013 3rd Quarter</u>	<u>4th Quarter</u>	<u>Total</u>
	\$ -	\$ 88,968,232.00	\$ 87,580,510.00	\$ 89,661,983.49	\$ 89,837,490.49	
<u>ACH Funds Available (Beginning)</u>						
ACH Deposits 1997-2006 Capitalization Grants	\$ 185,542,900.00	\$ -	\$ -	\$ -	\$ -	\$ -
2007 Capitalization Grant	\$ 27,695,000.00	\$ -	\$ -	\$ -	\$ -	\$ -
2008 Capitalization Grant	\$ 27,414,000.00	\$ -	\$ -	\$ -	\$ -	\$ -
2009 Capitalization Grant	\$ 27,414,000.00	\$ -	\$ -	\$ -	\$ -	\$ -
2010 Capitalization Grant	\$ -	\$ 1,500,000.00	\$ 4,000,000.00	\$ 4,000,000.00	\$ 5,000,000.00	\$ 14,500,000.00
2011 Capitalization Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 268,065,900.00	\$ 1,500,000.00	\$ 4,000,000.00	\$ 4,000,000.00	\$ 5,000,000.00	\$ 14,500,000.00
	\$ 268,065,900	\$ 269,565,900	\$ 273,565,900	\$ 277,565,900	\$ 282,565,900	
<i>Cumulative ACH Deposits</i>	\$ 179,097,668	\$ 2,887,722	\$ 1,918,527	\$ 3,824,493	\$ 6,535,380	\$ 15,166,121
<i>Cash Draw from ACH</i>	\$ 179,097,668	\$ 181,985,390	\$ 183,903,917	\$ 187,728,410	\$ 194,263,789	
<i>Cumulative Draw from ACH</i>	\$ 88,968,232	\$ 87,580,510	\$ 89,661,983	\$ 89,837,490	\$ 88,302,111	
ACH Funds Available (Ending)						

**NORTH CAROLINA
DRINKING WATER STATE REVOLVING FUND
Annual Report
June 30, 2013**

Exhibit 4 Status of The Fund

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Beginning Balance	\$ -	\$ 54,720,443.50	
Increase in Available Funds			
<u>New Funds Deposited</u>			
Closed Grants - 1997 through 2006	\$ 188,819,205.00	\$ -	\$ 188,819,205.00
2007 Capitalization Grant Projects	\$ 18,559,938.00	\$ 1,378,871.00	\$ 19,938,809.00
State Match	\$ 5,379,687.00	\$ 99,967.00	\$ 5,479,654.00
2008 Capitalization Grant Projects	\$ 15,238,116.00	\$ 3,762,609.00	\$ 19,000,725.00
State Match	\$ 4,416,843.00	\$ 625,947.00	\$ 5,042,790.00
2009 Capitalization Grant Projects	\$ 5,219,686.00	\$ 10,326,233.00	\$ 15,545,919.00
State Match	\$ 1,512,952.00	\$ 1,944,743.00	\$ 3,457,695.00
2010 Capitalization Grant Projects	\$ 749,045.00	\$ 3,444,823.00	\$ 4,193,868.00
State Match	\$ 217,116.00	\$ 998,501.00	\$ 1,215,617.00
2011 Capitalization Grant Projects	\$ -	\$ -	\$ -
State Match	\$ -	\$ -	\$ -
Total New Funds	\$ 240,112,588.00	\$ 22,581,694.00	\$ 262,694,282.00
<u>Repayments Received - Principal</u>			
Deposited in Escrow with State Treasurer (1)	\$ -	\$ -	\$ -
Less: Transfers into Revolving Project Fund	\$ -	\$ -	\$ -
Balance Held in Escrow	\$ -	\$ -	\$ -
Deposited into Revolving Projects Fund	\$ 68,032,094.14	\$ 18,689,368.59	\$ 86,721,462.73
Add: Transfers from Escrow	\$ -	\$ -	\$ -
Total Deposited into Revolving Projects Fund	\$ 68,032,094.14	\$ 18,689,368.59	\$ 86,721,462.73
Total Principal Repayments Received	\$ 68,032,094.14	\$ 18,689,368.59	\$ 86,721,462.73
<u>Repayments Received - Interest</u>			
Deposited in Escrow with State Treasurer (1)	\$ -	\$ -	\$ -
Less: Transfers into Revolving Project Fund	\$ -	\$ -	\$ -
Balance Held in Escrow	\$ -	\$ -	\$ -
Deposited into Revolving Projects Fund	\$ 29,208,899.82	\$ 5,317,608.50	\$ 34,526,508.32
Total Deposited into Revolving Projects Fund	\$ 29,208,899.82	\$ 5,317,608.50	\$ 34,526,508.32
Total Interest Repayments Received	\$ 29,208,899.82	\$ 5,317,608.50	\$ 34,526,508.32
<u>Interest Earned on Fund Balance</u>	\$ 8,650,793.54	\$ 329,895.51	\$ 8,980,689.05
Total Increase in Available Funds	\$ 346,004,375.50	\$ 46,918,566.60	\$ 392,922,942.10
Decrease in Available Funds			
Loan Disbursements			
Closed Grants - 1997 through 2006	\$ 188,819,205.00	\$ -	\$ 188,819,205.00
2007 Capitalization Grant Projects	\$ 23,939,625.00	\$ 1,478,838.00	\$ 25,418,463.00
2008 Capitalization Grant Projects	\$ 19,654,959.00	\$ 4,388,556.00	\$ 24,043,515.00
2009 Capitalization Grant Projects	\$ 6,732,638.00	\$ 12,270,976.00	\$ 19,003,614.00
2010 Capitalization Grant Projects	\$ 966,161.00	\$ 4,443,324.00	\$ 5,409,485.00
2011 Capitalization Grant Projects	\$ -	\$ -	\$ -
Total Capitalization Grant Loan Disbursements	\$ 240,112,588.00	\$ 22,581,694.00	\$ 262,694,282.00
Revolving Fund Loan Disbursements	\$ 51,171,344.00	\$ 6,413,264.00	\$ 57,584,608.00
Total Decrease in Available Funds	\$ 291,283,932.00	\$ 28,994,958.00	\$ 320,278,890.00
Ending Balance	\$ 54,720,443.50	\$ 72,644,052.10	

Note: "The Fund" consists of monies to be loaned out for projects, and does not include set aside funds.

**NORTH CAROLINA
DRINKING WATER STATE REVOLVING FUND
Annual Report
June 30, 2013**

Exhibit 5 Loan Administrative Fee

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Beginning Balance	\$ <u> -</u>		
Administrative Fees Collected	\$ 5,844,837.00	\$ 735,644.00	\$ 6,580,481.00
Interest Earned on Administrative Fees	\$ 1,246,980.71	\$ 31,640.34	\$ <u> 1,278,621.05</u>
Ending Balance			\$ <u> 7,859,102.05</u>

**NORTH CAROLINA
DRINKING WATER STATE REVOLVING FUND
Annual Report
June 30, 2013**

Exhibit 6 New Projects Identified for Receiving DWSRF Assistance

<u>Project Name</u>	<u>Project Number (WIF)</u>	<u>Assistance Amount</u>	<u>Binding Commitment Date</u>	<u>Construction Start Date</u>	<u>Scheduled Completion Date</u>	<u>Loan Interest Rate</u>	<u>Loan Term (Years)</u>
<u>2009 Capitalization Grant</u>							
Thomasville, City of	1562	\$1,363,905	10/30/2012	11/26/2012	5/24/2013	0.000%	20
<u>2010 Capitalization Grant</u>							
Benson, Town of	1701	\$510,000	10/10/2012			0.000%	19
Columbus County W & S District II	1638	\$1,867,135	7/3/2012			0.000%	14
Conover, City of	1645	\$724,928	7/10/2012	4/18/2013		0.000%	20
Conover, City of	1646	\$377,500	7/10/2012			0.000%	20
Greene County	1637	\$3,000,000	8/9/2012			0.000%	20
Greensboro, City of	1656	\$4,142,500	3/22/2013			0.000%	20
Jones, County of	1634	\$2,015,000	7/3/2012	5/7/2013	12/20/2013	0.000%	14
Onslow Water & Sewer Authority	1628	\$6,167,615	10/19/2012			0.000%	20
Raleigh, City of	1703	\$6,688,700	8/15/2012	5/13/2013	9/30/2014	0.000%	20
Snow Hill, Town of	1635	\$841,000	10/8/2012	5/7/2013	11/13/2013	0.000%	15
<u>2011 Capitalization Grant</u>							
Aqua North Carolina, Inc.	1691	\$2,125,617	10/17/2012	10/23/2012	4/15/2013	0.000%	10
Aqua North Carolina, Inc.	1689	\$1,733,141	10/3/2012	10/26/2012	4/30/2013	0.000%	20
Asheboro, City of	1718	\$487,850	10/30/2012	3/27/2013	12/31/2013	0.000%	12
Beaufort County Water District I	1735	\$3,000,000	10/1/2012			0.000%	20
Beaufort County Water District VI	1741	\$3,000,000	10/1/2012			0.000%	20
Bertie County Water District I	1740	\$869,000	11/19/2012			0.000%	20
Bertie County Water District II	1446	\$394,000	11/19/2012			0.000%	18
Bertie County Water District II	1743	\$794,000	11/19/2012			0.000%	20
Bertie County Water District III	1742	\$1,018,000	11/19/2012			0.000%	20
Bertie County Water District IV	1744	\$904,000	11/19/2012			0.000%	20
Bryson City, Town of	1713	\$1,172,587	12/17/2012			0.000%	20
Faison, Town of	1754	\$510,000	8/24/2012	3/31/2012	5/30/2012	0.000%	20
Franklinville, Town of	1709	\$112,487	11/14/2012	3/27/2013	6/30/2013	0.000%	20
Greene, County of	1745	\$1,701,000	12/3/2012			0.000%	20
Halifax, County of	1699B	\$1,585,228	8/6/2012	3/7/2013	11/1/2013	0.000%	19
Henderson, City of	1693	\$294,000	8/14/2012			0.000%	20
Montgomery, County of	1697	\$1,729,000	8/29/2012			0.000%	20
Norlina, Town of	1681	\$233,850	7/26/2012	2/14/2013	6/30/2013	0.000%	20
Pink Hill, Town of	1731	\$219,255	4/9/2013			0.000%	20
Red Springs, Town of	1687	\$588,960	11/13/2012	1/24/2013	6/30/2013	0.000%	20
Robbins, Town of	1696	\$1,530,000	10/1/2012	1/18/2013	3/31/2014	0.000%	20
Saratoga, Town of	1677	\$117,582	8/22/2012	4/1/2013	12/31/2013	0.000%	10
Snow Hill, Town of	1734	\$656,000	1/14/2013			0.000%	20
Topsail Beach, Town of	1674	\$3,500,000	9/24/2012	10/16/2012	9/30/2013	0.000%	20
Warren County Water System District II	1680	\$291,427	9/26/2012	4/9/2013	9/30/2013	0.000%	20

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Waynesville, Town of	1704	\$329,868	3/14/2013			0.000%	20
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2012 Capitalization Grant

Aulander, Town of	1733	\$222,345	4/10/2013			0.000%	20
Belmont, City of	1781F	\$745,140	3/1/2013	7/8/2013	11/5/2013	0.000%	20
Benson, Town of	1756	\$199,050	4/19/2013			0.000%	20
Black Creek, Town of	1676	\$490,518	4/19/2013			0.000%	20
Bladenboro, Town of	1698	\$746,946	6/14/2013			0.000%	20
Brevard, City of	1778	\$2,402,041	3/19/2013			0.000%	18
Broadway Water Association, Inc.	1767	\$226,960	4/3/2013			0.000%	20
Edgecombe County W&SD No. 1	1751	\$428,464	6/3/2013			0.000%	20
Louisburg, Town of	1682	\$213,560	5/30/2013			0.000%	20
Authority	1760	\$2,013,000	3/28/2013			0.000%	20
North Lenoir Water Corporation	1748	\$2,200,000	4/17/2013			0.000%	20
Orange-Alamance Water System, Inc.	1672	\$689,000	6/3/2013			0.000%	20
Peachland, Town of	1764	\$142,290	5/14/2013			0.000%	20
Ramseur, Town of	1755F	\$300,725	3/26/2013	3/5/2013	5/30/2013	0.000%	20
Spring Lake, Town of	1685	\$1,314,666	4/9/2013			0.000%	20
Taylorsville, Town of	1720	\$1,475,000	3/5/2013		11/15/2014	0.000%	20
Washington County	1675	\$573,811	4/22/2013			0.000%	20
Williamston, Town of	1783F	\$1,145,500	4/9/2013			0.000%	20

2013 Capitalization Grant

Carolina Beach, Town of	1786F	\$1,547,000	6/18/2013			0.000%	20
Denton, Town of	1643	\$3,604,691	1/8/2013			0.000%	20
Henderson, City of	1692	\$1,129,000	7/24/2012	4/22/2013	6/30/2014	0.000%	20
Henderson, City of	1694	\$1,726,000	8/14/2012			0.000%	20
Kings Mountain, City of	1773	\$5,243,500	6/27/2013			0.000%	20

6900 Fund

Apex, Town of	1758FP	\$805,000	12/20/2012	3/18/2013	8/30/2013	0.000%	5
Cary, Town of	1757FP	\$2,695,000	12/18/2012	2/8/2013	8/30/2013	0.000%	5
Craven, County of	1759FP	\$3,014,530	2/5/2013	3/13/2013	1/31/2014	0.000%	5
Fayetteville Public Works Commission	1761FP	\$2,801,858	4/12/2013			0.000%	5

Total Binding Commitments	64	\$94,690,730					
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**NORTH CAROLINA
DRINKING WATER STATE REVOLVING FUND
Annual Report
June 30, 2013**

Exhibit 7 Assistance Amount by Category--DWSRF

Project Name	Project Number (WIF #)	Category				Purchase of System	Planning and Design Only	Total
		Source	Treatment	Storage	Distribution			
<u>2009 Capitalization Grant</u>								
Thomasville, City of	1562				\$1,363,905			\$1,363,905
<u>2010 Capitalization Grant</u>								
Benson, Town of	1701				\$510,000			\$510,000
Columbus County W & S District II	1638				\$1,867,135			\$1,867,135
Conover, City of	1645				\$724,928			\$724,928
Conover, City of	1646				\$377,500			\$377,500
Greene County	1637				\$3,000,000			\$3,000,000
Greensboro, City of	1656		\$4,142,500					\$4,142,500
Jones, County of	1634				\$2,015,000			\$2,015,000
Onslow Water & Sewer Authority	1628		\$6,167,615					\$6,167,615
Raleigh, City of	1703		\$6,688,700					\$6,688,700
Snow Hill, Town of	1635				\$841,000			\$841,000
<u>2011 Capitalization Grant</u>								
Aqua North Carolina, Inc.	1691				\$2,125,617			\$2,125,617
Aqua North Carolina, Inc.	1689		\$1,733,141					\$1,733,141
Asheboro, City of	1718				\$487,850			\$487,850
Beaufort County Water District I	1735				\$3,000,000			\$3,000,000
Beaufort County Water District VI	1741		\$3,000,000					\$3,000,000
Bertie County Water District I	1740				\$869,000			\$869,000
Bertie County Water District II	1446				\$394,000			\$394,000
Bertie County Water District II	1743				\$794,000			\$794,000
Bertie County Water District III	1742				\$1,018,000			\$1,018,000
Bertie County Water District IV	1744				\$904,000			\$904,000
Bryson City, Town of	1713				\$1,172,587			\$1,172,587
Faison, Town of	1754				\$510,000			\$510,000
Franklinville, Town of	1709				\$112,487			\$112,487
Greene, County of	1745				\$1,701,000			\$1,701,000
Halifax, County of	1699B				\$1,585,228			\$1,585,228
Henderson, City of	1693				\$294,000			\$294,000
Montgomery, County of	1697		\$1,729,000					\$1,729,000
Norlina, Town of	1681				\$233,850			\$233,850
Pink Hill, Town of	1731				\$219,255			\$219,255
Red Springs, Town of	1687				\$588,960			\$588,960
Robbins, Town of	1696	\$1,530,000						\$1,530,000
Saratoga, Town of	1677				\$117,582			\$117,582
Snow Hill, Town of	1734				\$656,000			\$656,000
Topsail Beach, Town of	1674			\$3,500,000				\$3,500,000
Warren County Water System District II	1680				\$291,427			\$291,427

Cont.

Waynesville, Town of	1704		\$329,868	\$329,868
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2012 Capitalization Grant

Aulander, Town of	1733		\$222,345	\$222,345
Belmont, City of	1781F		\$745,140	\$745,140
Benson, Town of	1756		\$199,050	\$199,050
Black Creek, Town of	1676		\$490,518	\$490,518
Bladenboro, Town of	1698		\$746,946	\$746,946
Brevard, City of	1778	\$2,402,041		\$2,402,041
Broadway Water Association, Inc.	1767		\$226,960	\$226,960
Edgecombe County W&SD No. 1	1751		\$428,464	\$428,464
Louisburg, Town of	1682		\$213,560	\$213,560
Martin County RW&SA	1760	\$2,013,000		\$2,013,000
North Lenoir Water Corporation	1748		\$2,200,000	\$2,200,000
Orange-Alamance Water System, Inc.	1672		\$689,000	\$689,000
Peachland, Town of	1764		\$142,290	\$142,290
Ramseur, Town of	1755F		\$300,725	\$300,725
Spring Lake, Town of	1685		\$1,314,666	\$1,314,666
Taylorsville, Town of	1720		\$1,475,000	\$1,475,000
Washington County	1675		\$573,811	\$573,811
Williamston, Town of	1783F		\$1,145,500	\$1,145,500

2013 Capitalization Grant

Carolina Beach, Town of	1786F		\$1,547,000	\$1,547,000
Denton, Town of	1643	\$3,604,691		\$3,604,691
Henderson, City of	1692		\$1,129,000	\$1,129,000
Henderson, City of	1694		\$1,726,000	\$1,726,000
Kings Mountain, City of	1773		\$5,243,500	\$5,243,500

6900 Fund

Apex, Town of	1758FP		\$805,000	\$805,000
Cary, Town of	1757FP		\$2,695,000	\$2,695,000
Craven, County of	1759FP		\$3,014,530	\$3,014,530
Fayetteville Public Works Commission	1761FP		\$2,801,858	\$2,801,858

Totals		<u>\$1,530,000</u>	<u>\$29,078,647</u>	<u>\$5,902,041</u>	<u>\$48,863,654</u>	<u>\$0</u>	<u>\$9,316,388</u>	<u>\$94,690,730</u>
64								

**NORTH CAROLINA
DRINKING WATER STATE REVOLVING FUND
Annual Report
June 30, 2013**

Exhibit 8-A Progress Toward Satisfying the Additional Subsidization Requirement

<u>WIF #</u>	<u>Applicant</u>	<u>Total Award \$</u>	<u>Additional Subsidy Award \$</u>
<u>2010 Capitalization Grant</u>			
1638	Columbus County W & S District II	\$1,867,135	\$1,500,908 *
1662	Cumberland, County of	\$540,802	\$432,642
1636	Duplin County Water District E	\$1,161,000	\$928,800 *
1632	Duplin County Water District G	\$1,524,500	\$1,219,600 *
1637	Greene County	\$3,000,000	\$2,400,000 *
1629	Mount Olive, Town of	\$2,187,850	\$1,750,280
1647P	North Wilkesboro, Town of	\$725,170	\$20,000
1642	Ramseur, Town of	\$353,914	\$283,131
1635	Snow Hill, Town of	\$790,433	\$632,346
1649	Spruce Pine, Town of	\$2,426,000	\$1,940,800
2010 Minimum Additional Subsidy: <u>\$10,677,900</u>			\$11,108,507
<u>2011 Capitalization Grant</u>			
1735	Beaufort County Water District I	\$3,000,000	\$2,400,000 *
1741	Beaufort County Water District VI	\$3,000,000	\$2,400,000 *
1731	Pink Hill, Town of	\$219,255	\$175,404 *
1696	Robbins, Town of	\$1,530,000	\$1,224,000
1697	Montgomery, County of	\$1,729,000	\$1,383,200 *
2011 Minimum Additional Subsidy: <u>\$7,409,400</u>			\$7,582,604
<u>2012 Capitalization Grant (in progress)</u>			
1733	Aulander, Town of	\$222,345	\$177,876 *
1760	Martin County RW&SA	\$2,013,000	\$1,610,400 *
1700	Middlesex, Town of**	\$431,728	\$431,728
1720	Taylorsville, Town of	\$1,475,000	\$1,180,000
2012 Minimum Additional Subsidy: <u>\$3,493,416</u>			\$3,400,004
<u>2013 Capitalization Grant (in progress)</u>			
1643	Denton, Town of	\$3,604,691	\$2,400,000
2013 Minimum Additional Subsidy: <u>\$3,530,550</u>			\$2,400,000

Exhibit 8A shows that North Carolina has met the required Additional Subsidization requirement of the awarded Capitalization Grants (2010 and 2011). Exhibit 8A also shows that North Carolina has continued to offer sufficient Additional Subsidization for the yet unawarded Capitalization Grants (2012 and 2013).

*Project has Binding Commitment only, and has not yet been provided assistance.

**Middlesex 1700 was reported as a 2010 project on the 2012 Annual Report

**NORTH CAROLINA
DRINKING WATER STATE REVOLVING FUND
Annual Report
June 30, 2013**

Exhibit 8-B Progress Toward Satisfying the Green Project Reserve

<u>WIF #</u>	<u>Applicant</u>	<u>Total Award \$</u>	<u>Green Award \$</u>
<u>2010 Capitalization Grant</u>			
1701	Benson, Town of	\$510,000	\$510,000 *
1646	Conover, City of	\$377,500	\$377,500 *
1645	Conover, City of	\$724,928	\$724,928
1626	Elizabethtown, Town of	\$389,515	\$389,515 *
1656	Greensboro, City of	\$4,142,500	\$4,142,500 *
1061B	Johnston, County of	\$5,097,577	\$5,097,577
1634	Jones, County of	\$2,015,000	\$2,015,000
1703	Raleigh, City of	\$7,075,847	\$7,075,847
1661	Roanoke Rapids Sanitary District	\$1,197,509	\$1,197,509
2010 Minimum Green Project Reserve: <u>\$7,118,600</u>			\$21,530,376
<u>2011 Capitalization Grant</u>			
1691	Aqua North Carolina, Inc.	\$2,125,617	\$2,125,617
1740	Bertie County Water District I	\$869,000	\$869,000 *
1743	Bertie County Water District II	\$794,000	\$794,000 *
1744	Bertie County Water District IV	\$904,000	\$904,000 *
1713	Bryson City, Town of	\$1,172,587	\$1,172,587 *
1745	Greene, County of	\$1,701,000	\$1,701,000 *
1693	Henderson, City of	\$293,928	\$293,928
1681	Norlina, Town of	\$233,850	\$233,850
1687	Red Springs, Town of	\$358,533	\$358,533
1677	Saratoga, Town of	\$96,940	\$96,940
1737	South Greene Water Corp.	\$580,000	\$580,000 *
1704	Waynesville, Town of	\$329,868	\$329,868 *
2011 Minimum Green Project Reserve: <u>\$4,939,600</u>			\$9,459,323
<u>2012 Capitalization Grant</u>			
1767	Broadway Water Association, Inc.	\$226,960	\$226,960 *
1751	Edgecombe County W&SD No. 1	\$428,464	\$428,464 *
1682	Louisburg, Town of	\$213,560	\$213,560 *
1748	North Lenoir Water Corporation	\$2,200,000	\$2,200,000 *
1672	Orange-Alamance Water System, Inc.	\$689,000	\$689,000 *
1764	Peachland, Town of	\$142,290	\$142,290 *
1731	Pink Hill, Town of	\$219,255	\$219,255 *
2012 Minimum Green Project Reserve: <u>\$0</u>			\$4,119,529
<u>2013 Capitalization Grant</u>			
1692	Henderson, City of	\$1,129,000	\$1,129,000 *
1694	Henderson, City of	\$1,726,000	\$1,726,000 *
2013 Minimum Green Project Reserve: <u>\$0</u>			\$2,855,000

Exhibit 8B shows that North Carolina has met the requirements for each Green Project Reserve for each awarded Capitalization Grant (2010 and 2011). Exhibit 8B also shows that North Carolina has designated "Green" projects outside the Green Project Reserve requirements for the yet unawarded Capitalization Grants (2012 and 2013).

*Project has Binding Commitment only, and has not yet been provided assistance.

STATE OF NORTH CAROLINA
EPA Revolving Loan Fund
Combining Statement of Net Assets
June 30, 2013 and 2012

Exhibit 9-A

	Clean Water Program		Drinking Water Program		Total	Total
	2013	2012	2013	2012	2013	2012
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ 271,494,097	\$ 284,737,436	\$ 91,528,192	\$ 76,834,072	\$ 363,022,289	\$ 361,571,508
Investment-Bond Proceeds			0	0	0	0
Receivables:						
Loans (Due within one year)	52,293,312	47,516,974	14,945,701	13,170,352	67,239,013	60,687,326
Accrued Interest	2,495,089	2,303,966	991,935	2,117,038	3,487,024	4,421,004
Other	0	8,274	32,520	76,051	32,520	84,325
State Treasurer's Securities Lending Collateral	23,387,049	28,639,456	7,935,114	7,713,534	31,322,163	36,352,990
Total Current Assets	349,669,548	363,206,106	115,433,462	99,911,047	465,103,009	463,117,153
Capital Assets, Depreciable						
Machinery and Equipment	38,381	53,203	167,804	155,394	206,185	208,597
Accumulated Depreciation	(35,381)	(42,021)	(109,073)	(91,684)	(144,454)	(133,705)
Total Capital Assets, Depreciable (net)	3,000	11,182	58,731	63,710	61,731	74,892
Noncurrent Assets:						
Loans Receivable (Due after one year)	631,291,189	579,661,935	241,063,665	234,552,284	872,354,854	814,214,219
Total Assets	980,963,737	942,879,223	356,555,858	334,527,041	1,337,519,594	1,277,406,264
LIABILITIES						
Current Liabilities:						
Accounts Payable	3,821	7,282	115,505	64,445	119,326	71,727
Accrued Vacation Leave	9,953	11,858	10,921	12,149	20,874	24,007
Accrued Payroll	0	0	0	0	0	0
Obligations Under State Treasurer's Securities						
Lending Agreements	24,561,569	30,560,461	8,334,977	8,234,428	32,896,546	38,794,889
Other Accrued Liabilities	5,139	3,135	26,519	23,441	31,658	26,576
Total Current Liabilities	24,580,482	30,582,736	8,487,922	8,334,463	33,068,404	38,917,199
Noncurrent Liabilities:						
Accrued Vacation Leave	245,021	231,541	293,854	261,094	538,875	492,635
Total Liabilities	24,825,503	30,814,277	8,781,776	8,595,557	33,607,279	39,409,834
NET ASSETS						
Invested in Capital Assets, net of related debt	3,000	11,182	58,731	63,710	61,731	74,892
Restricted for:						
Program Loans	956,135,234	912,053,764	347,715,350	325,867,774	1,303,850,584	1,237,921,538
Total Net Assets	\$ 956,138,234	\$ 912,064,946	\$ 347,774,081	\$ 325,931,484	\$ 1,303,912,315	\$ 1,237,996,430

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, 2013 and 2012

Exhibit 9-B

	Clean Water Program		Drinking Water Program		Total	Total
	2013	2012	2013	2012	2013	2012
REVENUES						
Operating Revenues:						
Interest Income on Loans	\$ 12,875,322	13,855,548	\$ 4,210,939	\$ 4,892,434	\$ 17,086,260	\$ 18,747,982
Loan Closing Fees	1,668,211	4,257,493	735,644	360,818	2,403,855	4,618,311
Miscellaneous						
Total Operating Revenues	14,543,533	18,113,041	4,946,583	5,253,252	19,490,115	23,366,293
EXPENSES						
Operating Expenses:						
Personal Services	2,336,265	2,354,212	3,347,704	3,143,451	5,683,970	5,497,663
Supplies and Material	14,528	8,181	44,623	25,105	59,151	33,286
Services	66,151	49,191	1,418,238	1,789,267	1,484,389	1,838,458
Depreciation	5,210	2,002	17,389	15,695	22,599	17,697
Insurance & Bonding	840	280	11,935	16,945	12,775	17,225
Other Fixed Charges	33,243	2,136	31,065	31,160	64,308	33,296
Capital Outlay	34,025	3,966	39,650	31,330	73,675	35,296
Other Expenses	16,452	82,847	159,062	136,144	175,514	218,991
Total Operating Expenses	2,506,714	2,502,815	5,069,666	5,189,097	7,576,380	7,691,912
Operating Income (Loss)	12,036,819	15,610,226	(123,083)	64,155	11,913,735	15,674,381
NONOPERATING REVENUES (EXPENSES)						
Federal Grants	38,844,097	27,538,652	30,500,906	21,595,998	69,345,003	49,134,650
Interest Income	(39,055)	20,568	(28,486)	(60,524)	(67,541)	(39,956)
Grants, Aid and Subsidies	(8,413,523)	(1,746,110)	(7,656,020)	(4,538,250)	(16,069,543)	(6,284,360)
Sale of Surplus Property			176		176	
Gain (loss) on Sale of Property & Equipment	(2,972)	(9,890)		25,844	(2,972)	15,954
Miscellaneous	(47,357)	(53,214)	(15,075)	(9,220)	(62,432)	(62,434)
Total Nonoperating Revenues	30,341,189	25,750,006	22,801,501	17,013,848	53,142,690	42,763,854
Income Before Transfers	42,378,008	41,360,232	22,678,417	17,078,003	65,056,425	58,438,235
Transfers In				7,118,600		7,118,600
Transfers Out	(225,725)	(182,032)	(1,356,715)	(341,284)	(1,582,440)	(523,316)
Increase in Net Assets	42,152,283	41,178,200	21,321,703	23,855,319	63,473,986	65,033,519
Net Assets July 1 (restated in 2012 for 2010)	913,985,951	870,886,746	326,452,378	302,076,165	1,240,438,329	1,172,962,911
Net Assets June 30	\$ 956,138,234	\$ 912,064,946	\$ 347,774,081	\$ 325,931,484	\$ 1,303,912,315	\$ 1,237,996,430