

North Carolina Department of Environmental Quality

Pat McCrory
Governor

Donald R. van der Vaart
Secretary

January 7, 2016

MEMORANDUM

TO: ENVIRONMENTAL REVIEW COMMISSION
The Honorable Jimmy Dixon, Co-Chair
The Honorable Chuck McGrady, Co-Chair
The Honorable Trudy Wade, Co-Chair

JOINT LEGISLATIVE COMMISSION ON GOVERNMENTAL OPERATIONS
The Honorable Tim Moore, Co-Chair
The Honorable Phil Berger, Co-Chair

FISCAL RESEARCH DIVISION

FROM: Matthew Dockham, Director of Legislative Affairs

SUBJECT: Annual Report of Water Infrastructure Fund

DATE: January 7, 2016

Pursuant to G.S. 159G-26(a), the Department must publish a report each year on the accounts in the Water Infrastructure Fund that are administered by the Division of Water Infrastructure. The report must be published by 1 November of each year and cover the preceding fiscal year. The Department must make the report available to the public and must give a copy of the report to the Environmental Review Commission and the Fiscal Research Division of the Legislative Services Commission. Please consider the attached as the formal submission this report.

If you have any questions or need additional information, please contact me by phone at (919) 707-8618 or via e-mail at matthew.dockham@ncdenr.gov.

cc: Tom Reeder, Assistant Secretary for Environment, NCDEQ
Kim Colson, Director of Water Infrastructure, NCDEQ

Division of Water Infrastructure Annual Reports

Fiscal Year 2014-2015

September 30, 2015



Financing Community Water Needs

Executive Summary

History

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

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

In the late 1990's, the North Carolina General Assembly (NCGA), created the state wastewater reserve (SWWR) and drinking water reserve (SDWR) programs that provide both loans and grants. While the grant program did not receive additional funds, the

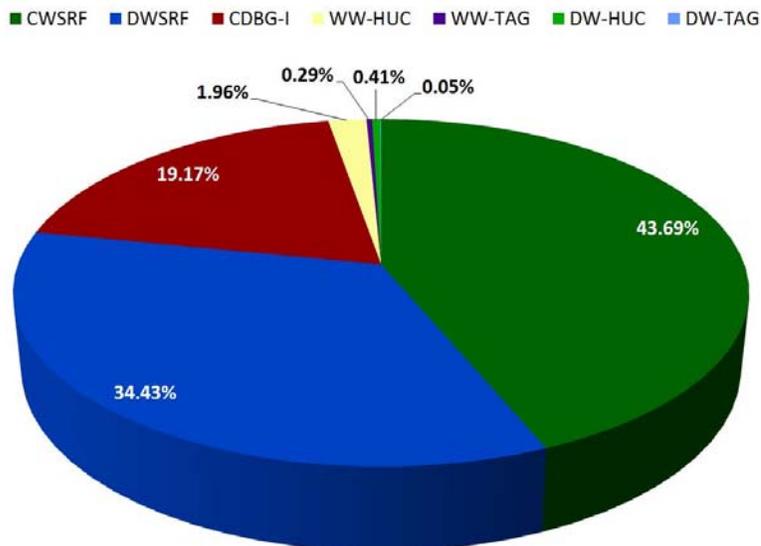
State Revolving Loan (SRL) and State Emergency Loan (SEL) programs continued to operate with loan repayments as a source for new loans. The respective sections within the Division of Water Quality (DWQ) and DWR administered the loan programs for the SWWR and SDWR.

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

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

Figure 1 shows the percentage breakdown of funds awarded from different programs during the past fiscal

Figure 1. Breakdown of Total Funded Projects by Funding Program



year (FY 2014-2015). Note that the CWSRF and DWSRF funds amount to nearly 80 percent of the

available funds, as the loan programs utilize both new federal and state funds as well as loan repayments.

State Water Infrastructure Authority

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

other duties, the Authority approves prioritization criteria and awards funding based on applications submitted to and scored by Division staff. Each year, the Authority submits an annual report to the NCGA.

Basic Process

All of the funding programs managed by the Division have at least one round of funding per year. Applicants prepare an application with portions that are common to all programs and portions such as the priority rating scoring sheets that are unique to each program. Division staff then score the applications, rank them, and provide recommendations to the Authority related to the CWSRF, DWSRF, and CDBG-I programs. Regarding the High Unit Cost (HUC) grant and Technical Assistance Grant (TAG) programs, the Division only ranks the applications and provides a set

of four lists that covers wastewater HUC (WW-HUC) grants, drinking water HUC (DW-HUC) grants, wastewater TAG (WW-TAG), and drinking water TAG (DW-TAG). The Authority then utilizes these lists to determine how to distribute the state grants among these four programs.

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

Table 1. Amount of Funding Requested and Offered During FY 2014-2015

Funding Program	September 2014 Funding Round				March 2015 Funding Round			
	Number of Applications Received	Amount of Funding Requests	Number of Application Funded	Amount of Funding Offered	Number of New Applications Received ^c	Amount of New Funding Requests	Number of Applications Funded	Amount of Funding Offered
CWSRF ^{a,b}	21	\$44,869,505	26	\$46,921,865	15	\$41,844,226	15	\$41,844,226
DWSRF	51	\$200,673,425	13	\$69,960,546	N/A ^e			
CDBG-I ^c	119	\$186,128,489	15	\$26,186,235	21	\$38,203,157	7	\$12,757,322
WW-HUC ^d	24	\$29,979,970	4	\$3,978,101	N/A ^f			
WW-TAG	18	\$880,599	13	\$580,599				
DW-HUC	8	\$6,832,764	2	\$841,300				
DW-TAG	7	\$305,000	2	\$100,000				

^aOne Applicant applied for State Emergency Loan (SEL) and CWSRF funding. Project was ineligible for SEL.

^bDue to more funding available than funding requested, CWSRF loans were offered to WW-HUC Applicants who did not receive funding. Four Applicants elected to take a CWSRF loan.

^cThis column does not include applications that rolled over from the September 2014 round. Amount of new funding requests does not include funding requests that rolled over from the

^dSession Law (SL) 2014-100 provided an additional \$500,000 for projects specifically implementing an EPA Administrative Order in Tier 1 counties. One WW-HUC fell into this category.

^eDWSRF did not have a March 2015 round due to availability of funds.

^fSWWR and SDWR did not have a March 2015 round due to availability of funds.

Clean Water State Revolving Fund

Congress structured the CWSRF program to provide a long-term funding source for clean water infrastructure. These funds must be used to fund projects that assist in compliance with the CWA first. EPA oversees the CWSRF to ensure states meet the federal requirements. This past year, the CWSRF program funded 41 projects for a total of approximately

\$89 million. See Table 1 for the amount of funding requests and projects funded for the CWSRF.

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

Drinking Water State Revolving Fund

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

thirteen applications for a total amount of approximately \$70 million (see Table 1).

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

State Reserve Loan Programs

Similar to the CWSRF and DWSRF, the SWWR and SDWR offer funds that may be loaned to LGUs for funding wastewater and drinking water infrastructure needs. As previously noted, the drinking water SRL and SEL are currently inactive due to the defunding of the programs.

The Wastewater SRL program did not solicit applications during FY 2014-2015, and the Division received no SEL applications during the same year.

State Reserve Grant Programs

Part of the legislation passed in the summer of 2013 authorized the Division to offer \$5 million in both HUC grants and TAGs under the SWWR and SDWR programs. The purpose of these grant funds was to offer LGUs in Tier 1 and Tier 2 communities who have financial hardships grant funding to address critical needs. This past year, the SWWR and SDWR programs funded 21 projects for a total of \$5.5 million,

\$500,000 of which was allotted under S.L. 2014-100. Table 1 above shows the amount of grant applications received for the HUC grants and TAGs and the amount of projects funded. See Appendix C for the annual report for the grant aspects of the SWWR and SDWR.

Community Development Block Grant—Infrastructure

The purpose of the CDBG-I portion of CDBG funds within the state is to offer funds for critical water infrastructure needs to communities who meet the federal qualifications by having at least a 51 percent low-to-moderate income population who are considered to be a non-entitlement community (e.g., units of general local government with populations less than 40,000 people or counties with populations less than 200,000 people). These units of general local government may use the funds to rehabilitate, repair, or re-

place failing wastewater or drinking water infrastructure.

This past year, the Division funded 22 applications for a total of almost \$39 million.

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





Appendix A – Clean Water State Revolving Fund Annual Report



Clean Water State Revolving Fund Annual Report

State of North Carolina

Fiscal Year 2014-2015

September 30, 2015



Financing Community Water Needs

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Introduction

The Division of Water Infrastructure (the Division) was created within the North Carolina Department of Environment and Natural Resources (NCDENR). The Division administers financial assistance programs to provide funding for local government units (LGUs) to construct projects that both benefit water quality and improve the human environment.

Specifically, the Division 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 [CWA]) as amended in 1987. The CWSRF 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 United States Environmental Protection Agency (USEPA) and in accordance with the CWA, the Division must submit an annual report to the USEPA that details the activities for the state fiscal year. For the purposes of this report, the most recently completed fiscal year is FY 2014-2015.

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

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 1970's was to provide funding for LGUs to improve their wastewater infrastructure to meet what at the time were new federal mandates, including minimum treatment requirements associated with changes in the Clean Water Act in 1972. In

1989, Title VI of the CWA created the CWSRF program to replace the grants program as a way to establish a sustainable financial program consisting of low-interest loans to LGUs for the same purpose of improving water quality and the human environment.

The 2013 legislation that created the Division also created the State Water Infrastructure Authority

Due to the revolving nature of the CWSRF program, since 1987, the Division has made approximately \$1.7 billion in loan commitments to local government units seeking to improve their wastewater and green infrastructure.



The State Water Infrastructure Authority establishes priorities for the CWSRF loan program, reviews the priority criteria, develops guidelines for making these loans, and reviews recommendations for these loans as provided by Division of Water Infrastructure staff to determine the rank of applications and to select the applications that are eligible to receive CWSRF loans.

(the Authority). The Authority consists of nine members, three *ex officio* members, two members appointed by the North Carolina House of Representatives, two members appointed by the North Carolina Senate, and two members appointed by the Governor. The legislation includes twelve tasks for Authority members.

Among those tasks, the Authority must (1) establish priorities for making loans and grants that are consistent with Federal law; (2) review the criteria for making loans and grants, which includes any recommendations for additional criteria; (3) develop guidelines for making loans and grants; and (4) review recommendations for grants and loans as submitted by Division staff to determine the rank of applications and to select the applications that are eligible to receive grants and loans. Since the CWSRF program falls under the purview of the Division, all priorities must be approved by the

Authority.

In the Fall of 2014, the Division reorganized to provide more efficient service to loan recipients. Rather than taking a siloed approach, which historically resulted in the recipient engaging with multiple staff throughout the funding process, the Division has adapted a project manager approach. Now, throughout the funding process from engineering report to construction, recipients mostly will be in contact with one project manager. This approach will allow for more consistent service to loan recipients.

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

Financial History

Congress appropriates an overall CWSRF funding level that is allocated to states based on percentages in the CWA. This allocation has not been updated since the 1987 amendments. The North Carolina allocation is approximately 1.8 percent of the national appropriation. Capitalization grants, including the required state match, have provided \$871,643,033 (including the American Reinvestment and Recovery Act grant) for CWA projects since the inception of the program in 1987. However, since the CWSRF is a revolving pro-

gram, these government funds have enabled \$1,765,489,001 in loan commitments over this same time period. This is due to loan repayments being loaned again, thereby providing public benefits repeatedly through time (i.e., the revolving nature of the program). If capitalization grants are increased, the program will better be able to meet infrastructure financing needs for LGUs. The section on the long-term financial health of the program contains more information about the financial aspects of the program.

Clean Water State Revolving Fund Programmatic Goals

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

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

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

Short-Term Goals

As part of the Fiscal Year 2014 IUP, the Division developed two short-term goals. First, the Division planned to continue efforts to streamline the funding process to ensure the funds are used in an expeditious and timely manner in accordance with §602 (b)(4) of the CWA. As a result, funded projects were required over the past fiscal year to meet a 25-month schedule that is further discussed in the section on project funding cycles (see page 7).

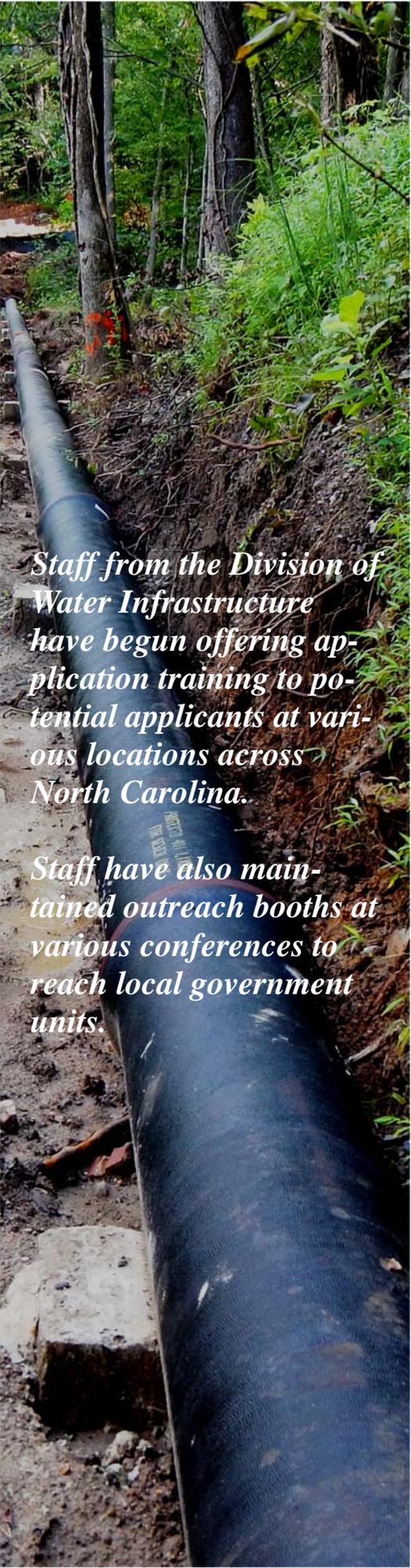
Second, the Division planned significant efforts to inform LGUs of the availability of funds, benefits of the CWSRF program, and funding process improvements. Division staff attended and spoke at several events throughout the past year, including the North Carolina Rural Water Associa-

tion's annual conference, the American Water Works Association—North Carolina Water Environment Association's fall conference, and other meetings of professional organizations. Additionally, Division staff have provided training opportunities for both those who wish to apply to the CWSRF program and those who have received funding. The July 2014 training had approximately 100 attendees. The February 2015 application training occurred in four places throughout the state with approximately 100 attendees receiving training on how to apply to the CWSRF program. The Division will continue to look for opportunities to conduct outreach on the advantages of the CWSRF program.

Long-Term Goals

In addition to short-term goals, the Division developed long-term goals that will be implemented not just in the span of one year

but over the course of several years. The following discusses each of the long-term goals and how the Division has either begun



Staff from the Division of Water Infrastructure have begun offering application training to potential applicants at various locations across North Carolina.

Staff have also maintained outreach booths at various conferences to reach local government units.

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 25-month funding schedule, the Division has ensured that all projects will move through the system from application to executed construction contract in a timely manner. The Division will continue to partner with funding recipients to help ensure projects adhere to the schedule. At the end of FY 2014-2015, the Division reduced CWSRF unliquidated obligations to zero. The pace of the CWSRF program continues to exceed the national average. Figure 11 under the discussion related to long-term financial health shows the dramatic increase in binding commitments over the life of the program. Additionally, the Division has adapted the project manager approach to provide more consistent, efficient service to loan recipients.

Goal #2: To aid compliance with state and federal water quality standards by all funded publicly owned wastewater treatment works.

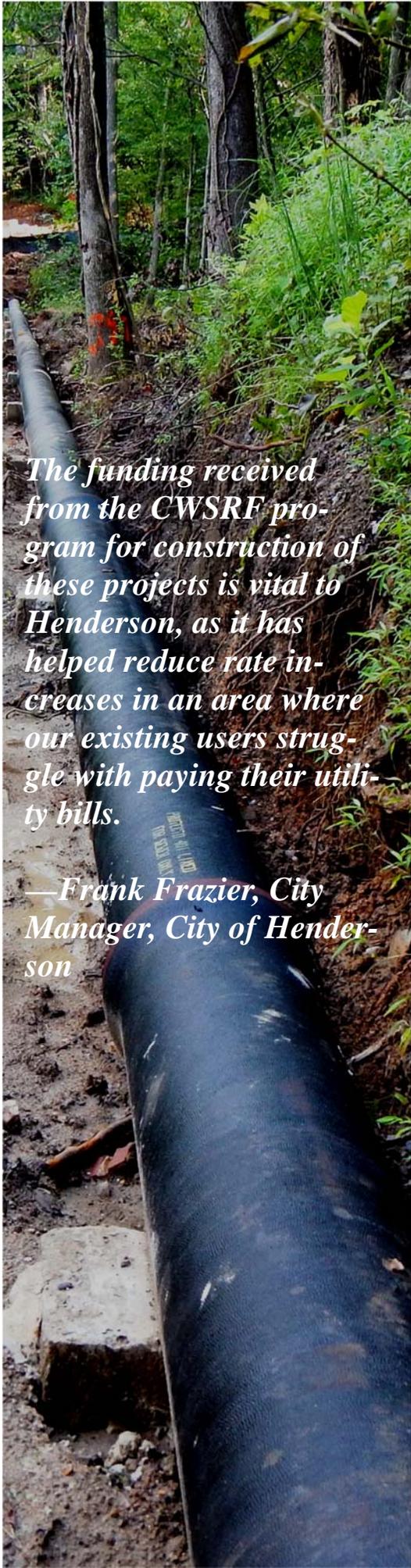
The Division has taken a two-pronged approach to ensure that this long-term goal is met. First, the priority point system highly prioritizes projects that will rehabilitate, replace, or repair equipment that is aging and in need of repair, which aids in the compliance of existing wastewater treatment infrastructure. Additionally, projects that implement a basinwide strategy, benefit an impaired or sensitive water, or address groundwater violations are

more highly prioritized.

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

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

Goal #5: To ensure the priority system reflects the NCDENR's and Authority's goals. Every year as the IUP is prepared, the Division reviews the priority points utilized to score applicants' projects during each review cycle.



The funding received from the CWSRF program for construction of these projects is vital to Henderson, as it has helped reduce rate increases in an area where our existing users struggle with paying their utility bills.

—Frank Frazier, City Manager, City of Henderson

Additionally, Division staff present the Authority with staff recommendations related to the priority systems for their review and

consideration to be included in future funding rounds.

MBE/WBE Goals

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

vices, and equipment and (2) 10.4 percent to go to WBEs and split across construction, supplies, services, and equipment. The total amount of MBE procurement during 2014 was 1.45 percent. The total amount of WBE procurement was 4.48 percent.

Compliance with the Water Resources and Reform Development Act of 2014

As a requirement of §603(d)(1)(E) of the CWA, which was revised as part of the Water Resources and Reform Development Act of 2014 (WRRDA), all loan recipients under the CWSRF program will have to develop and implement a fiscal sustainability plan that includes (1) an inventory of critical assets, (2) an evaluation of the condition and performance of inventoried assets or asset groupings, (3) a certification that the loan recipient has evaluated and will be implementing water and energy conservation efforts as part of the plan, and (4) a plan for

maintaining, repair, and, as necessary, replacement treatment works and a plan for funding such activities.

Applicants receiving loans during either the September 2014 or March 2015 funding rounds will be responsible for developing and implementing the fiscal sustainability plans. The Division will require certification as to the development and implementation of these plans later in the funding process, so currently, no one has submitted fiscal sustainability plan certifications.

Project Funding

There are two funding rounds each year with application deadlines typically on March 30th and September 30th. Applications are reviewed and prioritized in six weeks, and Division staff make recommendations to the Authority

upon completion of application review.

Successful projects may be funded under the base CWSRF loan program or under one of the special programs provided. Current-



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



Loan terms for all CWSRF loans are twenty years.

ly, principal forgiveness is allowed under capitalization grants as provided by specific Congressional authority. There are two special interest rate programs: zero-percent interest funds and a green project reserve. Figure 1 shows the breakdown across the different funding

programs. The following sections discuss the overall schedule and each of the four funding types. Since a full cycle is 25 months, four cycles are examined in this report: September 2013, March 2014, September 2014, and March 2015.

Prioritization

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

For project type, the Authority 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.

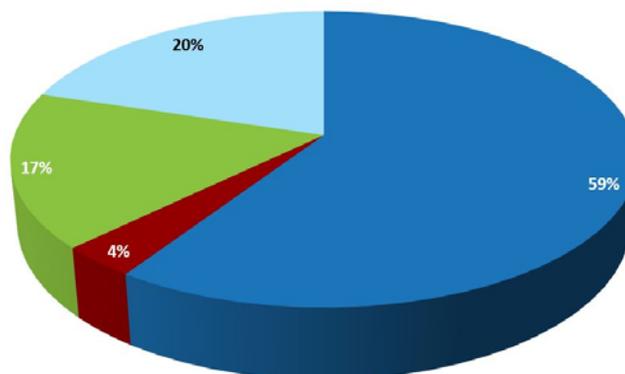
Figure 2 on the next page shows the breakdown of funded projects by funding type.

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, the Authority more highly prioritizes projects implementing basinwide strategies, projects correcting groundwater violations, or projects directly benefitting impaired waters.

In addition to correcting water quality issues, the Authority supports those LGUs that seek to be proactive in their system manage-

Figure 1. CWSRF Funding by Targeted Program

■ Base Funding ■ Principal Forgiveness ■ 0% Funding ■ Green Project Reserve



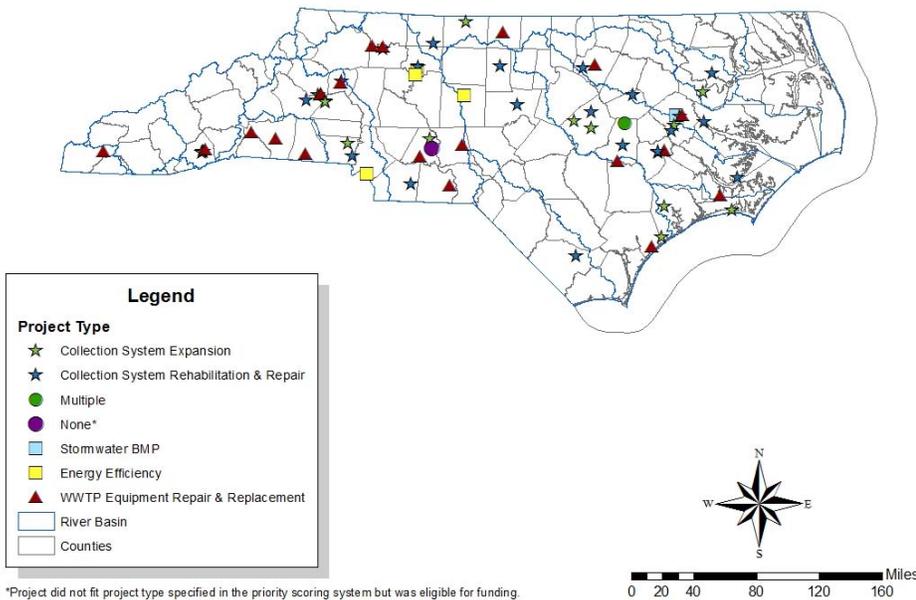


Figure 2. Distribution of Projects by Funding Type

ment, including prioritization points for asset management plans and appropriate operating ratios.

Last, the Authority has taken into account the financial situation of

LGUs. Those LGUs who have a high poverty rate and/or high utility bills relative to median household income receive higher priority than other LGUs.

Funding Schedule

The 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 bid documentation approved, (4) Authority to Award issued, and (5) construction contracts executed. This system requires that both the Division and Applicant meet these deadlines as well as additional interim deadlines.

For example, each review cycle is at a different stage in the process. Projects in the September 2013

cycle began construction no later than July 2015. Projects in the March 2014 cycle have recently reached the plans and bid documentation approval stage. Projects in the September 2014 cycle are completing the engineering report / environmental information document review and approval process. Last, projects in the March 2015 cycle are currently preparing their engineering reports / environmental information documents. The projects funded in these cycles are shown in Figure 3 on the next page and are presented in Appendix A.

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



Construction that is part of the South Granville Water and Sewer Authority Wastewater Treatment Plant (CS370925-02)



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

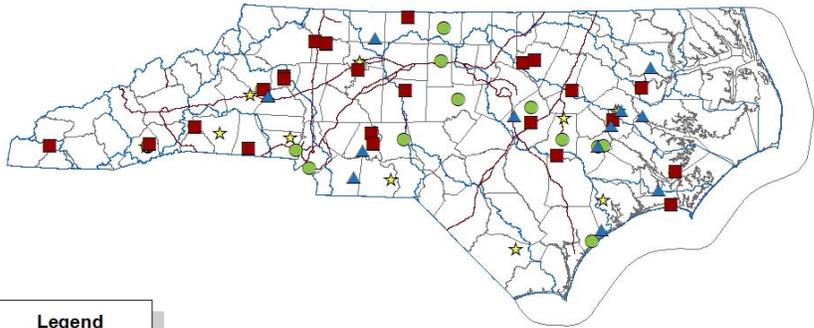


Figure 3. Distribution of Projects by Review Cycle

CWSRF Base Program

The base program is the core of the loan program; all special programs (e.g., principal forgiveness) represent a departure from the base program. As shown in Figure 1, the base CWSRF program provides the vast majority of loans made with 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 expansion).

According to the IUP, individual projects may not have a loan amount greater than one-half the overall assistance level of the round, and one Applicant may not take on CWSRF debt 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

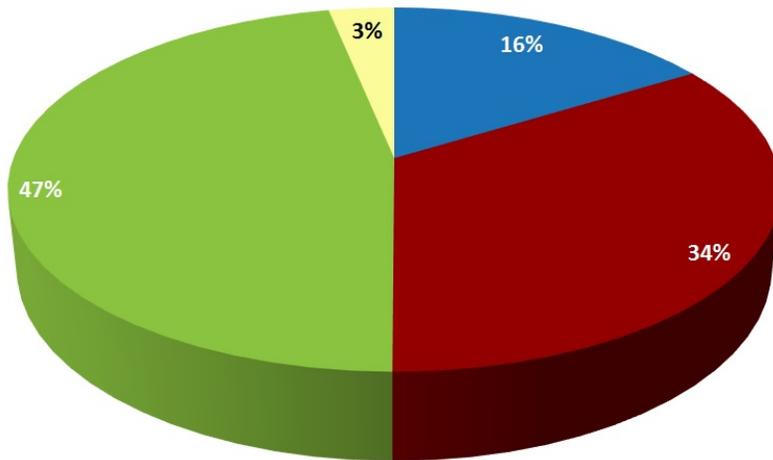
program offers loans at one-half the market rate as established by The Bond Buyer's Index. The current CWSRF interest rate is 1.91 percent.

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 twenty years.

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

Figure 4 on the next page shows the percentage of project types funded by the base program. The figure shows that almost half of the funds utilized over the past two years went to collection sys-

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



*Project did not fit the priority system but was eligible for funding.

Figure 4. Percentage of CWSRF Base Program Project Funds by Project Type

tem expansion projects while half went to rehabilitation and replacement projects for both collection systems and wastewater treatment plants. Other rehabilita-

tion-type projects were funded under other interest rate programs.

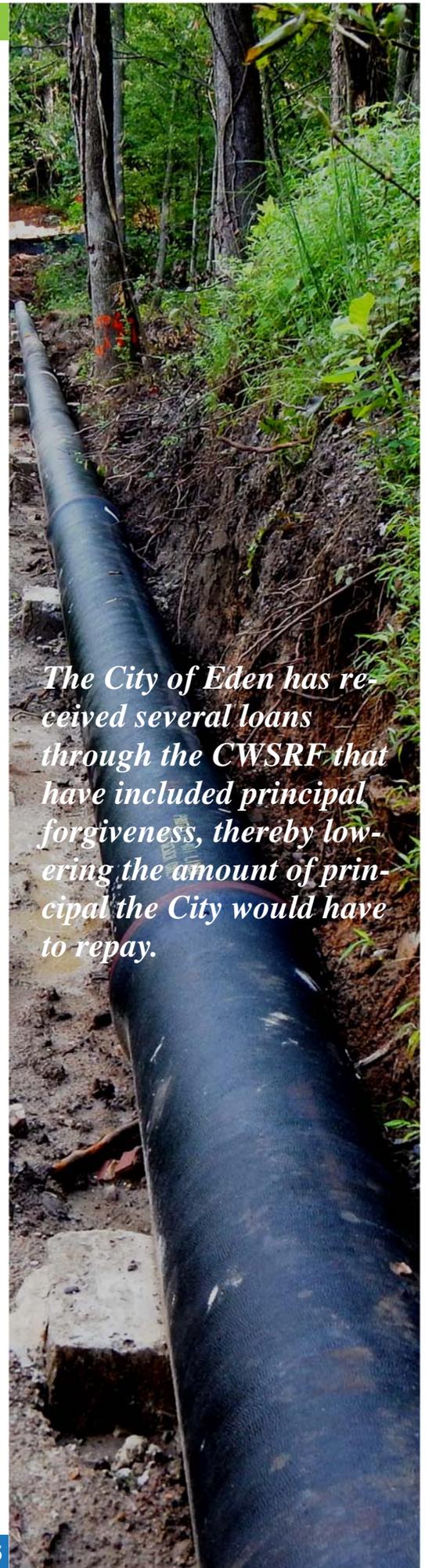
Principal Forgiveness

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 cycles, ten loans have included over \$4.8 million in principal forgiveness. The demand for principal 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 per project. 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 (GPR).

Principal forgiveness is awarded not only based on eligibility but also on the priority of the project. Figure 5 on the next page shows the projects that received principal forgiveness broken out by type. Slightly over half of the projects funded with the principal forgiveness program are collection system rehabilitation and replacement projects while the



The City of Eden has received several loans through the CWSRF that have included principal forgiveness, thereby lowering the amount of principal the City would have to repay.

The City received an interest free loan of 12 million dollars which definitely was a factor in Council's subsequent decision to award the project. During the construction phase the interaction with State staff has been very positive and the State has shown a high level of interest in seeing the project succeed. In the future, should the need arise, the City would happily pursue the process again.
 —Kevin Eason, P.E.,
 Public Works Director,
 City of Reidsville

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

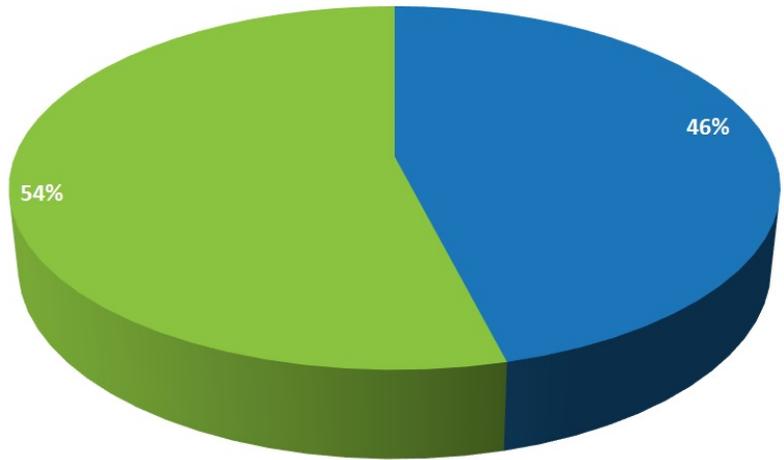


Figure 5. Percentage of Principal Forgiveness Funds Distributed by Project Type

remaining portion represents wastewater treatment plant equipment repair and replacement projects. This may be a result of a

slightly higher prioritization of the former over the latter.

Zero-Percent Interest

The Division has begun offering zero-percent interest loans for certain disadvantaged communities with rehabilitation-type project (i.e., collection system rehabilitation / replacement, wastewater treatment plant equipment rehabilitation / replacement, collection system expansion to remove failing septic systems). To qualify for this interest rate, LGUs must meet the above-noted principal forgiveness criteria.

available as well as decreases in other grants offered through other funding programs. Figure 6 on the following page shows the funds from the zero-percent interest program spent by project type for the project cycles under consideration.

Eleven projects totaling over \$45 million received zero-percent funding. Several large projects resulted in almost 75 percent of the projects falling into the wastewater treatment plant equipment repair and replacement project type.

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

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

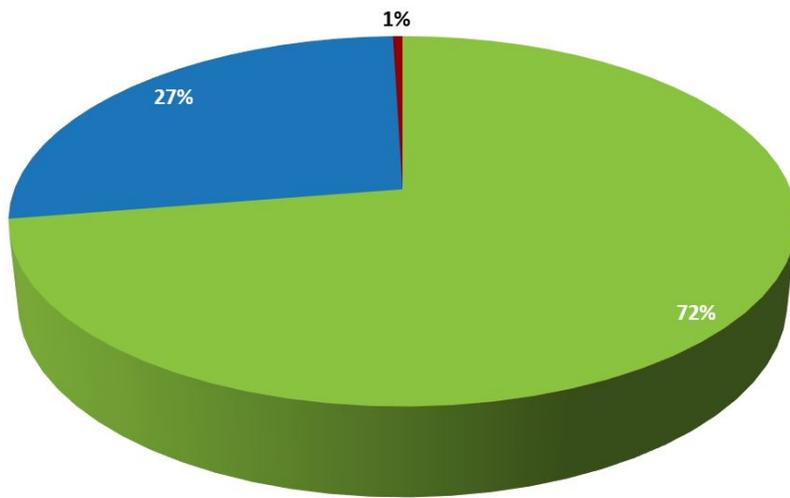


Figure 6. Percentage of Zero-Percent Interest Funds Distributed by Project Type

Green Project Reserve

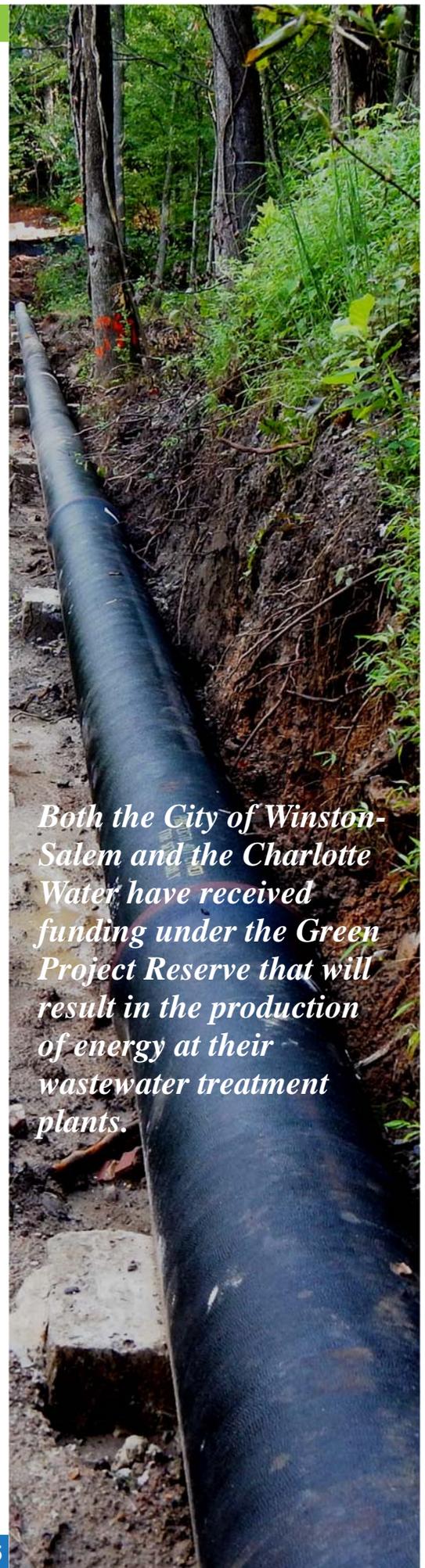
Recent Federal appropriations include a green project reserve (GPR), which are CWSRF funds that are set aside for use only for projects that are deemed to be green by EPA. Categories prioritized by the Authority include:

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

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

The Division offers zero-percent interest rates for all green projects regardless of cost. Principal forgiveness is not available for GPR projects. The Division has presented information at various seminars and conferences soliciting green projects as part of the short-term goals. Figure 7 on the next page presents the percentage of the GPR funds utilized for each project type.

Note that for the project cycles under consideration, there were no wetland / stream / buffer restoration projects, reclaimed water projects, or rainwater harvesting projects. Five projects totaling approximately \$12 million received funding from the GPR. Slightly more than half of the funding went to energy efficiency projects, and all of the stormwater BMP funding went to one project.



Both the City of Winston-Salem and the Charlotte Water have received funding under the Green Project Reserve that will result in the production of energy at their wastewater treatment plants.

■ Energy Efficiency ■ Stormwater BMP

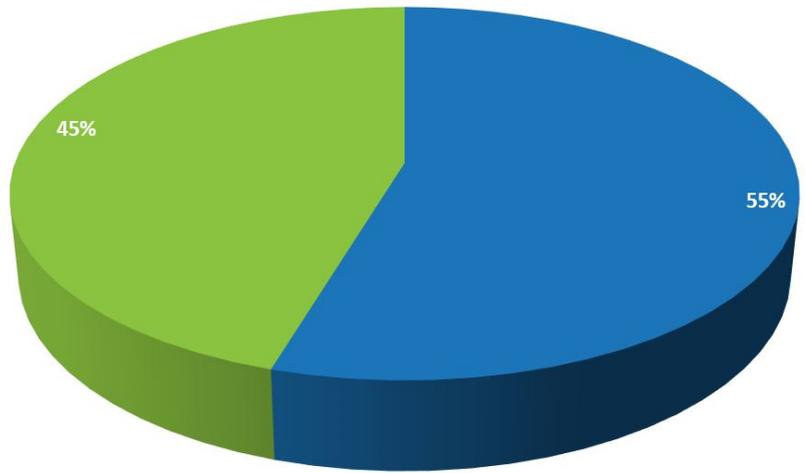


Figure 7. Percentage of Green Project Reserve Funds Distributed by Project Type

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 the different projects benefit the environment and a variety of environmental results

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

Impaired Waters

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

CWSRF program has funded five projects totaling approximately \$26 million. Only projects that claimed and received impaired points on their CWSRF application are included in this figure. Approximately half of the funding devoted to impaired waters relates to a project that replaced a major pump station near an impaired waterbody.

Over the past four cycles, the

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



City of Reidsville WWTW Improvements (CS370384-05)

Refer to Appendix B for more information about funding related to projects that may benefit im-

paired 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, the Division 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 \$5 million has been awarded to two projects that directly address a recommendation or strategy in a basinwide management plan. Only projects receiving points in the priority point system were counted.

Special Waters

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

As part of its prioritization process, the Division places higher priority on those projects that will directly benefit such impaired waters. Over the past four cycles, the state awarded four projects a total of approximately \$16.5 million. The same project as mentioned above claimed the majority of the funding based upon its proximity to special waters

Distribution of Funded Projects

Figure 8 on the next page shows the number of projects awarded funding throughout the seventeen river basins in North Carolina.

The Catawba, Neuse, and Yadkin river basins claimed the highest number of projects over the past four cycles with thirteen, twelve, and nine projects, respectively. The Savannah, Little Tennessee, Watauga, New, Chowan, and

Pasquotank had no projects. This is due to two main factors, size and population. All of these basins are relatively small compared to the other basins. Additionally, these basins do not have a large population and therefore most likely do not have systems that would apply for funding.

In terms of cost by basin, the French Broad, Neuse, and Yadkin basins had the highest amounts of



In terms of environmental benefits, the CWSRF prioritization system places high priority on projects that directly benefit impaired waters or groundwater where violations have occurred, or implement a basinwide plan strategy or recommendation.

Capitalization of the CWSRF program, including the state match, has provided almost \$850 million since the inception of the program for funding projects.

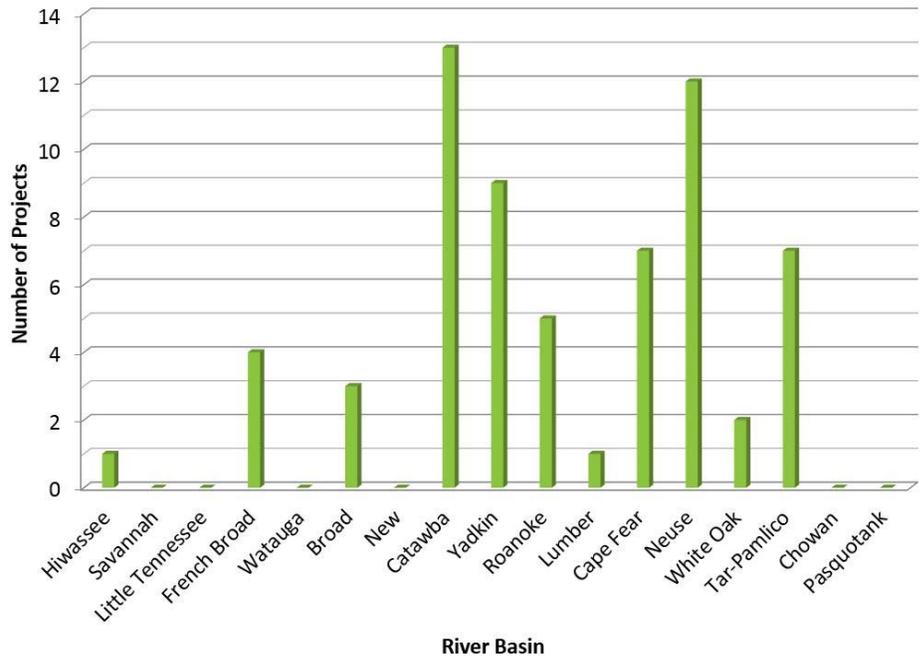
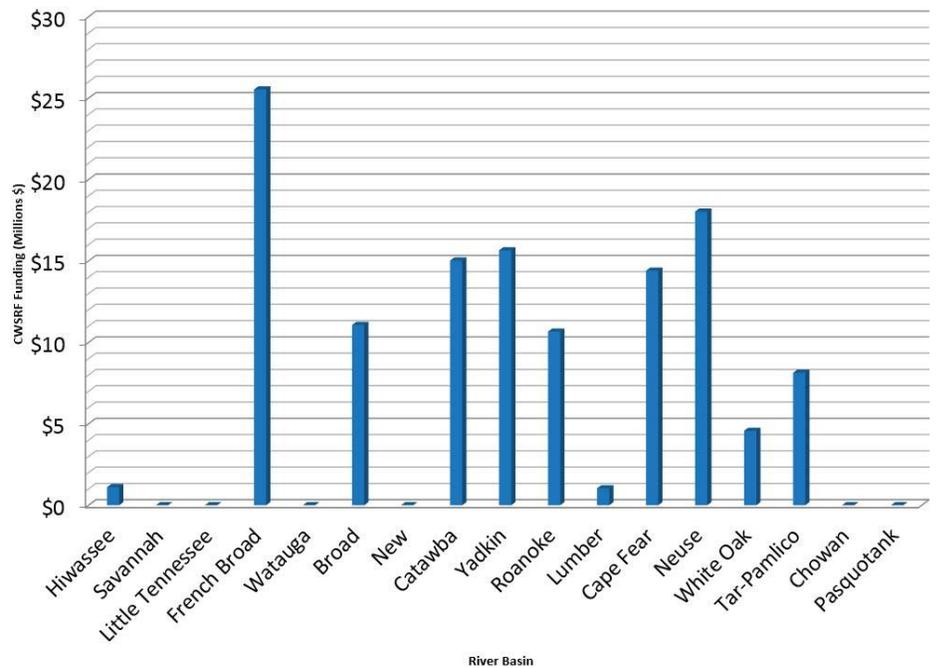


Figure 8. Number of Funded Projects by River Basin

funding associated with them. The approximately \$26 million associated with the French Broad basin is a result of one local government unit utilizing CWSRF funding to repair and rehabilitate old infrastructure and infrastructure that needed to be expanded to accommodate additional flow.

The Neuse and Yadkin basins, at approximately \$17 million and \$15 million, respectively, have funding split between multiple local government units within their boundaries. Figure 9 shows the breakdown of funds between the river basins.

Figure 9. Distribution of Funds by River Basin



Long-Term Financial Health of Program

The CWSRF program begins with the capitalization grants. Figure 10 shows the grants received since the inception of the program and the required twenty-percent state match.

Capitalization grants, plus state match, minus the four-percent administrative allowance has provided \$846,736,397 since the inception of the program. Figure 10 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 grants in the early 1990's. Combined with the increased awareness of clean water infrastructure needs, the CWSRF can only meet a small percentage of infrastructure funding needs of the LGUs as a whole.

In addition to the four-percent administrative allowance, the

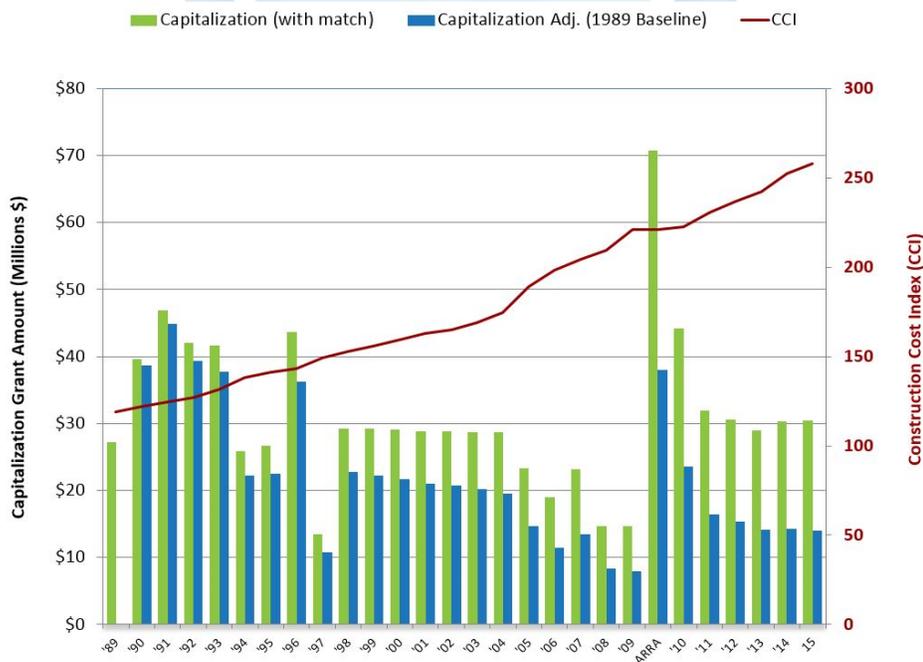
CWSRF charges a two-percent closing fee on all loans to supplement this allowance for administering the program. This fee is not financed as part of a loan and is considered program income if the loan originates from a capitalization grant. Program income is limited to use within the CWSRF by the USEPA. 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, DWR uses a portion of these funds to support water quality positions within DWR that support the CWSRF program.

Monies being repaid into the fund from completed projects, coupled with continued capitalization of the program, have resulted in an increase of funds available for new projects. The targeted financial incentives and awareness efforts have resulted in a significant



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

Figure 10. Capitalization Grants (with Match) Including ARRA



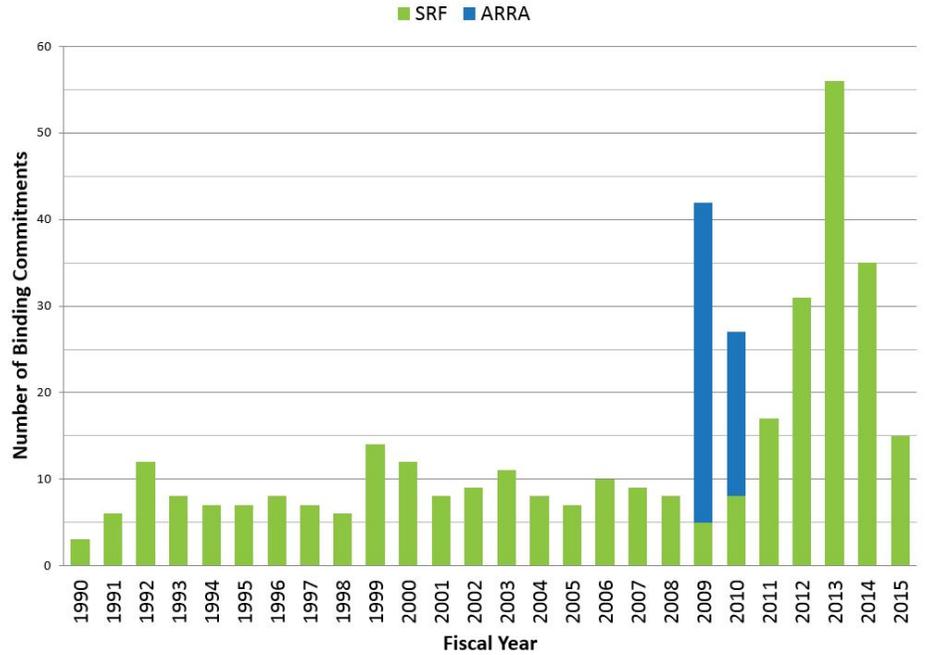


Figure 11. Binding Commitments Per Year

increase in projects receiving binding commitments. Figure 11 indicates the increase in annual binding commitments. Also, in accordance with §603(b)(2), North Carolina continues to meet easily its binding commitment rate. See Appendix B for this information.

Figure 12 on the next page shows the cumulative value of loans, which has risen in the past ten years and with it—nearly parallel—the actual disbursements. As monies are disbursed, the amount due back into the program (accounts receivable) also increases. As such, even though the fund has been capitalized with over \$800 million as noted above,

the revolving nature of the program has allowed the program to enter into almost \$1,765,489,001 in binding commitments at the same time. However, the American Recovery and Reinvestment Act of 2009 (ARRA) funds were provided at fifty-percent principal forgiveness. Principal forgiveness will not revolve back into the funding program. Therefore, the accounts receivable line has not increased at the same rate.

Finally, Figure 13 on the next page demonstrates how the capitalization and repayments on hand (cash), and accounts receivable, have increased the value of the program (net assets) in North Carolina to just over \$1 billion.

Binding Commitment Requirement

In accordance with 40 CFR 35.3135(c)(3), the cumulative binding commitments relative to capitalization grant payments received equals 271 percent (\$1,693,389,964). The total amount of capitalization grant

payments received is \$623,764,718.

The NC CWSRF continues to greatly exceed the requirements of §602(b)(3) of the Clean Water Act to make binding commit-

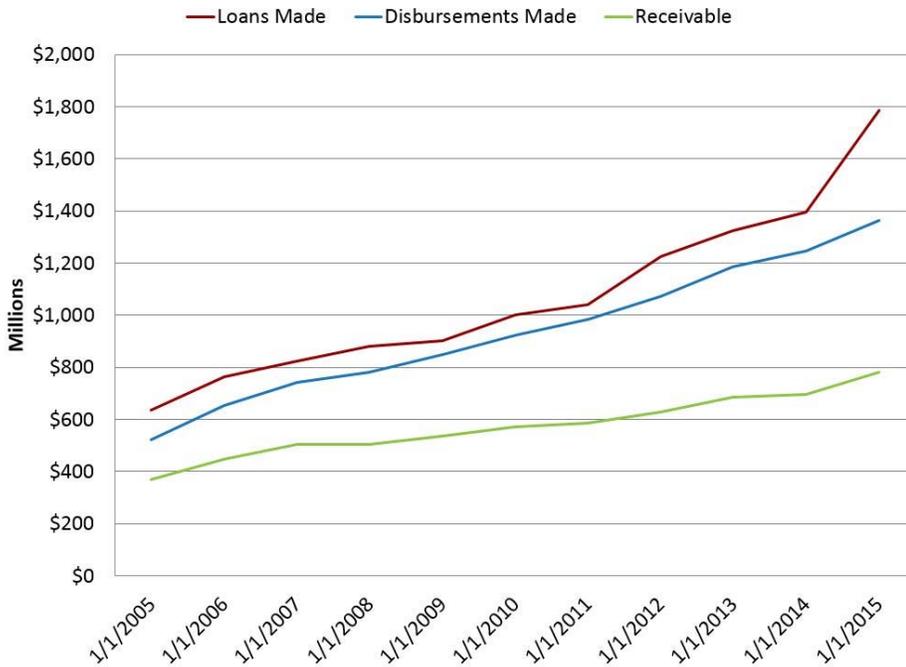
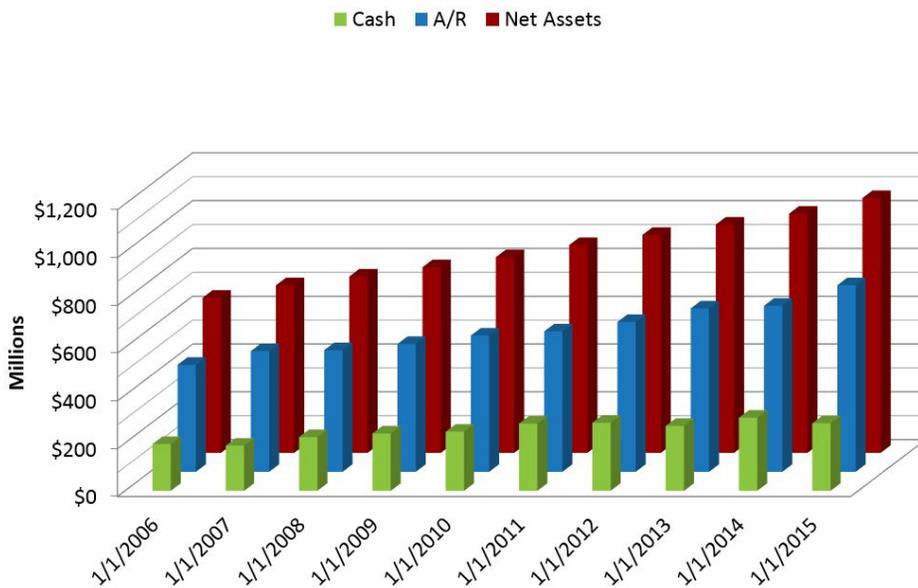


Figure 12. CWSRF Increase in Loans

ments of 120 percent of each grant payment. The most recent applicable cap grant payment has already exceeded the required binding commitments with a committed amount equal to and greater than the 120 percent required.

As the health of the overall fund is maintained, North Carolina continues to disburse capitalization grant funds first, in accordance with §602(b)(5) and have matching funds available in accordance with §602(b)(2). The 25-month process is intended to

Figure 13. Increase in Net Assets



meet the intent of §602(b)(4) and ensure that all CWSRF funds are expended in a timely manner. The projects found in Appendix

D represent Federal Fiscal Year 2014 FFATA compliance.





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 2013 Deadlines				11/3/2014	9/1/2015	2/1/2016					
Fremont, Town of	\$ 415,200	PF, PF-0%	530-06	ER comments out 3/18/2015			WW System Improvements/Sewer Rehab				III-B
Lake Waccamaw, Town of	\$ 1,037,350		833-02	9/2/2014	7/8/2015		Phase 5 Sewer Improvements	Columbus		Collection System Rehabilitation & Replacement	III-B
Spindale, Town of	\$ 6,894,072	PF, PF-0%	621-04	1/20/2015			Spindale WWTP Rehabilitation	Rutherford		Wastewater Treatment Plant Equipment Repair & Replacement	II
Greenville, City of	\$ 9,959,308	0%	487-10	8/18/2014 5 month ext.			Town Creek Culvert & BMP Retrofit Project	Pitt		Stormwater BMP	VII-K
Greenville Utilities Commission	\$ 3,251,754		487-11	8/28/2014			Southside Pumpstation Repair & Improvements	Pitt		Wastewater Treatment Plant Equipment Repair & Replacement	III-B
Winston-Salem, City of	\$ 9,399,200		399-09	8/19/2014	4/13/2015		Ongoing SSES and Rehabilitation	Forsyth		Collection System Rehabilitation & Replacement	III-B
Onslow Water & Sewer Authority	\$ 2,063,600		569-04	9/4/2014			Wstrn Ons.Trunk Swr Ph 2-Elim Kenwood WWTP	Onslow		Collection System Expansion	IV-B
Anson County	\$ 4,928,344		422-06	8/26/2014			Sludge Lagoon & Dam Repair Project	Anson		Wastewater Treatment Plant Equipment Repair & Replacement	II
Valdese, Town of	\$ 285,917		396-08	8/4/2014 Ext to 8/3/15			Town of Valdese I & I Improvements	Burke		Collection System Rehabilitation & Replacement	III-A
Brevard, City of	\$ 1,435,784		476-06	5/13/2014			Kings Creek Phase II	Transylvania		Collection System Rehabilitation & Replacement	III-B
Stanley, Town of	\$ 2,754,220		746-02	12/4/2014			Stanley Sewer Interconnect, Phase II	Catawba		Collection System Expansion	IV-B
March 2014 Deadlines				3/2/2015	1/4/2016	6/1/2016					
Haw River, Town of	\$ 1,005,215	PF, PF-0%	573-02	2/25/2015			Rehabilitation of 3,350 l.f. of 8-inch gravity sewer; rehabilitation of 8 manholes, Rehabilitation of 1,943 l.f. of 8-inch gravity sewer; replacement of 951 l.f. of 6-inch gravity sewer with 8-inch gravity sewer; rehabilitation of 11 manholes, Rehabilitation of 2,045 l.f. of 10-inch gravity sewer; rehabilitation of 2,763 l.f. of 8-inch gravity sewer; rehabilitation of 25 manholes	Alamance		Collection System Rehabilitation & Replacement	III-B
Pender County	\$ 479,706	2.21%	774-01	3/2/2015			Segregation of domestic and process wastewater streams and removal of stormwater infiltration; conversion of process wastewater to a closed loop recycle system	Pender		Wastewater Treatment Plant Equipment Repair & Replacement	VII-J
Kinston, City of	\$ 4,470,000	PF, PF-0%	527-09	6/9/2015			Replacement of 20,064 l.f. of 8-inch, 1,369 l.f. of 10-inch, 371 l.f. of 12-inch, 300 l.f. of 15-inch, 1,320 l.f. of 18-inch, and 2,624 l.f. of 24-inch gravity sewer; replacement of 50 manholes.	Lenoir		Collection System Rehabilitation & Replacement	III-B
Yanceyville, Town of	\$ 1,250,000	PF, PF-0%	510-03	2/25/2015			Replacement of existing sludge lagoon with an aerobic digester and digester storage tank	Caswell		Wastewater Treatment Plant Equipment Repair & Replacement	II
Winston-Salem, City of	\$ 3,319,750	0.00%	399-10	3/2/2015	5/29/2015	ATA 8/19/20	Replacement of existing aeration equipment	Forsyth		Energy Efficiency	II
Biscoe, Town of	\$ 1,402,500	0.00%	739-01	9/10/2014	9/19/2014	2/3/2015	Construction of new bar screen, flow splitter, aerators, and secondary clarifier; improvements to electrical system; construction of new effluent recirculation pump	Montgomery		Wastewater Treatment Plant Equipment Repair & Replacement	II
Brevard, City of	\$ 1,484,150	0.00%	476-07	1/27/2015			Replacement of 10,000 l.f. of gravity sewer; replacement of 46 manholes	Transylvania		Collection System Rehabilitation & Replacement	III-B
Brevard, City of	\$ 13,660,000		476-08	8/3/2015			Expansion of pump station; construction of 3.2 MG flow equalization facility; construction of 12,800 l.f. of 20-inch force main	Transylvania		Collection System Expansion	IV-B
Pittsboro, Town of	\$ 494,500	0.00%	413-05	6/2/2015			Evaluation of 32,000 l.f. of 8-, 10-, and 12-inch sewer and rehabilitation of 8,000 l.f. via "find and fix."	Chatham		Collection System Rehabilitation & Replacement	III-B
Granite Falls, Town of	\$ 610,000		372-01	2/25/2015			Replacement of two 45 year old pump stations	Caldwell		Collection System Rehabilitation & Replacement	III-B
Goldsboro, City of	\$ 3,521,438		482-06	3/4/2015			Rehabilitation of 690 l.f. of 24-inch; 2,043 l.f. of 27-inch; 7,730 l.f. of 42-inch; and associated manhole rehabilitation.	Wayne		Collection System Rehabilitation & Replacement	III-B
Belmont, City of	\$ 2,206,490		702-06	1/22/2015			Replacement of 5,000 l.f. of 8-inch sewer main; Replacement of 1,700 l.f. of 6-inch gravity sewer with 8-inch gravity sewer; rehabilitation of 3,300 l.f. of gravity sewer.	Gaston		Collection System Rehabilitation & Replacement	III-B
Kinston, City of	\$ 1,600,000	0.00%	527-10	4/10/2015			Installation of biosolids dryer facilities	Lenoir		Wastewater Treatment Plant Equipment Repair & Replacement	II
Johnston County	\$ 1,200,000	0.00%	560-13	1/27/2015			Rehabilitation of approximately 7,800 l.f. of sewer and 140 v.f. of manholes	Johnston		Collection System Rehabilitation & Replacement	III-A
Charlotte, City of	\$ 3,266,736	0.00%	377-13	2/4/2015			Construction of combined Heat and Power generation (1MW and 7,884,000 kWh per year)	Mecklenburg		Energy Efficiency	II
Granite Falls, Town of	\$ 1,900,000		372-02				Replacement of existing arc screen and grit air lift pump; construction of new liquid lime feed system and bulk storage tank; construction of new chlorine and dechlor flow pacing system; rehabilitation of the existing aerobic sludge digestion tank; construction of new sludge stabilization tank	Caldwell		Wastewater Treatment Plant Equipment Repair & Replacement	II

* 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 2014 Deadlines				10/1/2015	8/1/2016	1/3/2017					
Bay River Metropolitan Sewer District	\$ 745,675	PF, PF-0%	683-04				Rehabilitation of 5 pump stations; replacement of 460 l.f. of 8-inch gravity manhole rehabilitation manholes.	Pamlico		Wastewater Treatment Plant Equipment Repair & Replacement	III-B
Elm City, Town of	\$ 229,500	PF, PF-0%	603-03				Replacement of existing 150 gpm pump station	Wilson		Wastewater Treatment Plant Equipment Repair & Replacement	II-B
Yadkin Valley Sewer Authority	\$ 2,500,000	PF, PF-0%	541-06				Replacement of existing chlorine gas with UV; a new secondary clarifier; a new office building; rehabilitation of 2,000 lf of effluent main; a mechanical screen; DO controls; rehabilitation of sludge drying beds; installation of a magnetic flow meter	Yadkin		Wastewater Treatment Plant Equipment Repair & Replacement	II
Taylorsville, Town of	\$ 1,085,575	PF, PF-0%	700-05				Rehabilitation or replacement of approximately 18,000 lf of gravity sewer including CCTV and smoke testing a total of 68,000 lf of sewer	Alexander		Wastewater Treatment Plant Equipment Repair & Replacement	III-B
Randleman, City of	\$ 515,500	0%	662-03				Replacement of existing course bubble diffusers with fine bubble diffusers to reduce energy use	Randolph		Wastewater Treatment Plant Equipment Repair & Replacement	II
Mount Olive, Town of	\$ 2,245,000	0%	421-05	Ext			Effluent metering flume; replacement of existing 350 gpm effluent irrigation pumps; replacement of existing drip irrigation system with a spray system; conversion of existing fields from tree growth to grass; modifications to oxidation ditch	Wayne		Wastewater Treatment Plant Equipment Repair & Replacement	I
Winston-Salem, City of	\$ 4,907,676	0%	399-11				Installation of a new 1,137 kw combined heat and power system	Forsyth		Wastewater Treatment Plant Equipment Repair & Replacement	II
Taylorsville, Town of	\$ 1,500,000	0%	700-06				Improvements to WWTP clarifiers, blowers, RAS pumps, generator, grinder, screens, office; addition of dewatering facilities	Alexander		Wastewater Treatment Plant Equipment Repair & Replacement	II
Boonville, Town of	\$ 245,970	0%	539-01				Replacement of 3,361 lf of gravity sewer	Yadkin		Wastewater Treatment Plant Equipment Repair & Replacement	III-B
Brevard, City of	\$ 8,950,000	0%	476-09	120 day extension granted on all deadlines			Rehabilitation of WWTP including conversion of existing RBC system to extended aeration	Transylvania		Wastewater Treatment Plant Equipment Repair & Replacement	II
Shelby, City of	\$ 3,947,952	0%	502-07				Upgrade of WWTP composting facility	Cleveland		Wastewater Treatment Plant Equipment Repair & Replacement	II
Boonville, Town of	\$ 369,030	0%	539-02				Modifications to the WWTP including installation of a mechanical screen, replacement of blowers, and resurfacing of steel aeration tanks	Yadkin		Wastewater Treatment Plant Equipment Repair & Replacement	I
Granite Falls, Town of	\$ 600,000		372-03		7/15/2015		Installation of an additional 250,000 gallon sludge storage tank	Caldwell		Wastewater Treatment Plant Equipment Repair & Replacement	II
Stanly, County of	\$ 1,121,043		834-03				Expansion of pump station; installation of 12,000 l.f. of 6-inch force main	Stanly		Wastewater Treatment Plant Equipment Repair & Replacement	IV-A
Williamston, Town of	\$ 4,230,300		435-06				Installation of approximately 17,000 lf of gravity sewer, a pump station, and 3,500 lf of force main to serve 105 annexed customers	Martin		Wastewater Treatment Plant Equipment Repair & Replacement	IV-A
Eden, City of	\$ 3,000,000		458-08				Rehabilitation of existing pump stations including pumps, motors, and electrical to address capacity limitations	Rockingham		Wastewater Treatment Plant Equipment Repair & Replacement	III-B
Winterville, Town of	\$ 2,127,020		879-01				Replacement of existing pump station to increase hydraulic capacity; replacement of 3,700 lf of existing terra cotta gravity sewer	Pitt		Wastewater Treatment Plant Equipment Repair & Replacement	IV-A
Johnston, County of	\$ 828,764		560-14				Rehabilitation of approximately 3,000 lf of gravity sewer; flow isolation study and cctv testing of 18,000 lf of sewer	Johnston		Wastewater Treatment Plant Equipment Repair & Replacement	III-B
Morehead City, Town of	\$ 2,500,000		567-04				Construction of a new 700 gpm pump station and 26,500 lf of force main to serve exiting flows rerouted from other pump station and to provide for future development	Carteret		Wastewater Treatment Plant Equipment Repair & Replacement	IV-A
Albemarle, City of	\$ 2,435,450		522-05		8/5/2015		Construction of a new leachate pump station; construction of 20,000 l.f. of force main to the Albemarle WWTP	Stanly		Wastewater Treatment Plant Equipment Repair & Replacement	VII-J
Lake Lure	\$ 225,050	?	489-05				SOC project to address NH3 at WWTP.	Rutherford		Wastewater Treatment Plant Equipment Repair & Replacement	II
Louisburg	\$ 350,000	0%	397-06				WWTP Rehab	Franklin		Wastewater Treatment Plant Equipment Repair & Replacement	II
Andrews	\$ 1,107,600	0%	537-03				WWTP Rehab	Cherokee		Wastewater Treatment Plant Equipment Repair & Replacement	II
Franklinton/Franklin County	\$ 543,000		515-02				Phase 3 of Town Rehab project including expansion of American Legion PS and FM.	Franklin		Wastewater Treatment Plant Equipment Repair & Replacement	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 – Clean Water Benefits Reporting (CBR)
System Summary**



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

All Loans

	Loans		Projects			Borrowers		
	Assistance Dollars (millions)	Loan Count	Assistance Dollars (millions)	Subsidy Dollars (millions)	Project Count	Facility Population (millions)	Facility Flow (MGD)	Borrower Count
Total Records	1,729.1	389	1,173.0		399	2.2	676	208
Records with Benefits Data	879.9	189	860.0	323.3	199	2.2	631	135
Impacting Human Health	288.2	72	276.9	108.8	82	1.4	344	62
	33%	38%	32%		41%	4,823	People Served per \$million	46%
With Impaired Waterbody			247.8	99.9	70	1.1	303	43
			29%		35%	4,219	People Served per \$million	32%
With Waterbody Meeting Standards			273.7	100.3	75			
To Improve Water Quality			477.4	184.9	125			
To Maintain Water Quality			214.3	74.7	40			
To Achieve Compliance			263.8	98.8	75			
To Maintain Compliance			243.7	90.1	49			



Appendix C – Financial Exhibits



STATE OF NORTH CAROLINA
EPA Revolving Loan Fund
Combining Statement of Net Assets
June 30, 2015 and 2014

Exhibit 1

	Clean Water Program	
	2015	2014
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 135,777,799	\$ 305,956,584
Investment-Bond Proceeds	146,795,768	0
Receivables:		
Loans (Due within one year)	58,967,552	91,375,858
Accrued Interest	2,582,912	2,540,777
Other	4,056	4,208
State Treasurer's Securities Lending Collateral	63,925	36,950,186
Total Current Assets	344,192,013	436,827,613
Capital Assets, Depreciable		
Machinery and Equipment	74,226	38,381
Accumulated Depreciation	(41,365)	(36,581)
Total Capital Assets, Depreciable (net)	32,861	1,800
Noncurrent Assets:		
Loans Receivable (Due after one year)	721,926,506	625,710,394
Total Assets	1,066,151,379	1,062,539,807
Deferred Outflows of Resources		
Deferred outflows for Pensions	167,581	0
Total Deferred Outflows for Pensions	167,581	0
LIABILITIES		
Current Liabilities:		
Accounts Payable	1,434	2,647
Accrued Vacation Leave	31,486	18,770
Accrued Payroll	0	0
Obligations Under State Treasurer's Securities Lending Agreements	0	37,828,577
Other Accrued Liabilities	3,033	3,043
Total Current Liabilities	35,953	37,853,037
Noncurrent Liabilities:		
Accrued Vacation Leave	272,434	248,222
Net Pension Liability	141,806	0
Total Liabilities	450,193	38,101,259
Deferred Inflows for Resources		
Deferred inflows for Pensions	516,268	0
Total Inflows for Pensions	516,268	0
NET ASSETS		
Invested in Capital Assets, net of related debt	32,861	1,800
Restricted for:		
Program Loans	1,065,319,638	1,024,436,748
Total Net Assets	\$ 1,065,352,499	1,024,438,548

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, 2015 and 2014 **Exhibit 2**

	Clean Water Program	
	2015	2014
REVENUES		
Operating Revenues:		
Interest Income on Loans	\$ 15,205,267	14,505,140
Loan Closing Fees	2,909,839	2,551,535
Miscellaneous	236	
	18,115,342	17,056,675
Total Operating Revenues		
EXPENSES		
Operating Expenses:		
Personal Services	2,358,318	2,386,911
Supplies and Material	21,002	12,227
Services	131,940	107,396
Depreciation	4,785	1,200
Insurance & Bonding	923	1,141
Other Fixed Charges	21,580	29,205
Capital Outlay		11,421
Other Expenses	11,960	19,689
	2,550,509	2,569,190
Total Operating Expenses		
Operating Income (Loss)	15,564,833	14,487,485
NONOPERATING REVENUES (EXPENSES)		
Federal Grants	29,915,181	56,736,658
Interest Income	(2,092,164)	260,599
Grants, Aid and Subsidies	(7,576,821)	(9,038,383)
Sale of Surplus Property		
Gain (loss) on Sale of Property & Equipment		
Miscellaneous		(31,812)
	20,246,196	47,927,062
Total Nonoperating Revenues		
Income Before Transfers	35,811,030	62,414,547
Transfers In	5,000,000	4,925,000
Transfers Out	(177,013)	(213,752)
Increase in Net Assets	40,634,017	67,125,795
Net Assets July 1 (restated in 2013 for 2010)	1,024,718,482	957,592,687
Net Assets June 30	\$ 1,065,352,499	\$ 1,024,718,482

STATE OF NORTH CAROLINA
EPA Revolving Loan Fund
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2015 and 2014

Exhibit 3

	Clean Water Program	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 2,910,075	\$ 2,551,535
Payments to employees and fringe benefits	(2,358,318)	(2,374,893)
Payments to vendors and suppliers	(187,622)	(164,661)
Other Receipts/Payments	(11,960)	(19,689)
	<u>352,175</u>	<u>(7,708)</u>
Net Cash Used by Operating Activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Grants	29,915,181	56,732,450
Federal Recovery Funds (ARRA)		
Transfers in	5,000,000	4,925,000
Transfers out	(177,013)	(213,752)
Grants, Aid and Subsidies	(7,576,821)	(9,038,383)
	<u>27,161,347</u>	<u>52,405,315</u>
Net Cash Provided from Noncapital Financing Activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets		
Sale of Surplus and Adjustment		
	<u></u>	<u></u>
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	(145,392,962)	
Repayment on loans	54,521,911	55,084,237
New loans issued	(118,323,994)	(88,585,987)
Interest on loans	15,205,267	14,476,032
Other	2,092,164	1,090,597
	<u>(191,897,614)</u>	<u>(17,935,121)</u>
Net Cash Provided by Investing Activities		
Net Increase (decrease) in total Cash and Cash Equivalents	(164,384,092)	34,462,486
Cash and Cash Equivalents, Beginning of Year	305,956,583	271,494,097
	<u></u>	<u></u>
Cash and Cash Equivalents, End of Year	<u>\$ 141,572,491</u>	<u>\$ 305,956,583</u>
RECONCILIATION OF NET OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 15,564,833	14,487,485
Adjustments to Reconcile Operating Income to Net		
Depreciation/Amortization Expense	4,785	1,200
Cash Flow provided by Operating Activities:		
Nonoperating loan interest income	(15,205,267)	(14,505,140)
Pension Expense		
(Increase) Decrease in Current Assets	(12,176)	
Increase (Decrease) in Liabilities		8,747
	<u>\$ 352,175</u>	<u>(7,708)</u>
Net Cash Used by Operating Activities		
NONCASH INVESTING ACTIVITIES		
Assets Acquired Through the Assumption of a Liability		23,387,049
Change in fair value of investments		(1,174,520)



Appendix D – FFATA Capitalization Grant 2014 Projects



FFATA List of Projects in FY 2014 Cap Grant

	FFATA Projects Dollars	PF Min	PF Reported	PF Max	Green Total	Green Goal for FY Cap
2014 Cap Grant	\$ 30,364,800	\$ 1,376,984	\$ 2,000,000	\$ 2,065,477	\$ 6,586,486	\$2,530,400
Washington_06			\$ 500,000			
Kinston_08			\$ 500,000			
Yadkin Valley Sewer Authority			\$ 500,000			
Taylorsville, Town of			\$ 500,000			
Winston Salem_10					\$ 3,319,750	
Charlotte					\$ 3,266,736	
FFATA						
2013 Cap Grant	\$ 28,915,200	\$ 1,135,024	\$ 1,612,143	\$ 1,702,537	\$ 9,959,308	\$2,409,600
Yanceyville			\$ 497,393			
Elm City, Town of			\$ 114,750			
Kinston			\$ 1,000,000			
Greenville Utilities-10					\$ 9,959,308	Note, not all will be green
Winston-Salem_08	\$ 28,915,200					
2012 Cap Grant	\$ 30,608,400	\$ 1,417,587	\$ 2,083,046	\$ 2,126,380	\$ 4,524,461	\$2,550,700
Haw River			\$ 502,608			
Bay River Metropolitan Sewer District			\$ 372,838			
Fremont			\$207,600			
Spindale_04			\$1,000,000			
Greenville Utilities-09					\$ 3,360,000	
Pine Knoll Shores					\$ 315,392	
Hope Mills					\$ 849,069	
South Granville	\$ 29,160,000					
Statesville	\$ 23,373,357					
Fayetteville PWC 12	\$ 3,000,000					
2011 Cap Grant	\$ 31,980,000	\$ 2,469,546	\$ 8,172,114	\$ 8,231,821	\$ 6,560,000	\$5,330,000
Eden			\$1,000,000			
Green Level			\$316,500			
Spring Lake			\$672,685			
Yadkin Valley SA			\$525,000			
Clyde			\$155,050			
Wallace			\$246,409			
Vanceboro			\$825,672			
Bessemer City, City of			\$782,500			
Aulander, Town of			\$271,708			
Elizabethtown, Town of			\$397,820			
Bay River MSD 03			\$214,829			
Robersonville, Town of 03			\$661,918			
Robersonville, Town of 04			\$1,000,000			
Tarboro, City of			\$477,523			
Roanoke Rapids SD			\$194,000			
Lenoir			\$289,250			
Green Level			\$141,250			
OWASA					\$ 6,560,000	
GUC-08	\$ 7,000,000	Adjust upward in FFATA				
Morganton	\$ 11,428,456					
Raleigh-13	\$ 15,252,952	Adjust downward in FFATA				



Appendix B – Drinking Water State Revolving Fund Annual Report



Drinking Water State Revolving Fund Annual Report

State of North Carolina

Fiscal Year 2014-2015

September 30, 2015



Financing Community Water Needs

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Introduction

The Division of Water Infrastructure (the Division) was created within the North Carolina Department of Environment and Natural Resources (NCDENR). The Division administers financial assistance programs to assist Applicants in constructing projects that both benefit public health and improve the human environment.

Specifically, the Division administers the Drinking Water State Revolving Fund (DWSRF) program as established by the Amendments to the Safe Drinking Water Act of 1996 (SDWA). The DWSRF offers low-interest loans to public water supply systems for drinking water infrastructure. As

an Applicant repays the loan, the monies are again loaned out, hence the revolving nature of the program. All loan payments go back into the DWSRF.

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

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

Overview of Program History

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.

Programmatic History

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

cently, the DWSRF program has shifted from a ready-to-proceed model to a competitive model, which will be reflected in this report and future editions.

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



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

members appointed by the North Carolina Senate, and two members appointed by the Governor. The legislation includes twelve tasks for Authority members.

Among those tasks, the Authority must (1) establish priorities for making loans and grants that are consistent with Federal law; (2) review the criteria for making loans and grants, which includes any recommendations for additional criteria; (3) develop guidelines for making loans and grants; and (4) review recommendations for grants and loans as submitted by Division staff to determine the rank of applications and to select the applications that are eligible to

receive grants and loans. Since the DWSRF falls under the purview of the Division, all priorities must be approved by the Authority, and all funding applications must be approved by the Authority.

Throughout the programmatic changes, the DWSRF program has provided financing for drinking water infrastructure for over fifteen years, saving public water supply systems in North Carolina millions of dollars in interest costs. The savings make drinking water infrastructure more affordable for citizens of the state.

Financial History

Congress appropriates an overall DWSRF funding level that is allocated to states based on the results of the most recent drinking water needs survey. Currently, the North Carolina allocation for FY 2014 is \$24,834,000 (2.34 percent) of the national appropriation. Capitalization grants, including the required state match, have provided \$439,362,441 for drinking water projects by the Division since the inception of the program in 1996. However, since the DWSRF is a revolving program, these government funds have enabled \$572,837,381 in loan commitments over this same time period. This is due to loan

repayments being loaned again, thereby providing public benefits repeatedly through time (i.e., the revolving nature of the program). If capitalization grants are increased, the program will better be able to meet infrastructure financing needs for public water systems. The section on the long-term financial health of the program contains more information about the financial aspects of the program.

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

Drinking Water State Revolving Fund Program Goals

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

Drinking Water Act. This overarching goal is supported by several short- and long-term goals that are discussed below.

Short-Term Goals

For Fiscal Year 2014-2015 IUP, the Division developed two short-term goals.

Goal #1: Continue efforts to streamline the funding process to ensure the funds are committed and expended as efficiently as possible in accordance with the SDWA and applicable state laws as required by §1452(g)(3) (A) of the SDWA. The Division has shifted the DWSRF program from a ready-to-proceed model to a competitive model. Additionally, all projects are now on a 25-month schedule from receiving funding to construction contract execution. At the beginning of July 2014, the balance of unliquidated obligations for capitalization grants from 2009 to 2014 was \$75,554,962 in project funds (excluding set-asides). In the most recent report from the U.S. EPA,

dated August 6, 2015, the unliquidated obligation number is \$18,984,840 (excluding set-asides), which is a 75 percent drop in the amount of unliquidated obligations. The Division will continue to track unliquidated obligations to reduce this number.

Goal #2: Increase efforts to inform public water supply systems of the availability of funds, benefits of the DWSRF program, and funding process improvements. Division staff have provided training opportunities for both those who wish to apply to the DWSRF program and those who have received funding. The July 2014 training had approximately 100 attendees. The Division will continue to look for opportunities to conduct outreach on the advantages of the DWSRF program.

Loan terms for all DWSRF loans are twenty years.



Two completed DWSRF principal forgiveness loans for \$2,486,523 consolidated three failing systems serving 218 connections (about 500 people) into the Tuckasegee Water and Sewer Authority.



Long-Term Goals

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

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

Goal #2: To provide effective project management to improve the pace of the revolving fund so that more assistance can be provided over time. The Division has placed all projects on a 25-month funding schedule from date of Letter of Intent to Fund to construction contract execution. All projects now receiving funding must adhere to this schedule, which will ensure that the pace of the revolving fund increases. The result will be more assistance over time.

Goal #3: To ensure the technical integrity of DWSRF projects through diligent and effective planning, design, and construction management. Through the funding process (e.g., engineering report review, plans and bid documentation review, contract review, and construction inspection), Division staff ensure the drinking water infrastructure pro-

jects that are being funded through the DWSRF are technically sound facilities that will be compliant with all Federal and state regulations.

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

Goal #5: Ensure the priority system reflects the NCDENR's and Authority's goals. Every year as the IUP is prepared, the Division reviews the priority points utilized to score applicants' projects during each review cycle. Additionally, Division staff present the Authority with staff recommendations related to the priority systems for their review and consideration to be included in future funding rounds.

Goal#6: To provide technical and financial assistance to public water supply systems in

adapting to changing drinking water quality standards and maintaining the health objectives of the SDWA. The Division has continued and will continue to offer set-aside funds via DWR to provide technical assistance to water system representatives.

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

cluding mailings and participation in workshops.

Goal #8: To implement a capacity development strategy that may use innovative strategies and solutions to help public water supply systems improve compliance. The Division continued to supply set-aside funds to DWR to prepare a Capacity Development program report that was submitted to the Governor in 2015.

MBE/WBE Goals

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

WBEs and split across construction, supplies, services, and equipment. The total amount of MBE procurement during 2014 was \$247,649 (0.49 percent of total procurement). The total amount of WBE procurement during the same time was \$4,986,073 (9.94 percent of total procurement).

Project Funding

Historically, there has been one funding round for each year with an application deadline of September 30th. This past year, applications were accepted on October 2nd, 2014, with the Authority approving prioritized applications in December 2014.

Successful projects may be funded under the base DWSRF loan program or under one of the spe-

cial programs provided. Currently, principal forgiveness is allowed under capitalization grants as provided by specific Congressional Authority. There are two special interest rate programs: a zero-percent interest fund and a green project reserve. Figure 1 on the next page shows the breakdown of total funding across the different funding programs. Note that for the time period (two



■ DWSRF-0% ■ Principal Forgiveness

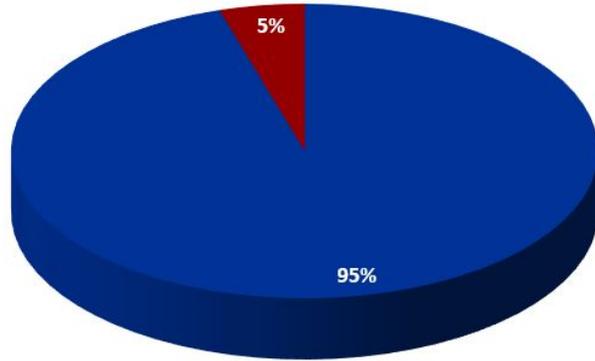


Figure 1. Funding by Funding Source

years) encompassed by this report, no projects were funded either in the DWSRF base program or in the DWSRF Green Project Reserve (DWSRF-GPR) program.

The following sections discuss the overall schedule and each of the four funding types. Since a full cycle is two years, projects in

the September 2013 and 2014 funding rounds that were approved by the Authority are examined in this report. Additionally, this report also considers grandfathered projects that received a binding commitment between July 1, 2013 and July 25, 2013. This accounts for six projects.

Prioritization

For projects under consideration in this round, the Division utilized the prioritization system developed and approved by the Authority in February 2014.

The system considers five elements of a project: (1) project type, (2) public health benefits, (3) system management, (4) financial situation, and (5) redundancy.

For project type, the Authority

places higher priority on projects that consolidate, repair, rehabilitate, or replace infrastructure that has already been installed for either water treatment plants or water distribution systems.

Figure 2 on the next page shows the breakdown of projects across the state by project type.

In terms of public health benefits, projects that seek to address projects that replace a contaminated or failing source for a public wa-

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

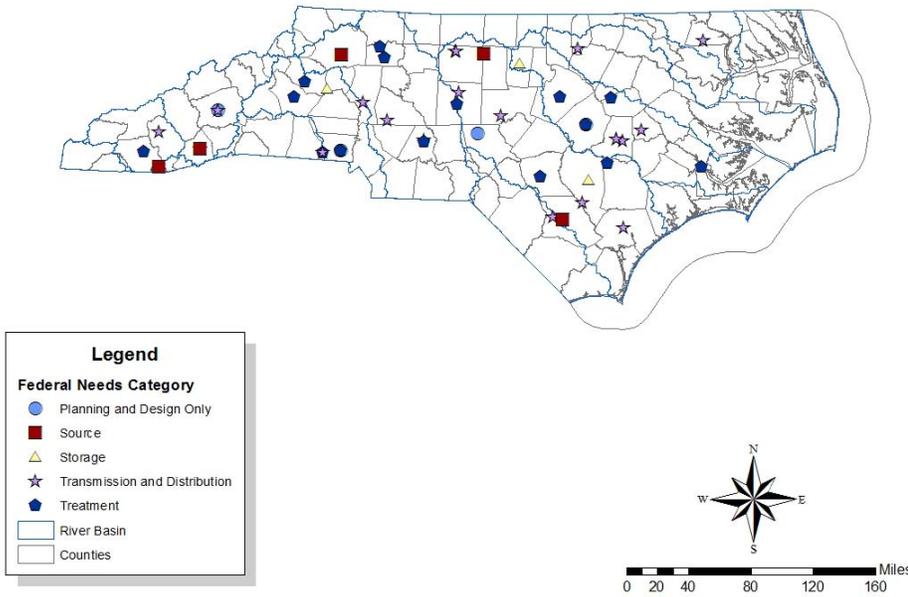


Figure 2. Funded Projects by Project Type

ter supply system, address a promulgated but not yet effective regulation, or that create permanent interconnections for systems not previously connected receive the most priority.

In addition to addressing public health issues, the Authority supports those Applicants who seek to be proactive in their system management by offering prioritization points for Wellhead Protection Plans, Source Water Protection Plans, and those projects that may lead toward development of a regional water supply.

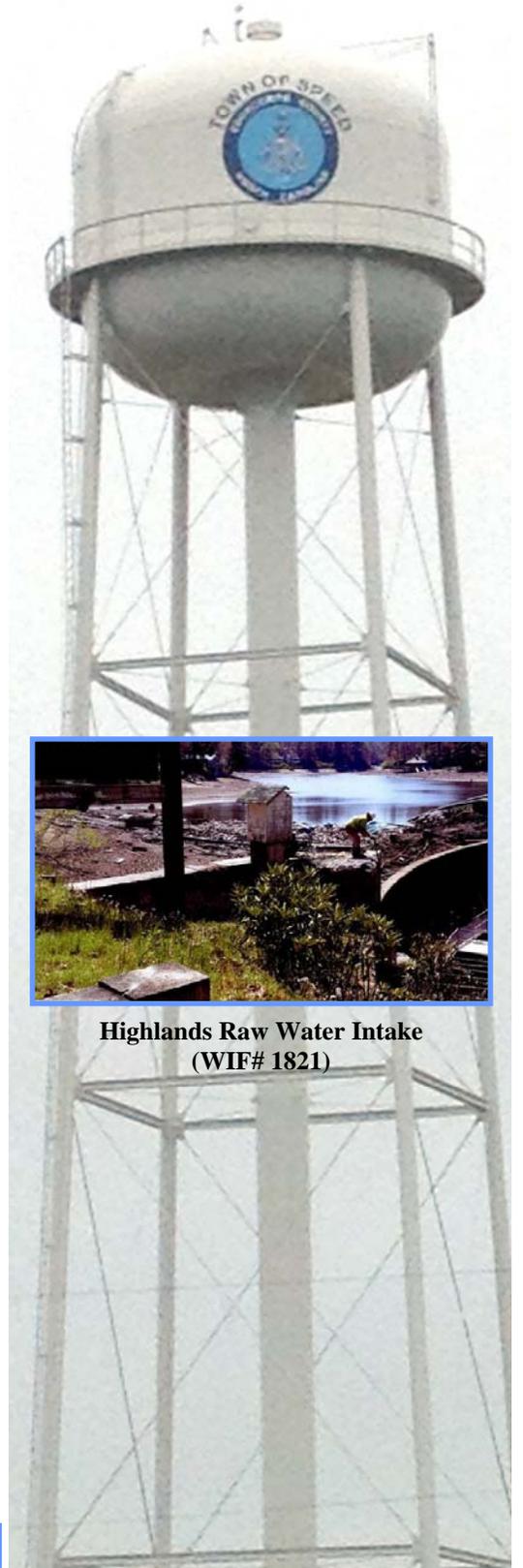
The Authority has taken into account the financial situation of Applicants. Those Applicants who have a high poverty rate and/or high utility bills relative to median household income receive higher priority than other Applicants.

Last, projects that provide redundancy to critical treatment or delivery functions and that provide emergency backup in terms of electrical power source receive priority under the redundancy category.

Funding Schedule

The Applicants in the September 2013 and September 2014 rounds as well as the remaining grandfathered projects follow a set schedule that will bring the project to the construc-

tion phase in a timely manner. Figure 3 on the following page shows the projects that were funded via the September 2014 cycle. Appendix A provides a list of these projects.



Highlands Raw Water Intake (WIF# 1821)

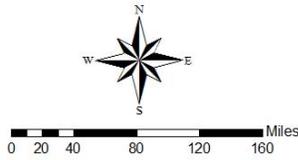
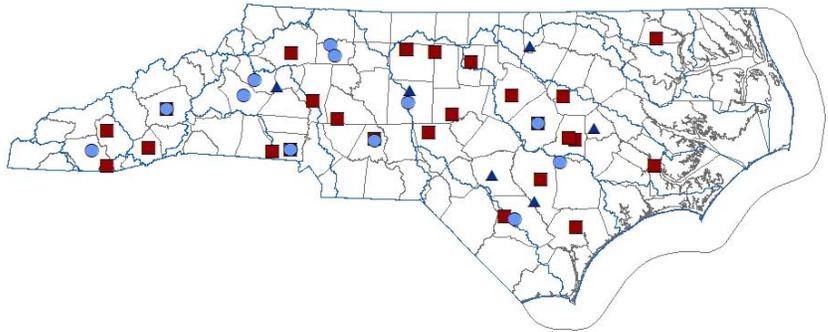


Figure 3. Funded Projects by Project Cycle

DWSRF Base Program

For projects in the two years encompassed by this report, no projects received funding at the DWSRF base rate of 2.21 percent. However, the Division plans to consider offering the base rate

in future rounds of funding as a way to establish the long-term viability of the program.

Principal Forgiveness

Principal forgiveness is one of the special funding methods offered by the DWSRF program and is allowed by the SDWA. In the 2014 IUP, the Division targeted the required 20 percent of principal forgiveness toward disadvantaged communities and toward systems with high rates relative to median household income. Additionally, principal forgiveness is available for projects that consolidate and eliminate non-viable water systems for the full amount of the loan. Over the past two years,

five loans have included almost \$9.8 million in principal forgiveness. The demand for principal forgiveness has always exceeded availability.

Figure 4 on the following page shows the project types that received principal forgiveness. The majority of principal forgiveness dollars went to transmission and distribution projects while the remainder went to source development.

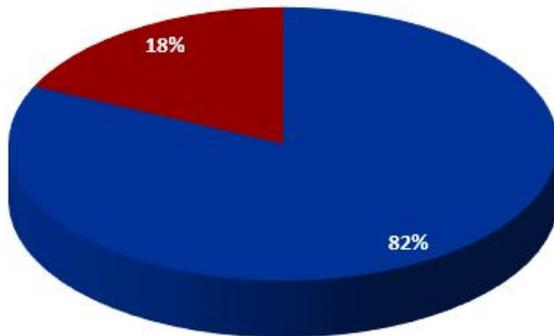


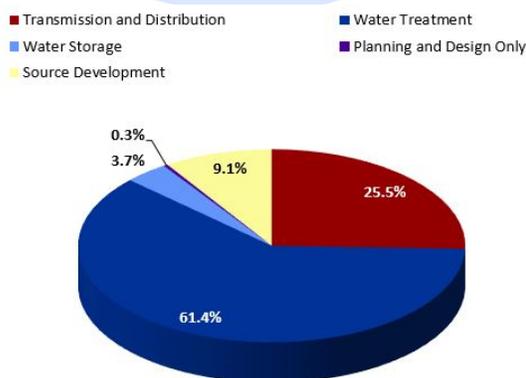
Figure 4. Percentage of Principal Forgiveness Funds Spent by Project Type

Zero-Percent Interest

The state has offered zero-percent interest loans for the remaining projects funded under the DWSRF program that are covered in the two-year period for this report. This special loan program recognizes the continuing need for affordable drinking water infrastructure for all public water supply systems within the state. Under the DWSRF zero-percent program, the Division has made loans to 42 projects for a

total of approximately \$161 million. Figure 5 shows the funds from the zero-percent interest loan program spent by project type for the two years under consideration in this report. The majority of loans have been to water treatment plant projects with another 25 percent to transmission and distribution. The remainder is split between water storage, source development, and planning and design only.

Figure 5. Percentage of Project Types Funded by Zero-Percent Funding



Of twelve applicants for the fall 2014 round, nine funded replacement and rehabilitation, two provided additional treatment without expansion and one connected an area of groundwater contamination. Only one project was for new or expanded infrastructure.

Green Project Reserve

Two DWSRF loans totaling \$35M are funding the first surface water treatment plant in North Carolina to use membrane technology.

Since FY 2012, capitalization grants have not required a GPR. All grants prior to FY 2012

met the GPR requirements as previously reported.

Set-Aside Activities

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

responsible for implementation. The paragraphs below summarize the set-aside activities completed this past year. Appendix C contains details related to the goals and accomplishments of the DWR.

Technical Assistance for Small Systems

This part of the set-aside program amounts to up to two percent of the capitalization grant. This year, both the DWR and the North Carolina Rural Water Association (NCRWA) continued to provide technical assistance to water systems serving a population of less than 10,000 consum-

ers. A portion of this set-aside provides continued funding for a circuit rider position with NCRWA. Over this past year, this position has provided technical assistance to 871 contacts.

Drinking Water State Program Management Functions

This portion of the set-aside program amounts to up to ten percent of the capitalization grant. The funds go to fund the DWR and the activities located therein. The DWR has continued to fund a full-time Source Water Protection Engineer position. As a result, the DWR continued to improve its GIS mapping application as well as promote the development of local source water protection plans. To date, nine public water providers using surface waters have completed comprehensive

source water protection plans. These providers served a combined population of approximately 282,229 customers. As part of incentivizing the Source Water Protection Program, a low-interest loan program for land conservation exists and is administered by the 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 source water protection benefits.



Additionally, the funds provide a position for a Capacity Development Team Leader to lead the development of the Engineering Planning and Development Guidance Document, which presents preferred design criteria for water systems in North Carolina. These

funds also enabled training to occur at the North Carolina Waterworks Operators School and Public Water Supply Section regional offices.

Local Assistance and Other State Programs

This portion of the set-aside program amounts to up to fifteen percent of the capitalization grant and funds a Wellhead Protection Geologist, who coordinates the development, implementation, and management of a wellhead protection program within the DWR. The Wellhead Protection Program (WHPP) continued to provide information and technical assistance as required to support wellhead protection activities. Over the past year, the WHPP received ten wellhead protection plans, three first-time submittals, and six updates/renewals of previously approved plans, and one complete revision of formally submitted plans that had failed to receive approval. Additionally, fifteen wellhead protection plans covering 20 public water supply systems received approval. These recently approved plans represent both first-time submittals as well as renewals of previously ap-

proved plans and bring the total number of approved wellhead protection plans to 138. These approved plans cover 155 public water supply systems consisting of 903 wells that serve a population of almost 935,154 people. The WHPP also maintained the appropriate geographic information system layers and worked with the NCRWA to provide technical assistance to small systems. Last, this portion of the set-aside program continued to support nine positions in the NCDENR regional offices. Overall, DWR staff conducted a total of 6,557 site visits, including 2,580 sanitary surveys for all systems (including small systems) during the calendar year 2014. Please note that data entry for calendar year 2015 is not complete at the time of this report.

Public Health Benefits

With the start of the revised prioritization system in the October 2014 funding round, Applicants were able to claim points based on public health benefits. The prioritization points system provided points for three main public health benefits: compli-

ance, treatment improvements, and interconnections. Projects could claim multiple benefits, a single benefit, or none.

Note that the Division did not begin tracking public health benefits until the new priority points



scheme put in place for the September 2014 funding round. Of the thirteen projects funded in the September 2014 funding round, the Division awarded two projects compliance benefits points and twelve projects treatment benefits

points for a total of approximately \$6.6 million and \$73.2 million, respectively. No projects funded in this round received points for interconnection benefits.

Long-Term Financial Health

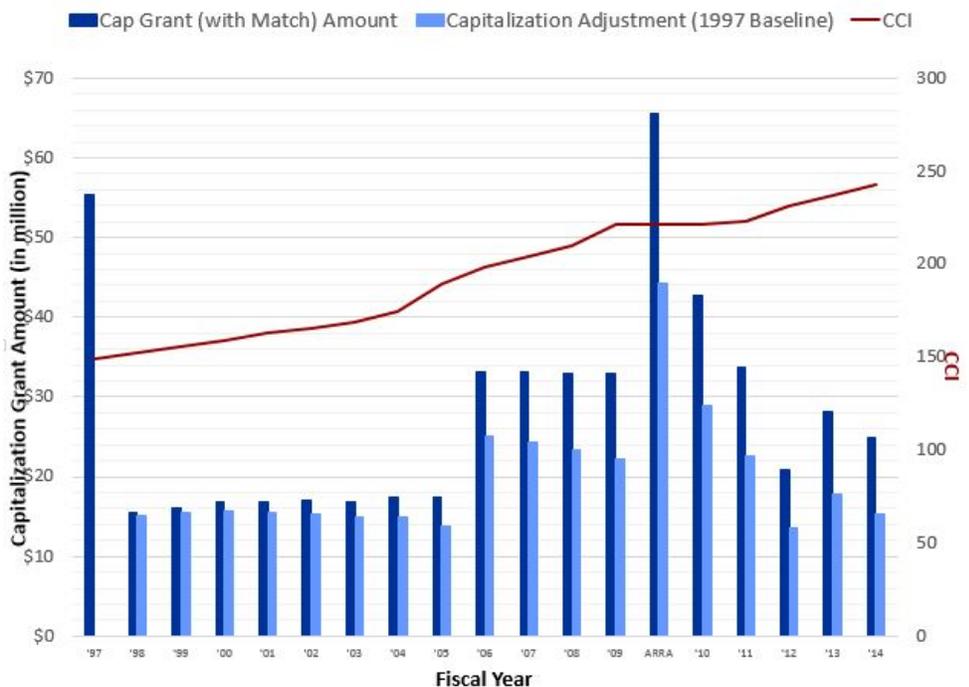
The DWSRF program began with the capitalization grants. Figure 6 shows the grants received since the inception of the program and the required twenty-percent state match.

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

Capitalization grants (including the American Recovery and Reinvestment Act of 2009 [ARRA] grant), plus the state match, minus the four-percent administrative allowance has provided \$537,732,991 since the inception of the program. Figure 6 also shows the effect of inflation. While capitalization grants and associated state matches have re-

In addition to the four-percent administrative allowance, the DWSRF charges a two-percent closing fee on all loans to supplement this allowance for administering the program. Also, each DWSRF capitalization grant requires set-aside monies be supplied for administration of the SDWA. The Division has allotted \$6,415,450 (approximately 26

Figure 6. Capitalization Grants (with Match) Including ARRA



percent of the FY 2014-2015 capitalization grant) to the DWR for use. See the section on set-asides for a description of the way the DWR used this money over the past year.

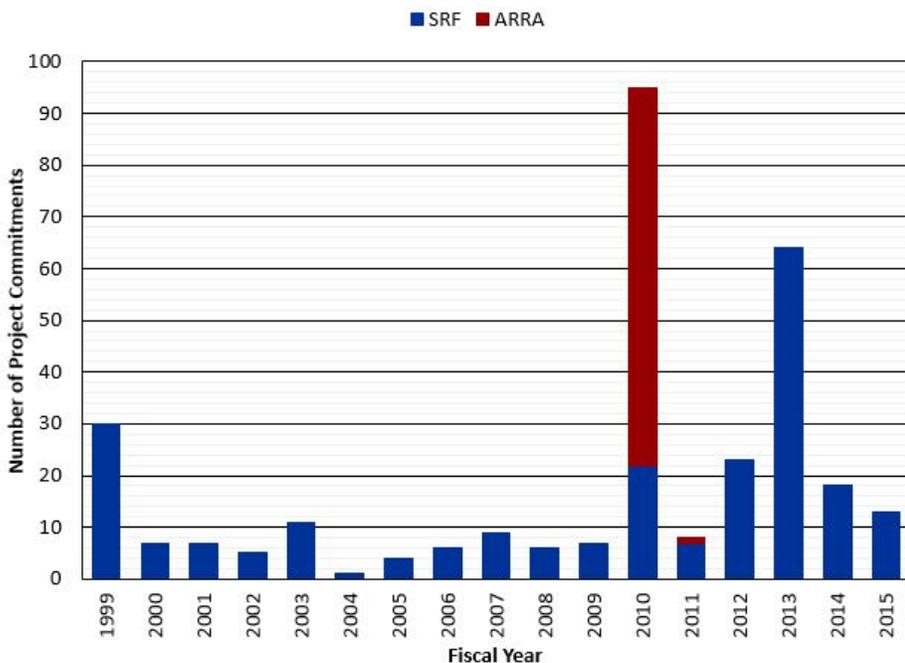
Regarding projects, monies being repaid into the fund from completed projects, coupled with continued capitalization of the program, have resulted in an increase of funds available for new projects. Figure 7 shows the history of binding commitments since the inception of the program. Due to a defined project schedule, this trend is expected to increase, which will reduce the amount of unliquidated obligations related to the DWSRF program. See Appendix D for this information.

Figure 8 on the next page shows how the cumulative value of loans, which has risen over the past ten years and with it—nearly parallel—the actual disbursements. As monies are disbursed,

the amount due back into the program (accounts receivable) also increases. As such, even though the fund has been capitalized with over \$530 million as noted above, the revolving nature of the program has allowed it to enter into approximately \$572 million in binding commitments at the same time. However, the ARRA fund was 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 9 on the following page demonstrates how the combined capitalization and repayments on hand (cash) and accounts receivable, have increased the net value of the program (net assets) in North Carolina to approximately \$440 million. Appendix D contains more details related to this information.

Figure 7. Binding Commitments Per Year



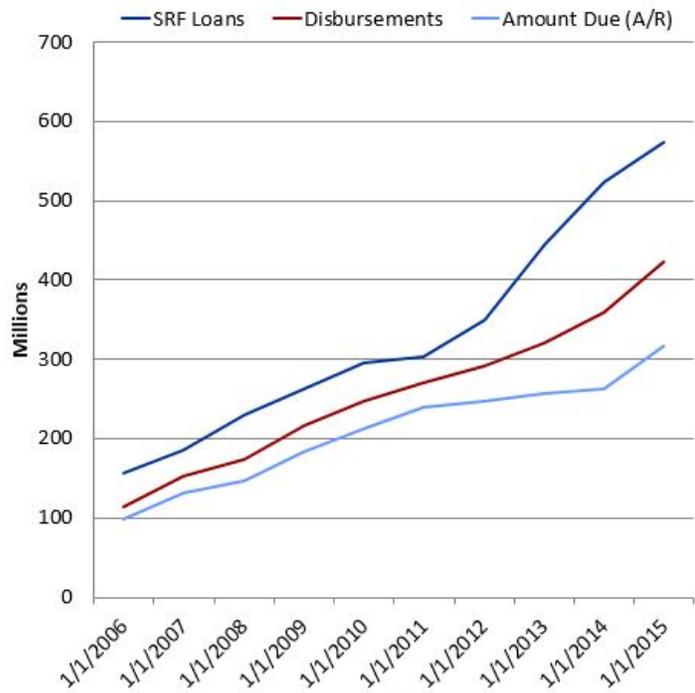


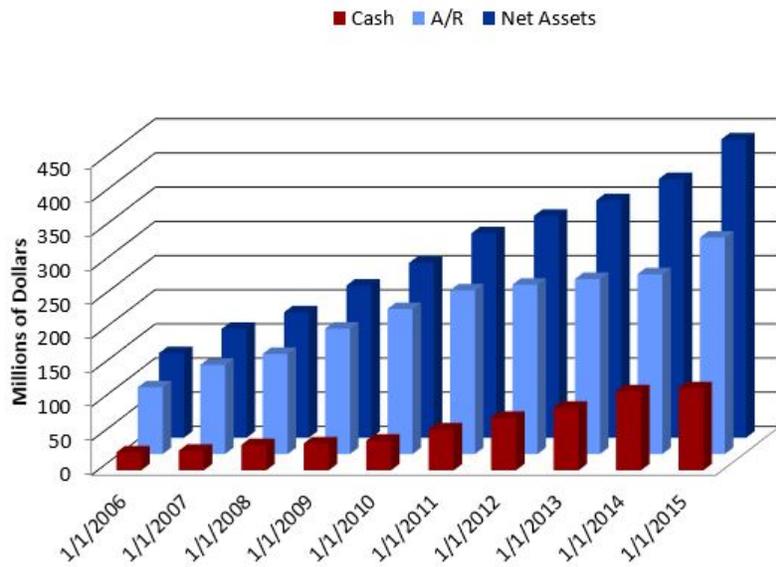
Figure 8. DWSRF Increase in Loans

Binding Commitment Requirement

In accordance with 40 CFR 35.3550(e)(1) and (2), the cumulative binding commitments relative to capitalization grant payments received equals 182 percent (\$574,427,347). The total amount of capitalization grant

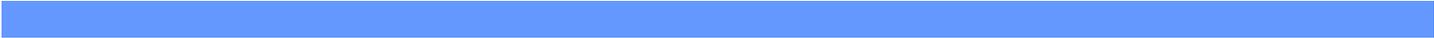
payments received is \$315,122,039. The DWSRF continues to reduce its unliquidated obligations and make its binding commitments of 120 percent of each grant payment.

Figure 9. Increase in Net Assets





Appendix A – Status of Recent Projects



STATUS OF RECENT PROJECTS

Applicant	DWSRF Funding	Loan Type *	Project Number	Offer Part A / Binding Commitment		Part B	Description	County	Compliance Category	Federal Needs Category
				Date	Date					
Projects Authorized prior to SWIA Meetings										
South Greene Water Corporation	\$580,000	0%	1737	7/23/2013		4/28/2014	Replace meters with Automated Meter Reading (AMR).	Greene	Other Assistance Not Compliance Related	Transmission and Distribution
Fayetteville Public Works Commission	\$14,801,858	0%	1761	7/29/2013		3/19/2014	Rehabilitate P.O. Hoffer WTP / Phase I.	Cumberland	Assist Compliant Systems to Maintain Compliance	Treatment
Alexander, County of	\$3,210,018	0%	1650	8/1/2013		-	Install waterlines, & a 600k-gal tank; rehab. existing BPS	Alexander	Other Assistance Not Compliance Related	Storage
Kittrell Water Association, Inc.	\$256,005	0%	1765	8/15/2013		-	Replace meters with Automated Meter Reading (AMR).	Vance	Other Assistance Not Compliance Related	Transmission and Distribution
Randleman, City of	\$437,106	0%	1653	8/20/2013		-	Replace and loop waterlines and install Booster Pump Station	Randolph	Assist Compliant Systems to Meet Future Reqmnts	Transmission and Distribution
Garland, Town of	\$240,550	0%	1775	9/10/2013		-	Replace residential, bulk & production well meters with Automated Meter Reading (AMR)	Sampson	Assist Compliant Systems to Maintain Compliance	Transmission and Distribution
Projects authorized at January & February 2014 SWIA Meetings										
Kings Mountain, Town of	\$ 12,460,640	0%	1785F	9/30/2013	9/30/2013		Rehabilitate Water Treatment Plan	Cleveland	Other Assistance Not Compliance Related	Treatment
Kings Mountain, Town of	\$ 16,162,670	0%	1784F	9/30/2013	9/30/2013		Replace 24-inch Transmission line	Cleveland	Other Assistance Not Compliance Related	Transmission and Distribution
Buncombe, County of	\$ 214,850	0%	1771FP	9/30/2013	9/30/2013	8/7/2014	Planning Loan for CTS	Buncombe	Other Assistance Not Compliance Related	Planning and Design Only
Greater Badin Water & Sewer District	\$ 5,948,630	PF, 0%	1673	9/30/2013	9/30/2013		Rehabilitate water lines	Stanly	Assist Compliant System to Maintain Compliance	Transmission and Distribution
Tuckaseegee Water & Sewer Authority	\$ 1,861,900	PF	1789	9/30/2013	9/30/2013		Consolidate failing University Heights and River Park MHP systems	Jackson	Assist Non-Compliance System to Achieve Compliance	Transmission and Distribution
Sims, Town of	\$ 335,267	0%	1769	9/30/2013	9/30/2013		Radium Filter at Deep Well Water Supply #2	Wilson	Assist Non-Compliance System to Achieve Compliance	Treatment
Fentona Dam, Town of	\$ 876,600	0%	1772	9/30/2013	9/30/2013		WILL DECLINE LOAN TO REPLACE a 0.5 MGD WTP	Graham	Assist Non-Compliance System to Achieve Compliance	Treatment
Ossipee, Town of	\$ 2,491,720	0%	1825	9/30/2013	9/30/2013		Interconnect to City of Burlington	Alamance	Assist Compliant System to Meet Future Requirements	Source
Landis, Town of	\$ 921,000	PF, 0%	1834	9/30/2013	9/30/2013		Replace meters with Automated Meter Reading (AMR).	Rowan	Other Assistance Not Compliance Related	Transmission and Distribution
Raleigh, City of	\$ 3,678,800	0%	1794	9/30/2013	9/30/2013		Chemical feed improvements	Wake	Assist Compliant System to Maintain Compliance	Treatment
Ahoskie, Town of	\$ 953,000	PF, 0%	1832	9/30/2013	9/30/2013		Replace meters with Automated Meter Reading (AMR).	Hertford	Other Assistance Not Compliance Related	Transmission and Distribution
Highlands, Town of	\$ 2,068,450	PF, 0%	1821	9/30/2013	9/30/2013		Replacement 2.0 MGD raw water intake, pump station and raw water line	Macon	Assist Compliant System to Maintain Compliance	Source
Brevard, City of	\$ 1,360,500	0%	1787	9/30/2013	9/30/2013		Replace meters with Automated Meter Reading (AMR).	Transylvania	Other Assistance Not Compliance Related	Transmission and Distribution
Goldston Gulf Sanitary District	\$ 214,545	0%	1804	9/30/2013	9/30/2013		Replace meters with Automated Meter Reading (AMR).	Chatham	Other Assistance Not Compliance Related	Transmission and Distribution
North Wilkesboro, Town of	\$ 8,257,310	0%	1779	9/30/2013	9/30/2013		Kerr-Scott Reservoir Raw-Water Project -- Part I: raw water line	Wilkes	Assist Compliant Systems to Meet Future Reqmnts	Source
Wilkes, County of	\$ 5,598,475	0%	1780	9/30/2013	9/30/2013		Kerr-Scott Reservoir Raw-Water Project -- Part II: intake, pump station and water lines	Wilkes	Assist Compliant Systems to Meet Future Reqmnts	Source
Burgaw, Town of	\$ 1,387,200	0%	1800	9/30/2013	9/30/2013		Rehabilitate water lines, install emergency generator and 1,300 meters	Pender	Assist Compliant Systems to Maintain Compliance	Transmission and Distribution
Aqua North Carolina, Inc.	\$ 1,932,833	0%	1830	9/30/2013	9/30/2013		Replace meters with Automated Meter Reading (AMR).	Guilford	Other Assistance Not Compliance Related	Transmission and Distribution
Troutman, Town of	\$ 812,000	0%	1833	9/30/2013	9/30/2013		Waterline and meter replacement with Automated Meter Reading (AMR) technology	Iredell	Other Assistance Not Compliance Related	Transmission and Distribution
Johnston County, of	\$ 117,300	0%	1790P	9/30/2013	9/30/2013	7/14/2014	Planning Loan for WTP filter additions and chemical feed improvement	Johnston	Assist Compliant Systems to Maintain Compliance	Planning and Design Only
Dublin, Town of	\$ 147,190	0%	1806	9/30/2013	9/30/2013		Replace meters with Automated Meter Reading (AMR).	Bladen	Other Assistance Not Compliance Related	Transmission and Distribution
Aqua of North Carolina, Inc.	\$ 1,651,617	0%	1829	9/30/2013	9/30/2013		Replace meters with Automated Meter Reading (AMR).	Cumberland	Other Assistance Not Compliance Related	Transmission and Distribution
Robbins, Town of	\$ 15,300	0%	1793P	9/30/2013	9/30/2013		Planning loan for a redundant source	Moore	Assist Compliant Systems to Meet Future Reqmnts	Planning and Design Only
Hillsborough, Town of	\$ 1,960,127	0%	1791	9/30/2013	9/30/2013		New 0.5 MG Elevated Storage Tank	Orange	Assist Compliant Systems to Maintain Compliance	Storage
Clinton, City of	\$ 1,770,000	0%	1792	9/30/2013	9/30/2013		New 0.5MG Elevated Storage Tank	Sampson	Assist Compliant Systems to Maintain Compliance	Storage
Two River Utilities	\$ 300,000	0%	1803P	9/30/2013	9/30/2013		Pilot study to replace treatment process train	Gaston	Assist Compliant Systems to Maintain Compliance	Planning and Design Only
<hr/>										
Eastern Wayne Sanitary District	\$3,300,000	0%	1817	9/30/2013			New wells and waterlines	Wayne	Assist Compliant Systems to Maintain Compliance	Transmission and Distribution
Southeastern Wayne Sanitary District	\$3,800,000	0%	1815	9/30/2013			New well, water lines, booster pump station, elevated storage tank	Wayne	Assist Compliant Systems to Maintain Compliance	Transmission and Distribution
Northwestern Wayne Sanitary District	\$3,837,000	0%	1816	9/30/2013			New wells and waterlines	Wayne	Assist Compliant Systems to Maintain Compliance	Transmission and Distribution
Belfast-Patetown Sanitary District	\$4,100,000	0%	1818	9/30/2013			New wells, water lines, booster pump station, elevated storage tank	Wayne	Assist Compliant Systems to Maintain Compliance	Transmission and Distribution
Craven, County of	\$16,178,995	0%	1824	9/30/2013	7/1/2014		New 2-MGD nanofiltration water treatment plant	Craven	Assist Compliant Systems to Maintain Compliance	Treatment
<hr/>										
Projects from fall 2014 Application Round										
Belfast-Patetown Sanitary District	\$4,100,000	0%	1818	9/30/2013			New wells, water lines, booster pump station, elevated storage tank and ammonia feed system	Wayne	Assist Compliant Systems to Maintain Compliance	Transmission and Distribution
Craven, County of	\$16,178,995	0%	1824	9/30/2013			New 2-MGD nanofiltration water treatment plant	Craven	Assist Compliant Systems to Maintain Compliance	Treatment
Two River Utilities	\$30,000,000	0%	1879				Replace the treatment trains with membrane technology.	Gaston	Other Assistance Not Compliance Related	Treatment
Two River Utilities	\$5,000,000	0%	1880				Replace the aged clearwell with a new 5 MG clearwell	Gaston	Assist Compliant Systems to Maintain Compliance	Treatment
Calypso, Town of	\$1,642,000	0%	1860				Rehabilitate existing plant constructed in 1971, including puresure filters, settling basin, interior plumbing controls and the building.	Duplin	Assist Compliant Systems to Maintain Compliance	Treatment
Boonville, Town of	\$1,171,142	0%	1880				Replace 1,040 feet of undersized waterline with 6-inch; install 1,200 feet of 6-inch waterlines to create loops. Install a filter on the wells to address iron and manganese MCLs.	Yadkin	Other Assistance Not Compliance Related	Treatment
Elizabethtown, Town of	\$436,050	0%	1870				Replace Well #1 to compensate for the decreased capacity of the wells in the system.	Bladen	Other Assistance Not Compliance Related	Source

* Projects labeled principal forgiveness (PF), receive receive a 80% of their loan amount forgiven, not to exceed \$2,400,000 per project.

STATUS OF RECENT PROJECTS

Applicant	DWSRF Funding	Loan Type *	Project Number	Offer Part A /		Part B	Description	County	Compliance Category	Federal Needs Category
				Binding Commitment	Date					
Yadkin County	\$4,175,000	0 %	1853				57,00 feet of 8-inch and 12-inch waterline and one BPS to connect the Town of East Bend to the Winston-Salem / Forsyth County water system, creating a new water system.	Yadkin	Other Assistance Not Compliance Related	Treatment
Albemarle, City of	\$8,953,500	0 %	1868				Extensively rehabilitate the US 52 WTP without expansion.	Stanly	Other Assistance Not Compliance Related	Treatment
Lenoir, City of	\$6,540,000	0 %	1875				Rehabilitate the filters and replace te high service pumps, chemical storage tanks, chemical feed systems, and related items.	Caldwell	Other Assistance Not Compliance Related	Treatment
Morganton, City of	\$1,273,552	0 %	1877				Replace two failing cleawells with a single, 1.1 million gallon clearwell. Rehabilitate the north and south plant filters by replacing media and adding air scour systems.	Burke	Other Assistance Not Compliance Related	Treatment
Asheboro, City of	\$2,082,070	0 %	1887				Install 4 MGD filter group to provide redundancy and improve polymer blending and feeding equipment.	Randolph	Other Assistance Not Compliance Related	Treatment
Johnston County	\$4,360,900	0 %	1790				Install pre-treatment and enhanced settling (such as Actiflo or Claricone) to reduce buildup of sludge in the settling basins and replace chemical storage and handling.	Johnston	Other Assistance Not Compliance Related	Treatment
Franklin, Town of	\$3,578,750	0 %	1874				Install approximately 6,900 feet of 8-inch and 8,850 feet of 6-inch waterlines, and service lines and meters to connect approximately 115 connections in an area contaminated by CTS Electronics.	Macon	Other Assistance Not Compliance Related	Treatment
Buncombe, County of	\$1,726,782	0 %	1864					Buncombe	Other Assistance Not Compliance Related	Transmission and Distribution

* Projects labeled principal forgiveness (PF), receive receive a 80% of their loan amount forgiven, not to exceed \$2,400,000 per project.



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



Summary Report Drinking Water State Revolving Fund Set-Aside Program

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

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

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

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

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

A contractual agreement with NCRWA was continued to support a circuit rider position that provided technical assistance to 871 contacts of technical assistance during the period from July 1, 2014 to June 30, 2015. 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 5,172 site visits to small systems, including, 2,418 sanitary surveys for small systems during calendar year 2014 (data entry had not been completed for all fiscal year 2015 site visits at the time data was pulled from SDWIS for this report).

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

Administration of PWS Section Supervision Program

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

Administration or Technical Assistance Activities for Source Water Protection

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

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

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

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

The SWP Program continued to promote the development of local SWP plans. This effort included outreach to local government officials, public water providers, and stakeholder groups. To date, nine public water providers using surface sources have completed comprehensive SWP Plans. These water providers serve a combined population of approximately 282,229 consumers.

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

Development and Implementation of a Capacity Development Strategy

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

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

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

The Engineering Planning and Development Guidance document is a document presenting preferred design criteria for water systems in North Carolina. The document covers all facets of water system design including distribution, storage tanks, treatment, and general design criteria.

The NCPWS Section expects the document to clarify design requirements to water system owners and engineers and thereby reduce project review time. Two chapters describing submittal requirements and the review and permitting process have been published.

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

Establishment and Implementation of a Wellhead Protection Program

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

The WHP Program received ten WHP plans during the reporting period, three first time submittals, six updates/renewals of previously approved plans, and one complete revision of a formally submitted plan that had failed to receive approval. Fifteen WHP plans covering 20 PWS systems received approval during the current reporting period. These fifteen approved plans represent both first time submittals as well as renewals of previously approved plans. At the end of the reporting period there were 138 active WHP plans covering 155 PWS systems comprising 903 wells serving a population of 935,154.

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

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

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

The WHP Program continued to develop and maintain ArcView GIS shapefiles for approved WHPAs. Maps of approved WHPAs on USGS 7.5 minute topographic quadrangle base maps were generated to accompany WHP plan approval letters. Additionally, to facilitate the efficient transfer

of this information, electronic versions of the approved WHPA maps as JPEG images were produced and distributed. A total of 330 individual JPEG map images are currently available via email to interested parties upon request.

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

Capacity Development

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

Overall, PWS Section staff conducted a total of 6,557 site visits, including, 2,580 sanitary surveys for all systems (including small systems) during calendar year 2014. Data entry was not complete for fiscal year 2015 site visits at the time data was pulled from SDWIS for this report.



Appendix C – Financial Exhibits



STATE OF NORTH CAROLINA
EPA Revolving Loan Fund
Combining Statement of Net Assets
June 30, 2015 and 2014

Exhibit 1

	Drinking Water Program	
	2015	2014
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 85,591,358	\$ 115,637,240
Investment-Bond Proceeds	48,931,923	0
Receivables:		
Loans (Due within one year)	19,023,822	26,446,539
Accrued Interest	1,126,292	948,873
Other	23,398	155,116
State Treasurer's Securities Lending Collateral	37,680	13,447,124
Total Current Assets	154,734,473	156,634,892
Capital Assets, Depreciable		
Machinery and Equipment	246,359	183,863
Accumulated Depreciation	(153,466)	(127,342)
Total Capital Assets, Depreciable (net)	92,893	56,521
Noncurrent Assets:		
Loans Receivable (Due after one year)	280,992,071	236,459,359
Total Assets	435,819,437	393,150,772
Deferred Outflows of Resources		
Deferred outflows for Pensions	231,421	0
Total Deferred Outflows for Pensions	231,421	0
LIABILITIES		
Current Liabilities:		
Accounts Payable	4,620	133,604
Accrued Vacation Leave	36,074	21,250
Accrued Payroll	0	0
Obligations Under State Treasurer's Securities Lending Agreements	0	13,766,951
Other Accrued Liabilities	20,661	25,323
Total Current Liabilities	61,355	13,947,128
Noncurrent Liabilities:		
Accrued Vacation Leave	312,128	281,058
Net Pension Liability	195,827	0
Total Liabilities	569,310	14,228,186
Deferred Inflows for Resources		
Deferred inflows for Pensions	712,941	0
Total Inflows for Pensions	712,941	0
NET ASSETS		
Invested in Capital Assets, net of related debt	92,893	56,521
Restricted for:		
Program Loans	434,675,714	378,866,065
Total Net Assets	\$ 434,768,606	\$ 378,922,586

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, 2015 and 2014

Exhibit 2

	Drinking Water Program	
	2015	2014
REVENUES		
Operating Revenues:		
Interest Income on Loans	\$ 4,572,090	\$ 4,464,375
Loan Closing Fees	1,267,509	1,081,267
Miscellaneous	1,002	
Total Operating Revenues	<u>5,840,602</u>	<u>5,545,642</u>
EXPENSES		
Operating Expenses:		
Personal Services	3,336,880	3,253,359
Supplies and Material	103,610	39,163
Services	1,299,407	1,458,104
Depreciation	26,125	18,269
Insurance & Bonding	12,040	12,355
Other Fixed Charges	58,759	14,852
Capital Outlay		36,925
Other Expenses	101,787	119,045
Total Operating Expenses	<u>4,938,608</u>	<u>4,952,072</u>
Operating Income (Loss)	<u>901,993</u>	<u>593,570</u>
NONOPERATING REVENUES (EXPENSES)		
Federal Grants	55,561,323	32,183,133
Interest Income	(596,537)	101,261
Grants, Aid and Subsidies	(7,834,322)	(11,186,076)
Sale of Surplus Property		
Gain (loss) on Sale of Property & Equipment		
Miscellaneous		(11,469)
Total Nonoperating Revenues	<u>47,130,464</u>	<u>21,086,849</u>
Income Before Transfers	48,032,457	21,680,419
Transfers In	9,584,025	9,561,222
Transfers Out	(1,263,849)	(493,000)
Increase in Net Assets	56,352,634	30,748,641
Net Assets July 1 (restated in 2013 for 2010)	<u>378,415,972</u>	<u>347,667,331</u>
Net Assets June 30	<u>\$ 434,768,606</u>	<u>\$ 378,415,972</u>

STATE OF NORTH CAROLINA
EPA Revolving Loan Fund
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2015 and 2014

Exhibit 3

	Drinking Water Program	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 1,268,511	\$ 1,081,267
Payments to employees and fringe benefits	(3,336,880)	(3,255,826)
Payments to vendors and suppliers	(1,634,362)	(1,544,496)
Other Receipts/Payments	(238,169)	(119,045)
	<u>(3,940,900)</u>	<u>(3,838,100)</u>
Net Cash Used by Operating Activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Grants	55,561,323	31,395,304
Federal Recovery Funds (ARRA)		665,233
Transfers in	9,715,894	9,561,222
Transfers out	(1,263,849)	(493,000)
Grants, Aid and Subsidies	<u>(7,834,322)</u>	<u>(11,186,076)</u>
Net Cash Provided from Noncapital Financing Activities	<u>56,179,046</u>	<u>29,942,683</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(98,341)	(16,059)
Sale of Surplus and Adjustment		
Net Cash Used in Capital Financing Activities	<u>(98,341)</u>	<u>(16,059)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemptions from the State Treasurer L/T investment pool		
Purchase into State Treasurer L/T investment pool	(50,334,729)	
Repayment on loans	19,105,952	21,530,585
New loans issued	(56,221,671)	(28,427,117)
Interest on loans	4,572,090	4,517,895
Other	<u>(5,102,022)</u>	<u>399,161</u>
Net Cash Provided by Investing Activities	<u>(87,980,379)</u>	<u>(1,979,476)</u>
Net Increase (decrease) in total Cash and Cash Equivalents	(35,840,575)	24,109,048
Cash and Cash Equivalents, Beginning of Year	<u>115,637,240</u>	<u>91,528,192</u>
Cash and Cash Equivalents, End of Year	<u>\$ 79,796,665</u>	<u>\$ 115,637,240</u>
RECONCILIATION OF NET OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 901,993	593,570
Adjustments to Reconcile Operating Income to Net		
Depreciation/Amortization Expense	26,125	18,269
Cash Flow provided by Operating Activities:		
Nonoperating loan interest income	(4,572,090)	(4,464,375)
Pension Expense	141,946	
(Increase) Decrease in Current Assets	(438,874)	
Increase (Decrease) in Liabilities		<u>14,436</u>
Net Cash Used by Operating Activities	<u>\$ (3,940,900)</u>	<u>(3,838,100)</u>
NONCASH INVESTING ACTIVITIES		
Assets Acquired Through the Assumption of a Liability		7,935,114
Change in fair value of investments		(399,864)

Appendix D – FFATA Capitalization Grant 2014 Projects

FFATA List of Projects

	Project Number	FFATA Projects	PF Min	PF Announced	PF Max	Green Total
2015 Cap Grant	\$ 20,546,063		\$4,111,800		\$ 6,167,700	
2014 Cap Grant	\$ 20,695,000		\$ 4,139,000	\$ 5,096,350	\$ 6,208,500	
Tuckaseegee WSA	1789			\$ 2,696,350		
Badin W&SA	1673			\$ 2,400,000		\$5,948,630.00
2013 Cap Grant	\$ 22,084,000		\$ 4,416,800	\$ 5,562,400	\$ 6,625,200	
Garland, Town of	1775					\$254,375.00
Henderson, City of	1692					\$1,129,000.00
Henderson, City of	1694					\$1,898,571.00
Kittrell Water Association, Inc.	1765					\$256,005.00
Ahoskie, Town of	1832			\$ 762,400		
Beaufort County Water District VI - Chocowinity/Richland	1741			\$ 2,400,000		
Denton, Town of	1643			\$ 2,400,000		
2012 Cap Grant	\$ 17,467,080		\$ 3,493,416	\$ 4,092,612	\$ 5,240,124	
Broadway Water Association, Inc.	1767					\$226,960.00
Louisburg, Town of	1682					\$213,560.00
North Lenoir Water Corporation	1748					\$2,200,000.00
Peachland, Town of	1764					\$111,149.00
Pink Hill, Town of	1731			\$ 175,404		\$219,255.00
Aulander, Town of	1733			\$ 177,876		
Black Creek, Town of	1676			\$ 310,960		
Martin County Regional Water And Sewer Authority	1760			\$ 1,610,400		
Ossipee, Town of	1825			\$ 1,993,376		
2011 Cap Grant	\$ 24,698,000		\$ 4,939,600	\$ 8,285,808	\$ 8,419,604	\$5,613,069
Aqua North Carolina, Inc.	1691					\$2,125,617
Asheboro, City of	1718					\$475,857
Bryson City, Town of	1713					\$1,159,995
Greene, County of	1745					\$1,585,613
Henderson, City of	1693					\$293,928
Norlina, Town of	1681					\$257,235
Red Springs, Town of	1687					\$358,533
Saratoga, Town of	1677					\$96,450
South Greene Water Corporation	1737					\$580,000
Warren County Water System District II	1680					\$233,354
Waynesville, Town of	1704					\$329,868
Asheville, City of	1593			\$ 358,580		
Macon, County of	1275			\$ 2,531,090		
Middlesex, Town of	1700			\$ 418,992		
Robbins, Town of	1696			\$ 1,224,000		
Snow Hill, Town of	1635			\$ 632,346		
Spruce Pine, Town of	1649			\$ 1,940,800		
Taylorsville, Town of	1720			\$ 1,180,000		

FFATA List of Projects

2010 Cap			\$ 7,118,600	\$ 10,331,300	\$ 10,677,900	\$7,118,600
Benson, Town of	1701					\$510,000
Conover, City of	1646					\$377,500
Conover, City of	1645					\$724,928
Elizabethtown, Town of	1626					\$295,070
Johnston, County of	1061B					\$5,097,577
Jones, County of	1634					\$2,015,000
Raleigh, City of	1703					\$7,075,847
Roanoke Rapids Sanitary District	1661					\$1,146,261
Beaufort County Water District I - Washington Township	1735		\$	2,400,000		
Columbus County W & S District II	1638		\$	1,500,908		
Cumberland, County of	1662		\$	432,642		
Duplin County Water District E	1636		\$	734,125		
Duplin County Water District G	1632		\$	810,214		
Greene County	1637		\$	2,400,000		
Mount Olive, Town of	1629		\$	1,750,280		
North Wilkesboro, Town of	1647P		\$	20,000		
Ramseur, Town of	1642		\$	283,131		



Appendix C – State Reserve Programs Annual Report



State Wastewater and Drinking Water Reserve Annual Report

State of North Carolina

Fiscal Year 2014-2015

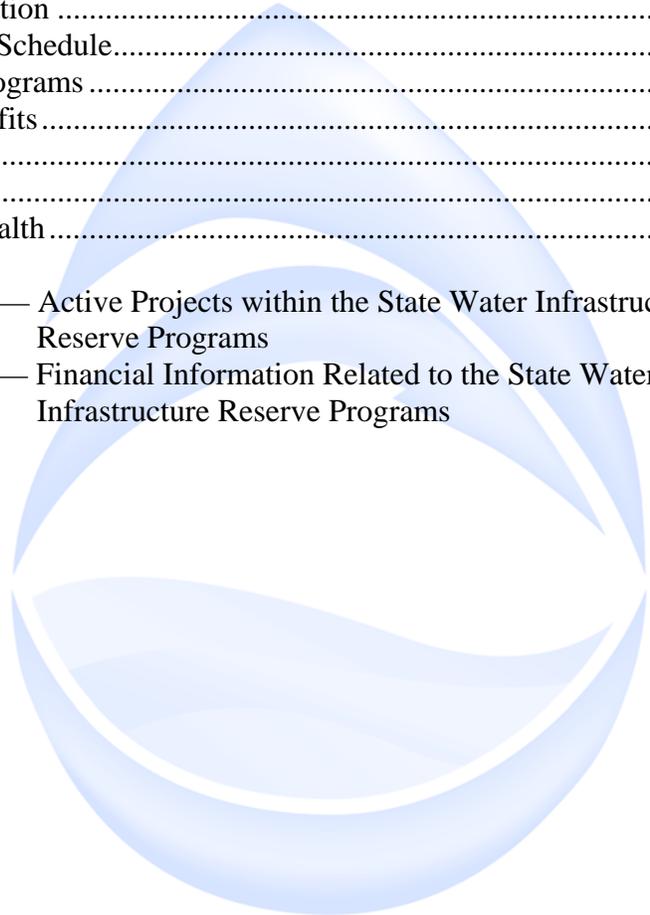
September 30, 2015

Financing Community Water Needs

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

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Introduction

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

Specifically, the Division administers the State Drinking Water and Wastewater Reserve Loan and Grant programs. General Statute (G.S.) 159G-22 (d) and (f) created the State Wastewater Reserve (SWWR) and the State Drinking Water Reserve (SDWR), respectively. Each program offers loans and grants. In terms of loans, both state revolving loans (SRL) and state emergency loans (SEL) are

available in the wastewater reserve. In terms of grants, both Technical Assistance Grants (TAG) and High Unit Cost Grants (HUC) are available for both wastewater (WW) and drinking water (DW) as part of the SWWR and SDWR.

As part of the Water Infrastructure Fund statutes, G.S. 159G-26(a) requires an annual report on the status of the SWWR and SDWR for the previous state fiscal year. For the purposes of this report, the most recently completed state fiscal year is FY 2014-2015.

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

Overview of Programs

To understand why the state reserve programs function as they currently do, it is important to gain an understanding of its

origins as well as recent legislative changes that have influenced the SWWR and SDWR.

Origins

In the late 1990's, the North Carolina General Assembly (NCGA) passed legislation that created the SWWR and SDWR programs.

In Fiscal Year 2014-2015, the NCGA authorized \$5 million in grant funding to be used for HUC

grants and TAGs for both wastewater (WW-HUC, WW-TAG) and drinking water (DW-HUC, DW-TAG). These grants are dispensed through the SWWR and SDWR programs.

Over \$5 million were offered via grant funding to enable local governments to address water and wastewater infrastructure issues.



Legislative Changes

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

The 2013 legislation that created the Division also created the State Water Infrastructure Authority (the Authority). The Authority consists of nine members, three *ex officio* members, two members appointed by the North Carolina House of Representatives, two members appointed by the North Carolina Senate, and two members appointed by the Governor. The legislation includes twelve tasks for Authority members.

Among those tasks, the Authority must (1) establish priorities for making loans and grants that are consistent with Federal law; (2) review the criteria for making loans and grants, which includes any recommendations for addi-

tional criteria; (3) develop guidelines for making loans and grants; and (4) review recommendations for grants and loans as submitted by Division staff to determine the rank of applications and to select the applications that are eligible to receive grants and loans. Since the SWWR and SDWR programs fall under the purview of the Division, all priorities must be approved by the Authority, and all funding applications must be approved by the Authority.

Please note that with the WW-HUC, DW-HUC, WW-TAG, and DW-TAG programs, the Division provides the Authority only with a list of projects ranked according to prioritization score.

Purposes of the Funding Programs

The NCGA introduced the 159G General Statutes to provide additional funding for drinking water and wastewater projects.

The following sections highlight the goals of each program.

High Unit Cost Grants

High unit cost grants are available to those communities within Tier 1 and Tier 2 (pursuant to SL 2013-360) counties who have demonstrated that they exceed the HUC threshold, as defined in statute as either greater than 1.5 percent of the median household income for both water and sewer bills or 0.75 percent of the median household income for LGUs with either a water or sewer utility. The purpose of these funds

is to enable financially disadvantaged communities to address issues associated with drinking water and/or wastewater infrastructure.

Local government units may receive a HUC grant under either the SDWR or SWWR up to \$3 million over a period of three consecutive fiscal years [G.S. 159G-36(c)(3)].

Technical Assistance Grants

Technical assistance grants provide a monetary mechanism for LGUs to study a problem and determine a viable solution. The statutory definition for TAGs varies between wastewater and drinking water.

For wastewater, a TAG is available to determine the best way to correct the deficiencies within a wastewater treatment works or collection system that is in violation of its permit limits or, based upon the most recent inspection report by a regional office, has operational issues and, as a result,

has the potential to violate its permit limits [159G-33(a)(3)].

For drinking water, a TAG is available to determine the best way to correct the deficiencies in a public water system that does not comply with state law or the rules adopted to implement that law [159G-34(a)(3)].

For either TAG type, the statutes limit grant amounts to \$50,000 per LGU over a period of three consecutive fiscal years [159G-36(c)(4)].

Technical assistance grants enable local governments to study problems associated with their water or wastewater systems and to determine a viable solution.

Project Funding

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

For the SWWR and SDWR grant program, applications are accepted once a year with the appropriate funding round. In fiscal year 2014-2015, applications were accepted in September 2014, which lined the grant program up with the funding rounds for the Clean Wa-

ter State Revolving Fund (CWSRF) and DWSRF programs.

The following sections discuss the prioritization methodology utilized for the grant programs. The Division did not solicit applications for the state revolving loan program because the Authority and the Division are working together to develop affordability criteria that will integrate the state loan and grant programs.

Prioritization

In the SWWR and SDWR grant programs, the Authority approved a prioritization system that is similar to the CWSRF and DWSRF funding rounds but includes the common criteria listed in G.S. 159G-23. Division staff utilize the systems to evaluate projects in four major categories. For the WW-HUC, Division staff rank

projects based on (1) project type, (2) environmental benefit, (3) system management, and (4) financial situation. For the DW-HUC, Division staff rank projects based on (1) project type, (2) public health benefit, (3) system management, and (4) financial situation.

For the WW-TAG and DW-TAG,



All High Unit Cost grants will be placed on a two-year funding schedule to ensure utilization of funds.

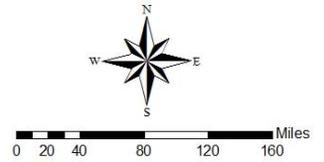
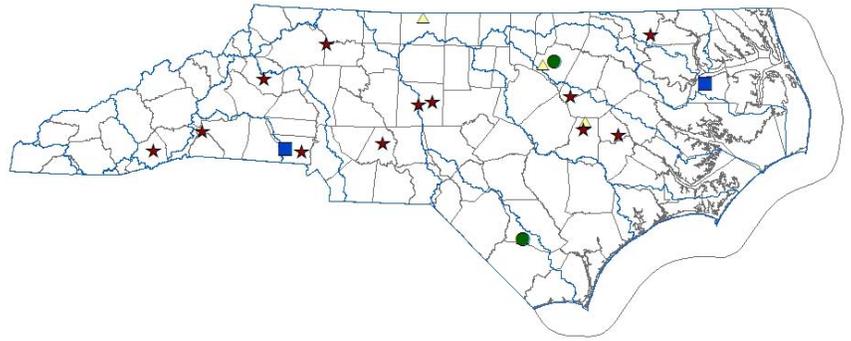
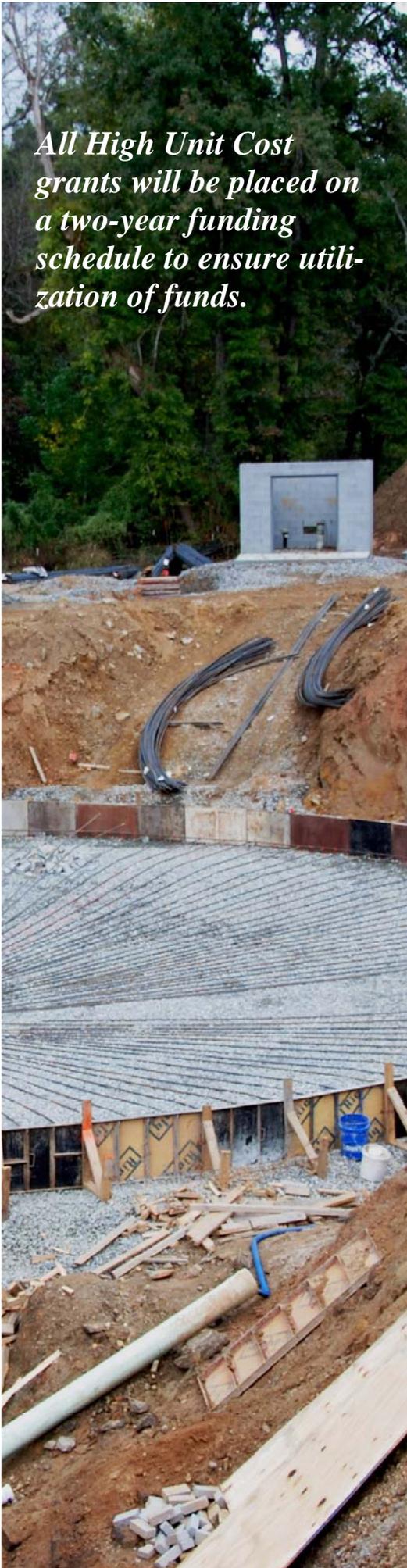


Figure 1. Distribution of Projects by Funding Type

Division staff utilize the same prioritization systems as mentioned above. The main difference is that no project type points are given for projects applying under the

TAG program.

Figure 1 shows the distribution of grants across the state.

Funding Schedule

The schedule that all applicants must follow if they choose to accept a HUC grant includes the following: (1) application received, (2) engineering report/ environmental information document approved, (3) plans and bid documentation approved, (4) Authority to Award issued, and (5) construction contracts executed. The system requires that both the Division and Applicants meet

these deadlines as well as additional interim deadlines.

For the TAG program, grant recipients are required to go through a study process and produce as an end product a deliverable such as an engineering report or sanitary sewer evaluation study.

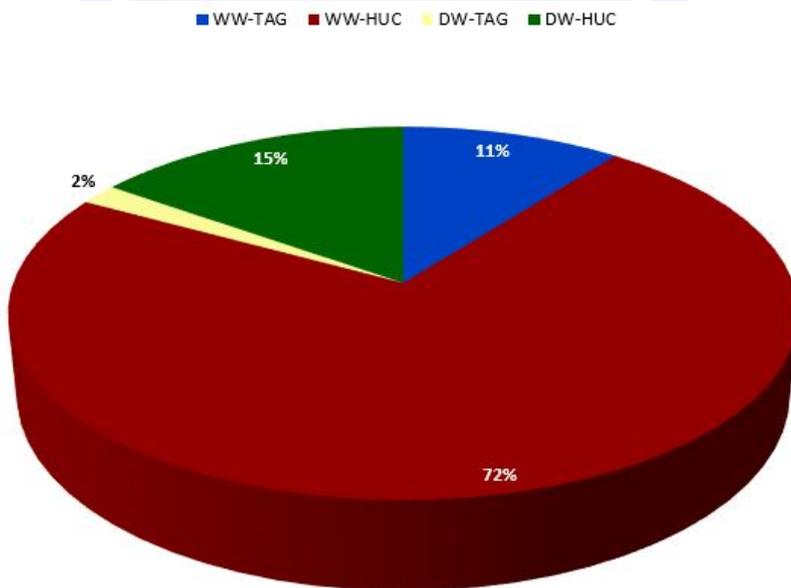
Grant Programs

As mentioned above, the Authority determines the funding related to both the HUC grant and TAG programs and therefore the funding allocation among the four components of the grant program. For the inaugural round of the HUC grant and TAG programs, \$5.0 million was available, and the Division received applications for a total of approximately \$38 million (\$30.9 million for the SWWR and \$7.1 million for the SDWR, respectively).

Due to fund limits placed on the TAG program, this portion overall received less funding while the DW- and WW-HUC grants received more.

Figure 2 shows the breakdown of how the awarded funds were split among the programs. As clearly shown, the WW-HUC program received the greatest portion of funds (approximately 72 percent) with the DW-HUC program next at fifteen percent. The TAGs received approximately thirteen percent of the funds, with eleven percent going to the WW-TAG program and two percent to the DW-TAG program. However, more TAGs were awarded (fifteen) than HUC grants (five) due to the funding limits placed upon these grants (see Appendix A).

Figure 3. Funding Distribution for the High Unit Cost and Technical Assistance



The Town of Louisburg received a \$645,000 drinking water High Unit Cost Grant to rehabilitate their water treatment plant.



Project Benefits

A wastewater High Unit Cost Grant will enable the Town of Fremont to address issues associated with their wastewater treatment plant that will enable them to meet the requirements of a Special Order by Consent.

One of the major goals of the SWWR and SDWR programs is to provide the funds needed to address wastewater and drinking water issues for LGUs

within the state. The following sections touch on the benefits resulting from both loans and grants.

Loans

The SRL program is similar to the CWSRF program in that it provides low- or zero-interest

loans to LGUs who need to improve their wastewater infrastructure.

Grants

One of the major goals of the HUC programs is to provide grant funds to disadvantaged communities that will enable them to address water quality or public health issues related to wastewater and drinking water infrastructure [GS 159G-33(a)(2), 159G-34(a)(2)]. The priority points system approved by the Authority emphasized financial need and project type as the most important factors to consider. For the HUC program, the approved projects will enable the rehabilitation of treatment plants, collection systems, and distribution systems that have fallen into disrepair.

Regarding financial situation, poverty level, and the percent of the utility bill related to median household income (MHI) factored into the amount of points received.

Another financial parameter included in the priority system is the percentage of the MHI encompassed by the utility bill. While the Division utilizes this parameter to determine HUC status, it also awards points based on it. Generally, the Division considers the utility bill as a percentage of MHI above two percent to be high. Over half of the LGUs receiving either a HUC or a TAG had utility bills as a percentage of MHI above two percent with two of the LGUs well above four percent.

The statute provides TAGs to study problems to address violations or potential violations (wastewater only) [GS 159G-33(a)(3), 159G-34(a)(3)]. Due to the nature of the TAGs, the priority points system does not consider project type.

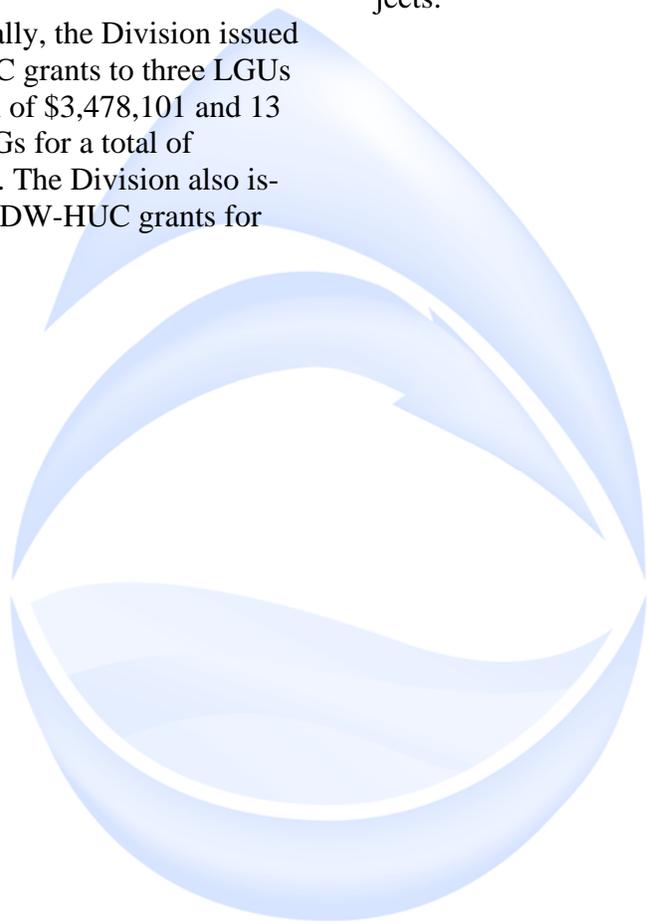
Financial Health

During Fiscal Year 2014-2015, the Division completed binding commitments related to the wastewater reserve general loan account for zero wastewater infrastructure projects under the SRL program. In addition, two LGUs received binding commitments for emergency loans. These emergency loans totaled \$978,676.

Additionally, the Division issued WW-HUC grants to three LGUs for a total of \$3,478,101 and 13 WW-TAGs for a total of \$580,599. The Division also issued two DW-HUC grants for

\$841,300 and two DW-TAGs for a total of \$100,000.

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





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



Active Projects within the State Water Infrastructure Reserve Program

Owner Name	Project Name	Project Type	Basin	Funding Source	Requested Funding
Fremont, Town of	Wastewater System Improvements Lagoon	Wastewater Treatment Plant Equipment Repair & Replacement	Neuse	WW-HUC	\$1,083,310
Franklinton, Town of	Wastewater System Rehab Phase II	Collection System Rehabilitation & Replacement	Tar-Pamlico	WW-HUC	\$1,879,380
Clarkton, Town of	Collection System Project	Collection System Rehabilitation & Replacement	Lumber	WW-HUC	\$480,600
Eden, City of	Meadow Greens and Covenant Branch PS FM Relief	Collection System Expansion	Roanoke	WW-HUC	\$560,000
Asheboro, City of	Penwood Branch Partial Sewer Evaluation and PER	--	Cape Fear	WW-TAG	\$49,999
Yadkin Valley Sewer Authority	Historical Jonesville Collection System Evaluation and Report	N/A	Yadkin	WW-TAG	\$50,000
Lenoir, City of	Lenoir Biosolids Study	N/A	Cape Fear	WW-TAG	\$50,000
Ramseur, Town of	Partial SSES Phase 2 and PER	N/A	Cape Fear	WW-TAG	\$50,000
Pikeville, Town of	Wastewater Treatment & Disposal Evaluation	N/A	Neuse	WW-TAG	\$50,000
Bailey, Town of	Regional Sewer Study	N/A	Neuse	WW-TAG	\$50,000
Lake Lure, Town of	Interconnect CWSRF Fund ER	N/A	Broad	WW-TAG	\$50,000
Hookerton, Town of	WWTP Improvements Study	N/A	Neuse	WW-TAG	\$50,000
Woodland, Town of	Sanitary Sewer Evaluation Study	N/A	Chowan	WW-TAG	\$46,600
Brevard, City of	I & I Mapping	N/A	French Broad	WW-TAG	\$50,000
Lowell, City of	North & South Basins Sewer Investigation	N/A	Catawba	WW-TAG	\$50,000
Albemarle, City of	Alum Sludge Disposal Study	N/A		WW-TAG	\$34,000
Louisburg, Town of	Town of Louisburg Water Improvements	WTP Rehabilitation & Repair	Tar-Pamlico	DW-HUC	\$645,000
Clarkton, Town of	Town of Clarkton FY14 HUC Water System Improvements	Water Line Rehabilitation & Replacement		DW-HUC	\$196,300
Roper, Town of	Cause and Treatment of TTHM and HAA5 Formations	--		DW-TAG	\$50,000
Bessemer City, City of	Water System Evaluation	--		DW-TAG	\$50,000



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



Disbursements July 1, 2014 - June 30, 2015 State Projects

Project #	Recipient	B- Code	GL Acct	Account Description	Date	GL Center	Amount
100080	PRJ100080 MACON COUNTY FINANCE OFFICE	64304	536704	E-SRL-T-2002-00000051-6210-536704	07/22/2014	6210	(\$102,162.00)
100559	PRJ100559 TOWN OF OAKBORO	64304	536704	E-SRL-T-2011-00000085-6210-536704	09/02/2014	6210	(\$75,159.00)
100663	PRJ100663 TOWN OF NORWOOD	64304	536704	E-SRL-T-2014-00000067-6210-536704	07/15/2014	6210	(\$8,444.00)
100663	PRJ100663 TOWN OF NORWOOD	64304	536704	E-SRL-T-2014-00000067-6210-536704	08/05/2014	6210	(\$72,161.00)
100663	PRJ100663 TOWN OF NORWOOD	64304	536704	E-SRL-T-2014-00000067-6210-536704	09/16/2014	6210	(\$424,569.00)
100663	PRJ100663 TOWN OF NORWOOD	64304	536704	E-SRL-T-2014-00000067-6210-536704	10/01/2014	6210	(\$75,058.00)
100663	PRJ100663 TOWN OF NORWOOD	64304	536704	E-SRL-T-2014-00000067-6210-536704	10/14/2014	6210	(\$144,483.00)
100663	PRJ100663 TOWN OF NORWOOD	64304	536704	E-SRL-T-2014-00000067-6210-536704	10/28/2014	6210	(\$70,222.00)
100663	PRJ100663 TOWN OF NORWOOD	64304	536704	E-SRL-T-2014-00000067-6210-536704	12/02/2014	6210	(\$258,314.00)
100663	PRJ100663 TOWN OF NORWOOD	64304	536704	E-SRL-T-2014-00000067-6210-536704	02/10/2015	6210	(\$103,332.00)
100663	PRJ100663 TOWN OF NORWOOD	64304	536704	E-SRL-T-2014-00000067-6210-536704	03/03/2015	6210	(\$62,355.00)
100663	PRJ100663 TOWN OF NORWOOD	64304	536704	E-SRL-T-2014-00000067-6210-536704	03/24/2015	6210	(\$72,829.00)
100663	PRJ100663 TOWN OF NORWOOD	64304	536704	E-SRL-T-2014-00000067-6210-536704	06/09/2015	6210	(\$291,278.00)
6210							(\$1,760,366.00)
100595	PRJ100595 TOWN OF COLUMBUS	64304	536704	E-SRL-T-2011-00000087-6211-536704	09/16/2014	6211	(\$209,917.00)
100595	PRJ100595 TOWN OF COLUMBUS	64304	536704	E-SRL-T-2011-00000087-6211-536704	05/26/2015	6211	(\$195,504.00)
100643	PRJ100643 TOWN OF CONWAY	64304	536704	E-SRL-T-2014-00000086-6211-536704	07/15/2014	6211	(\$35,585.00)
100643	PRJ100643 TOWN OF CONWAY	64304	536704	E-SRL-T-2014-00000086-6211-536704	08/12/2014	6211	(\$70,341.00)
100643	PRJ100643 TOWN OF CONWAY	64304	536704	E-SRL-T-2014-00000086-6211-536704	09/02/2014	6211	(\$105,069.00)
100643	PRJ100643 TOWN OF CONWAY	64304	536704	E-SRL-T-2014-00000086-6211-536704	09/16/2014	6211	(\$56,038.00)
100643	PRJ100643 TOWN OF CONWAY	64304	536704	E-SRL-T-2014-00000086-6211-536704	10/21/2014	6211	(\$85,313.00)
100643	PRJ100643 TOWN OF CONWAY	64304	536704	E-SRL-T-2014-00000086-6211-536704	12/02/2014	6211	(\$9,703.00)
100643	PRJ100643 TOWN OF CONWAY	64304	536704	E-SRL-T-2014-00000086-6211-536704	02/03/2015	6211	(\$69,587.00)
100643	PRJ100643 TOWN OF CONWAY	64304	536704	E-SRL-T-2014-00000086-6211-536704	03/10/2015	6211	(\$25,102.00)
100643	PRJ100643 TOWN OF CONWAY	64304	536704	E-SRL-T-2014-00000086-6211-536704	06/09/2015	6211	(\$42,189.00)
100690	PRJ100690 TOWN OF STANLEY	64304	536704	E-SRL-T-2014-00000087-6211-536704	10/14/2014	6211	(\$245,000.00)
100690	PRJ100690 TOWN OF STANLEY	64304	536704	E-SRL-T-2014-00000087-6211-536704	11/04/2014	6211	(\$74,090.00)
100690	PRJ100690 TOWN OF STANLEY	64304	536704	E-SRL-T-2014-00000087-6211-536704	12/29/2014	6211	(\$258,368.00)
100690	PRJ100690 TOWN OF STANLEY	64304	536704	E-SRL-T-2014-00000087-6211-536704	01/27/2015	6211	(\$155,285.00)
100690	PRJ100690 TOWN OF STANLEY	64304	536704	E-SRL-T-2014-00000087-6211-536704	03/10/2015	6211	(\$280,474.00)
100690	PRJ100690 TOWN OF STANLEY	64304	536704	E-SRL-T-2014-00000087-6211-536704	04/14/2015	6211	(\$196,778.00)
100690	PRJ100690 TOWN OF STANLEY	64304	536704	E-SRL-T-2014-00000087-6211-536704	06/02/2015	6211	(\$37,118.00)
100709	PRJ100709 TOWN OF GREEN LEVEL	64304	536704	E-SRL-T-2012-00000089-6211-536704	11/25/2014	6211	(\$216,097.00)
100709	PRJ100709 TOWN OF GREEN LEVEL	64304	536704	E-SRL-T-2012-00000089-6211-536704	01/06/2015	6211	(\$82,735.00)
100709	PRJ100709 TOWN OF GREEN LEVEL	64304	536704	E-SRL-T-2012-00000089-6211-536704	01/27/2015	6211	(\$198,029.00)
100709	PRJ100709 TOWN OF GREEN LEVEL	64304	536704	E-SRL-T-2012-00000089-6211-536704	03/03/2015	6211	(\$243,125.00)
100709	PRJ100709 TOWN OF GREEN LEVEL	64304	536704	E-SRL-T-2012-00000089-6211-536704	03/24/2015	6211	(\$42,794.00)
100709	PRJ100709 TOWN OF GREEN LEVEL	64304	536704	E-SRL-T-2012-00000089-6211-536704	05/12/2015	6211	(\$157,558.00)
100709	PRJ100709 TOWN OF GREEN LEVEL	64304	536704	E-SRL-T-2012-00000089-6211-536704	06/16/2015	6211	(\$40,275.00)
100713	PRJ100713 CITY OF CONOVER	64304	536704	E-SRL-T-2013-00000091-6211-536704	11/25/2014	6211	(\$155,733.00)
100713	PRJ100713 CITY OF CONOVER	64304	536704	E-SRL-T-2013-00000091-6211-536704	02/24/2015	6211	(\$468,912.00)
100713	PRJ100713 CITY OF CONOVER	64304	536704	E-SRL-T-2013-00000091-6211-536704	05/12/2015	6211	(\$423,067.00)
100733	PRJ100733 YADKIN VALLEY SEWER AUTHORITY	64304	536704	E-SRL-T-2012-00000088-6211-536704	02/17/2015	6211	(\$122,976.00)
100733	PRJ100733 YADKIN VALLEY SEWER AUTHORITY	64304	536704	E-SRL-T-2012-00000088-6211-536704	04/01/2015	6211	(\$86,932.00)
100733	PRJ100733 YADKIN VALLEY SEWER AUTHORITY	64304	536704	E-SRL-T-2012-00000088-6211-536704	04/21/2015	6211	(\$10,460.00)
6211							(\$4,400,154.00)

Disbursements July 1, 2014 - June 30, 2015 State Projects

100673	PRJ100673 COUNTY OF MOORE	64304	536704	E-SEL-T-2014-00000044-6220-536704	08/12/2014	6220	(\$785,016.00)	
100673	PRJ100673 COUNTY OF MOORE	64304	536704	E-SEL-T-2014-00000044-6220-536704	09/09/2014	6220	(\$66,267.00)	
100673	PRJ100673 COUNTY OF MOORE	64304	536704	E-SEL-T-2014-00000044-6220-536704	03/10/2015	6220	(\$237,826.00)	
100684	PRJ100684 CITY OF THOMASVILLE	64304	536704	E-SEL-T-2013-00000048-6220-536704	09/16/2014	6220	(\$30,326.00)	
100684	PRJ100684 CITY OF THOMASVILLE	64304	536704	E-SEL-T-2013-00000048-6220-536704	10/28/2014	6220	(\$25,051.00)	
100684	PRJ100684 CITY OF THOMASVILLE	64304	536704	E-SEL-T-2013-00000048-6220-536704	11/18/2014	6220	(\$120,768.00)	
100684	PRJ100684 CITY OF THOMASVILLE	64304	536704	E-SEL-T-2013-00000048-6220-536704	03/17/2015	6220	(\$65,148.00)	
100697	PRJ100697 JOHNSTON COUNTY FINANCE	64304	536704	E-SEL-T-2014-00000052-6220-536704	10/28/2014	6220	(\$163,849.00)	
100697	PRJ100697 JOHNSTON COUNTY FINANCE	64304	536704	E-SEL-T-2014-00000052-6220-536704	12/02/2014	6220	(\$94,797.00)	
							6220	(\$1,589,048.00)
100672	PRJ100672 CITY OF SHELBY	64304	536704	E-SEL-T-2014-00000046-6221-536704	07/29/2014	6221	(\$726,002.00)	
100717	PRJ100717 CITY OF LUMBERTON	64304	536704	E-SEL-T-2013-00000050-6221-536704	12/17/2014	6221	(\$43,856.00)	
100717	PRJ100717 CITY OF LUMBERTON	64304	536704	E-SEL-T-2013-00000050-6221-536704	03/24/2015	6221	(\$90,087.00)	
							6221	(\$859,945.00)
100481	PRJ100481 CITY OF HIGH SHOALS	64318	536919	E-SRG-T-2001-00000112-6251-536919	09/02/2014	6251	(\$421,392.00)	
100696	PRJ100696 CITY OF HICKORY	64318	536919	E-SRG-T-2008-00000140-6251-536919	11/04/2014	6251	(\$24,778.00)	
100696	PRJ100696 CITY OF HICKORY	64318	536919	E-SRG-T-2008-00000140-6251-536919	03/03/2015	6251	(\$35,907.00)	
							6251	(\$482,077.00)
100486	PRJ100486 YANCEY COUNTY FINANCE OFFICE	64318	536919	E-SRG-T-2005-00000141-6252-536919	04/01/2015	6252	(\$41,555.00)	
100696	PRJ100696 CITY OF HICKORY	64318	536919	E-SRG-T-2008-00000140-6252-536919	11/04/2014	6252	(\$24,777.00)	
100696	PRJ100696 CITY OF HICKORY	64318	536919	E-SRG-T-2008-00000140-6252-536919	03/03/2015	6252	(\$35,907.00)	
							6252	(\$102,239.00)