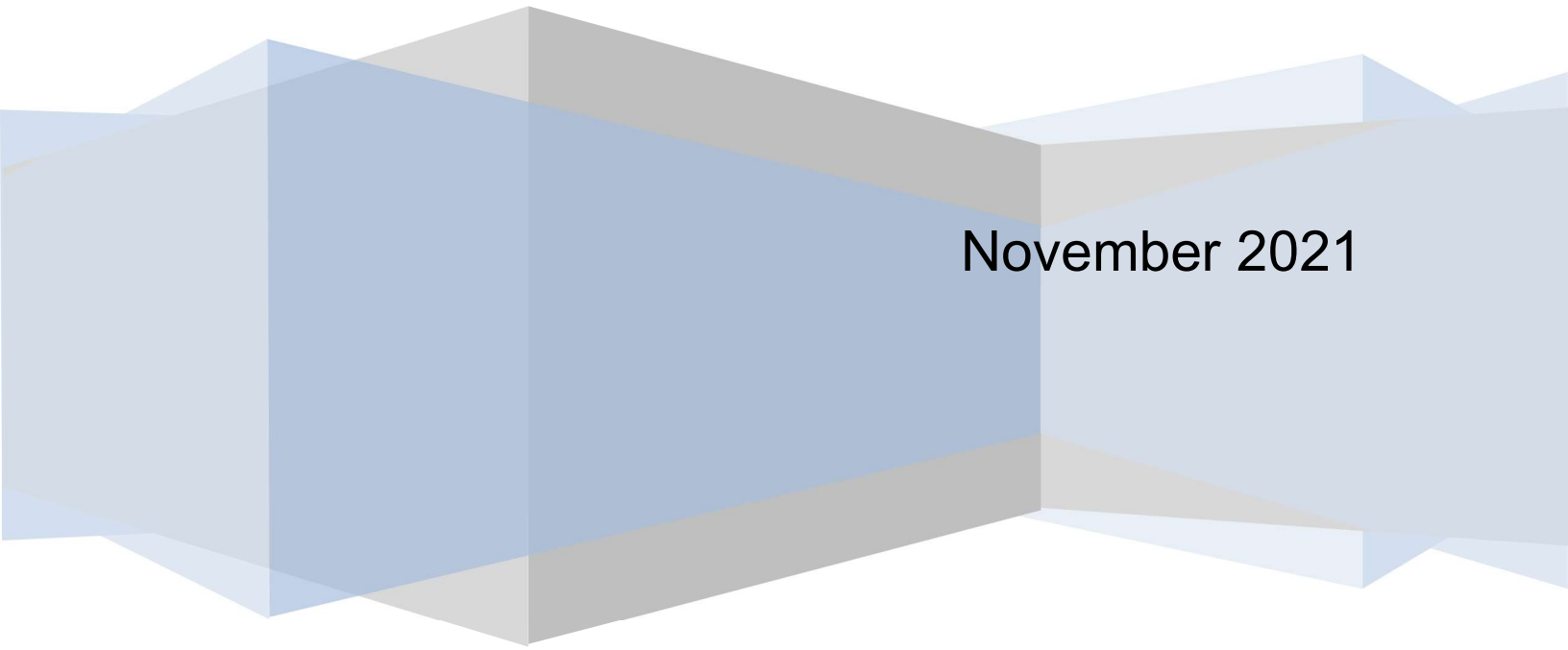


State of Nebraska
Department of Environment & Energy

Clean Water State Revolving Fund Annual Report

State Fiscal Year 2021



November 2021

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EXECUTIVE SUMMARY

The Nebraska Clean Water State Revolving Loan Fund Annual Report for State Fiscal Year (SFY) 2021 (July 1, 2020 through June 30, 2021) describes the state's efforts to meet the goals and objectives of its Clean Water State Revolving Fund (CWSRF) Program. The projects identified in the Intended Use Plan (IUP), the actual use of funds, and the financial position of the CWSRF are summarized in this report. The report is organized in two sections, the first section is the Financial Schedule Section along with the notes to the financial schedules, and the second section is the Program Section serving to provide supplemental documentation to the IUP. The reader should be aware that the financial information provided in the Program Section is cash based, while the information provided in the Financial Section is accrual based. It may be difficult to compare numbers between the two sections.

Since 1989 the CWSRF has provided loans for 329 projects with a cumulative loan award amount of \$642.2 million. Due to the ongoing impacts from the Covid-19 pandemic, two notable amendments were made to the SFY 2021 IUP. The first was a refinancing program wherein all qualified borrowers, primarily those without forgiveness assistance awarded within the past five years, were eligible for a reduction down to 0.5% Interest plus 0.5% Administration Fee. A total of thirty-seven (37) loans were refinanced under that program. Second, a 0% rate program for both interest and fee, had binding commitments made in the second half of the fiscal year. Twenty-six (26) communities will be provided 0% funding capped at \$150 million, with the majority of that funding disbursed in subsequent years.

FINANCIAL SCHEDULES SECTION

BACKGROUND

The Nebraska Department of Environment and Energy (NDEE) - CWSRF Program was established pursuant to Title VI of the Federal Clean Water Act, as amended by the Water Quality Act of 1987. Nebraska Revised State Statute (Neb. Rev. Stat.) §81-15,147 created the Wastewater Treatment Facilities Construction Assistance Act. The Federal Water Quality Act and state statutes established the CWSRF to provide loans, at reduced interest rates, to finance the construction of publicly owned water pollution control facilities, nonpoint source pollution control projects, and estuary management plans. Instead of making grants to communities that pay for a portion of the building of wastewater treatment facilities, the Program provides for low interest loans to finance the entire cost of qualified projects. All repayments, including interest and principal, must be used for the purposes of the Program. Starting in 1989, the Program is capitalized by the United States Environmental Protection Agency (EPA) by a series of annual grants. One of the conditions to receive a Federal Capitalization Grant is that the state must provide a non-federal match to the Program equaling at least 20 percent of the grant award.

As of June 30, 2021, the EPA has awarded a total of \$242 million in capitalization grants to Nebraska. Of the \$242 million awarded, approximately \$20 million was funded by the American Recovery and Reinvestment Act (ARRA). The ARRA funds did not require states to contribute the required 20 percent match. The remaining \$222 million capitalization grant funds required the state to contribute approximately \$44.4 million in matching funds. The state provided appropriations to contribute \$955,000 of the funds to meet the state's matching requirement of the initial start-up of the program. Additional matching funds have been obtained through the issuance of revenue bonds and cash funds.

A. MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the financial report presents a narrative overview and analysis of the financial activities of the Program for the SFY 2021. This analysis has been prepared by management and is intended to be read in conjunction with the Program's financial statements and related footnotes, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Program's basic financial statements. The Program's basic financial statements include the following: 1) Unaudited Balance Sheet; 2) Statement of Revenues, Expenses, and Changes in Net Position; 3) Unaudited Statement of Cash Flows; and 4) Notes to the Financial Statements.

- The Unaudited Balance Sheet presents information on all of the Program's assets and liabilities, with the difference between the two reported as net position.
- The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the Program's net position changed during the most recent fiscal year.

- The Statement of Cash Flows presents the Program’s flows of cash by defined categories. The primary purpose of the Statement of Cash Flows is to provide information about the Program’s cash receipts and payments during the year.
- The Notes to the Financial Statements are an integral part of the financial statements and provide information that is essential to a full understanding of the data provided in the financial statements.

ANALYSIS OF BALANCES AND TRANSACTIONS - ENTERPRISE FUND

Changes in Net Position

For SFY 2021, the Net Position of the Program increased by 2.7%. The increase in Net Position was largely impacted by a net increase in Cash of over \$103 million. The decrease in the Liabilities is mainly due to the decrease Due to Grant Recipients of \$98,904.

NET POSITION				
	2021	2020	\$ Change	% Change
Current Assets	\$224,250,537	\$121,335,663	-\$102,914,874	84.8%
Non-current Assets	\$122,126,627	\$216,267,916	-\$94,141,289	-43.5%
Total Assets	\$346,377,164	\$337,603,579	\$-8,773,585	-2.6%
Current Liabilities	\$220,683	\$378,362	-\$157,679	-41.7%
Non-current Liabilities	\$27,243	\$52,040	-\$24,797	-47.6%
Total Liabilities	\$247,926	\$430,402	-\$182,476	-42.48%
Net Position:				
Net Investment in Capital Assets	\$466,069	\$372,931	\$93,138	25.0%
Unrestricted	\$345,663,169	\$336,800,246	\$8,862,923	2.6%
Total Net Position	\$346,129,238	\$337,173,177	\$8,956,061	2.7%

CHANGES IN NET POSITION

	2021	2020	\$ Change	% Change
Loan Fees Administration	\$1,239,470	\$1,692,988	-\$453,518	-26.8%
Interest on Loans	\$2,525,740	\$3,626,238	-\$1,100,498	-30.3%
Fines, Forfeits, & Penalties	\$0	\$0	\$0	0.0%
Total Operating Revenues	\$3,765,210	\$5,319,226	-\$1,554,016	-29.2%
Administration	\$680,240	\$758,175	-\$77,935	-10.3%
Grant Expense	\$213,384	\$531,212	-\$317,828	-59.8%
Loan Forgiveness	\$557,854	\$544,633	\$13,221	2.4%
Total Operating Expenses	\$1,451,478	\$1,834,020	-\$382,542	-20.9%
Operating Income	\$2,313,732	\$3,485,206	-\$1,936,558	-55.6%
Federal Grants	\$4,047,786	\$8,013,306	-\$3,965,520	-49.5%
Interest Revenue	\$2,595,373	\$2,078,766	\$516,607	24.9%
Bond Expenses	-\$11,257	\$2,487	-\$13,744	-552.6%
Total Non-Operating Revenue (Expense)	\$6,631,902	\$10,094,559	-\$3,462,657	-34.3%
Change in Net Position	\$8,945,634	\$13,579,765	-\$4,634,131	-34.1%
Beginning Net Position on July 1, 2019	\$337,183,604	\$323,593,412	\$13,590,192	4.2%
Ending Net Position on June 30, 2020	\$346,129,238	\$337,183,604	\$8,945,634	2.7%

Loan forgiveness is awarded to communities who meet specific guidelines as approved in the annual IUP for financial need. They are not paid to a community until that community has allowable expenditures to report and, therefore, has a construction project that has commenced.

The amount of funds used from each annual capitalization grant will vary each year and is dependent upon several variables including the number of communities applying for loans, the rate and total of reimbursement requests by communities, and the number of loans successfully processed; all of which affects the drawing of federal capitalization grant funds.

Changes are inherent in the Program and are expected when draws are based on community requests. To more accurately reflect the type of revenue being reported, interest on investing activities has been reclassified from operating revenue to non-operating revenue.

ECONOMIC OUTLOOK

The state has continued to take steps to avert major economic impacts both statewide and within communities. The state's small rural communities are financially challenged when faced with funding major capital projects. Aging and declining population bases make it difficult to draw the amount of user fees needed to fund capital infrastructure projects to address wastewater issues. The negative impacts from the Covid-19 pandemic, with the resultant supply chain effects on equipment and material purchases (i.e., 4-month delays, ~30% cost increases, etc.), are still forecasted.

DEBT ADMINISTRATION

Short-Term Debt

The Program had short-term debt activity during the fiscal year resulting from a bond issue. The bond issue was for \$500,000, which was repaid and retired within the same fiscal year.

LINKED DEPOSIT PROGRAM

The Department continues the implementation of a Linked Deposit Program (LDP) for nonpoint source pollution control projects from authorizations in the Nebraska Administrative Code, Title 131, Rules and Regulations for the Wastewater Treatment Facilities and Drinking Water Construction Assistance Program. The CWSRF will partner with eligible lending institutions, which will disburse loans to borrowers for these projects through a linked deposit loan program. Under this program, the state agrees to place funds into low-yielding deposits, and the lending institution agrees to provide loans to borrowers at reduced interest rates below market rates.

Currently, due to historically low market interest rates, the Department has not been able to partner with lending institutions. The Program is working with local banking leaders to improve the LDP to provide additional incentives for the banking community.

LOAN & GRANT TRACKING SYSTEM (LGTS)

LGTS is a comprehensive software application developed by Northbridge Environmental, which is designed for Nebraska's SRF staff to track and manage all aspects of the Clean and Drinking Water SRF programs from project loan application to final repayment, as well as to track all capital contributions, set-aside spending, and bond issuance and repayments.

The software was developed to address the data management needs for all of the steps in the SRF management process, including priority list development, facility location and identification, documentation and files, engineering review and milestone tracking, inspections, contacts for a project, contract approvals and change orders, detailed payment request processing, project spending forecasts, encumbrances, funding draws and transfers, disbursements, amortization schedule creation and management, billing, repayment processing, fund deposits, and tracking of repaid funds by their original source, report and data generation, and more. The software also contains a customized general ledger to match existing accounting systems and create trial balances, financial statements, and related financial schedules.

Nebraska's SRF programs have implemented the LGTS system. The following is a brief timeline for the development and processing of LGTS system:

- SFY 2014: Planning of the implementation phases, business rules, and hardware and software installations.
- SFY 2015 and 2016: LGTS system was used concurrently with existing systems to create a basis for reliability and consistency.
- SFY 2017: Existing internal system was discontinued and LGTS became the sole system for use within the SRF program alongside the State Accounting System.

- SFY 2020: Began building a web based LGTS to enhance SRF projects and financial loan/grant reporting and tracking. LGTS switched to a web-based format in August 2020.
- SFY 2021: Began building a cash flow model.

Since implementation of the program, the NDEE has found that the LGTS has reduced the occurrence of human error, has increased efficiency and time savings, and overall increased productivity on projects.

Up until November 30, 2019, contract costs for the purchase and implementation of the LGTS system has been handled through the existing Northbridge contract with EPA. That contract ended on November 30, 2019 and a new contract was not negotiated. EPA recommended that the states contract with Northbridge directly to allow more flexibility in the work. In order for our Department to complete the implementation of the web-based version of LGTS, and to have continued support on our current software that is used by our personnel on a daily basis, NDEE signed a new contract with Northbridge in SFY 2021.

NEBRASKA DEPARTMENT OF ENVIRONMENT AND ENERGY
 CLEAN WATER STATE REVOLVING FUND PROGRAM
A. UNAUDITED BALANCE SHEET
 Fiscal Year Ended June 30, 2021

Enterprise Fund

ASSETS

CURRENT ASSETS:

Cash in State Treasury	\$	214,933,333
Due from Federal Government		27,701
Interest Receivable		260,114
Loans Receivable – Current		9,029,389

TOTAL CURRENT ASSETS		224,250,537
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NON-CURRENT ASSETS

Loans Receivable		121,660,558
Capital Assets, Net		466,069

TOTAL NON-CURRENT ASSETS		122,126,627
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TOTAL ASSETS	\$	346,377,164
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LIABILITIES

CURRENT LIABILITIES:

Accounts Payable & Accrued Liabilities	\$	3,439
Due to Grant Recipients		213,228
Compensated Absences		3,438

TOTAL CURRENT LIABILITIES		220,105
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NON-CURRENT LIABILITIES:

Compensated Absences		27,821
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TOTAL NON-CURRENT LIABILITIES		27,821
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TOTAL LIABILITIES	\$	247,926
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NET ASSETS

Net Investment in Capital Assets		466,069
Unrestricted		345,663,169

TOTAL NET POSITION		346,129,238
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TOTAL LIABILITIES & NET POSITION	\$	346,377,164
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NEBRASKA DEPARTMENT OF ENVIRONMENT AND ENERGY
 CLEAN WATER STATE REVOLVING FUND PROGRAM
B. STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
 Fiscal Year Ended June 30, 2021
 UNAUDITED

	Enterprise Fund
OPERATING REVENUES:	
Loan Fees Administration	\$ 1,239,470
Interest on Loans	2,525,740
Fines Forfeits & Penalties	0
TOTAL OPERATING REVENUES	\$ 3,765,210
OPERATING EXPENSES:	
Administrative Costs from Fees	288,664
4% Administrative Costs from Grants	178,424
Small Town Grants	405,186
Facility Planning Grants	21,350
Loan Forgiveness	557,854
TOTAL OPERATING EXPENSES	\$ 1,451,478
OPERATING INCOME	2,313,732
NONOPERATING REVENUE (EXPENSE)	
Capital Contributions - Federal Grants	3,954,648
Capital Contributions - Federal Grants – Capital Assets	93,139
Interest on Fund Balance - State Operating Investment Pool	2,595,373
Interest Expense on Bonds Payable	0
Bond Issuance	(11,257)
NET NONOPERATING REVENUE (EXPENSE)	\$ 6,631,902
CHANGE IN NET POSITION	8,945,634
TOTAL NET POSITION, BEGINNING OF YEAR	337,183,604
TOTAL NET POSITION, END OF YEAR	\$ 346,129,238

NEBRASKA DEPARTMENT OF ENVIRONMENT AND ENERGY
 CLEAN WATER STATE REVOLVING FUND PROGRAM
C. UNAUDITED STATEMENT OF CASH FLOWS
 Fiscal Year Ended June 30, 2021

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 112,141,314
Interest on Fund Balance – Trustee	-
Payments for Administration	(676,755)
Payments for Small Town Grants	(417,143)
Payments for Facility Planning Grants	(21,350)
Loan Forgiveness	(557,854)
Payments to Borrowers	(37,124,390)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 73,343,822
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Grants Received from the Environmental Protection Agency	3,954,648
Receipts from Bond Issue	1,122,000
Repayment of Bond	(1,122,000)
Bond Interest Payments	0
Payment for Bond Issuance Costs	(11,257)
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES:	\$ 3,943,391
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:	
Capital Contributions	93,139
Purchase of Capital Assets	(93,139)
NET CASH USED BY CAPITAL FINANCING ACTIVITIES	\$ 0
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on Investments	2,595,373
NET CASH PROVIDED BY INVESTING ACTIVITIES	\$ 2,595,373
Net Increase in Cash and Cash Equivalents	79,882,586
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	135,050,747
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 214,933,333
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Net Operating Income	\$ 2,313,732
ADJUSTMENTS TO RECONCILE NET OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES:	
(Increase)/Decrease in Loans Receivable	71,212,565
(Increase)/Decrease in Administration Fees Receivable	-
(Increase)/Decrease in Loan Interest Receivable	-
(Increase)/Decrease in Fines Receivable	-
Increase/(Decrease) in Compensated Absences	(27,212)
Increase/(Decrease) in Accounts Payable & Accrued Liabilities	(56,203)
Increase/(Decrease) in Payables to Grant Recipients	(99,060)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 73,343,822

NEBRASKA DEPARTMENT OF ENVIRONMENT AND ENERGY
CLEAN WATER STATE REVOLVING FUND PROGRAM
D. NOTES TO THE GENERAL FINANCIAL STATEMENTS – UNAUDITED
For the Fiscal Year Ended June 30, 2021

1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying basic financial statements of the Department's Program have been prepared in conformity with accounting principles Generally Accepted Accounting Principles in the United States of America (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The basic financial statements have been prepared primarily from accounts maintained by the State Accounting Administrator of the Department of Administrative Services (DAS).

B. Reporting Entity

The Program is established under and governed by the Clean Water Act of the federal government and by laws of the State of Nebraska. The Department is a state agency established under and governed by the laws of the State of Nebraska. As such, the Department is exempt from state and federal income taxes. The Program's management has also considered all potential component units for which it is financially accountable and other organizations that are fiscally dependent on the Program or whose relationship with the Program is so significant that exclusion would be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Department to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Department. The Department is also considered financially accountable if an organization is fiscally dependent on, and there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Department, regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

These financial statements present the Program. No component units were identified. The Program is part of the primary government for the State of Nebraska's reporting entity.

C. Fund Structure

The Program's accounts are maintained in accordance with the principles of fund accounting to ensure compliance with limitations and restrictions placed on the use of resources available to it. Under fund accounting, individual funds are established for the purposes of carrying on activities or attaining objectives in accordance with specific regulations, restrictions, or limitations. Each individual fund is a self-balancing set of

accounts recording cash and other financial resources, together with liabilities and residual equities or balances, and changes therein.

The State Accounting System includes the following funds, as identified in the Wastewater Treatment Facilities Construction Assistance Act:

- Clean Water Facilities Funds – Federal Funds 48412 and 48413; and Bond Funds 68471, 68472, and 68473.
- Administration Funds – Cash Funds 28460.

These funds are used to account for revenues and expenses for loans and administrative expenses of the Program.

The activity of these State of Nebraska funds has been combined and reported as an enterprise fund, which under governmental GAAP is a proprietary fund type. This fund type reflects transactions used to account for those operations that are financed and operated in a manner similar to a private business. The accounting for the Program's transactions in this manner is a requirement of the EPA, as it and the Department have decided that the determination of the revenues earned, expenses incurred, and/or net income is necessary to demonstrate the success of the Program and to assure the EPA that the Program will be available in perpetuity, as intended.

This fund classification differs from the classification used in the State of Nebraska's Comprehensive Annual Financial Report (CAFR). The CAFR classifies the cash funds, federal funds, and bond funds as special revenue funds, as they meet the definition of special revenue funds under GASB Statement 54. In that statement, special revenue funds are defined as funds used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes.

D. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. An enterprise fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the fund are included on the balance sheet. Enterprise fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Enterprise funds utilize the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

E. Cash and Cash Equivalents

In addition to bank accounts and petty cash, this classification includes all short-term investments, such as certificates of deposit, repurchase agreements, and U.S. treasury bills. These short-term investments may have original maturities (remaining time to maturity at acquisition) greater than three months; however, cash is available and is considered cash and cash equivalents for reporting purposes. Banks pledge collateral, as required by law, to guarantee state funds held in time and demand deposits.

Cash and cash equivalents are under the control of the State Treasurer or other administrative bodies, as determined by law. All cash deposited with the State Treasurer is initially maintained in a pooled cash account. On a daily basis, the State Treasurer invests cash not needed for current operations with the State's Investment Council, which maintains an operating investment pool for such investments. Interest earned on these investments is allocated to funds based on their percentage of the investment pool.

F. Loans Receivable

The state operates the Program as a direct loan program, whereby loans are made to communities. Loan funds are disbursed to the local agencies as they expend funds for the purposes of the loan. Interest is calculated from the date the funds are advanced. After the final disbursement has been made, the amortization schedule identified in the loan agreement is adjusted for the actual amounts disbursed. The current interest rates on loans range from 0% to 4.0%, and the terms on outstanding loans range from 10 to 30 years.

The Program loans are funded from federal capitalization grants, state match funding, and repaid funds from issued CWSRF loans. The grants are funded, on average, 83.33% from federal funds and 16.67% from state match funds. Reimbursements to communities are paid 100% from State matching funds until those funds have been exhausted, and then from federal capitalization grant funds or CWSRF. The CWSRF is financed through principal repayments plus interest earnings available to finance new projects, allowing the funds to "revolve" over time.

The current loans receivable amount was determined using the amount of principal payment due to the Program at June 30, 2021, which is collectible for SFY 2022. Loans receivable that were paid in full, prior to their due date, as of August 31, 2021, were included in the current loans receivable balance as opposed to the long-term receivable balances.

G. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at fiscal year-end and revenues and expenditures during the reporting period. Actual results could differ from those estimates.

H. Compensated Absences

All nonsupervisory permanent employees working for the Program earn sick and annual leave and are allowed to accumulate compensatory leave rather than be paid overtime. Temporary and intermittent employees are not eligible for paid leave. The liability has been calculated using the vesting method, in which leave amounts, for both employees currently eligible to receive termination payments and other employees expected to become eligible in the future to receive such payments upon termination, are included.

Program employees accrue vested annual leave at a variable rate based on years of service. Generally, accrued annual leave cannot exceed 35 days at the end of a calendar year. Employees accrue sick leave at a variable rate based on years of service. In general, accrued sick leave cannot exceed 240 days. There is no maximum limit on the

accumulation of sick leave days for employees under certain labor contracts. Sick leave is not vested except upon death or upon reaching the retirement eligibility age of 55 – or a younger age, if the employee meets all criteria necessary to retire under the primary retirement plan covering his/her State employment, at which time the State is liable for 25 percent of the employee’s accumulated sick leave. Employees under certain labor contracts can only be paid a maximum of 60 days.

The Program’s financial statements recognize the expense and accrued liability when vacation and compensatory leave is earned or when sick leave is expected to be paid as termination payments.

I. Due to Grant Recipients

The Program awards Facility Planning Grants and Small Town Grants to communities with populations below 10,000 demonstrating serious financial hardship (determined by the community’s median household income (MHI)). Municipalities with wastewater treatment facility projects that have submitted an application and whose needs are identified on the Project Priority Planning List in the annual IUP will be considered for grants.

Loan Forgiveness Grants are additional subsidization for municipalities from the Program that are offered for eligible recipients in accordance with the annual IUP and are provided concurrent with loans. Prior to July 1, 2020, the Program could award a maximum of \$150,000 per project, with up to a 50% loan match. A transition to a tiered forgiveness percentage based on population and median household income was made this fiscal year, with the \$150,000 option planned to end in SFY 2022. The Program’s power and authority to distribute the additional subsidization is an existing authority under the Neb. Rev. Stat. §81-1504(4) and §81-15,150.

For borrowers to qualify for Loan Forgiveness, they must have a population of 10,000 or less and must be considered a financial disadvantaged community in regard to meeting an affordability criteria. To help assess a community’s affordability criteria, the Program uses a score established by the Department’s Assessing Wastewater Infrastructure Needs (AWIN) program. In 2012, the Department developed the AWIN program to assist struggling communities in Nebraska to better afford, maintain, and operate wastewater infrastructure projects. The goal of AWIN is to use current information to provide accurate estimates of future conditions in Nebraska communities to develop sustainable projects and minimize financial burdens for struggling communities. AWIN examines various factors affecting communities, such as population trends, population, median household income, unemployment, average age of residents, and infrastructure needs to develop a “sustainability risk” analysis. Sustainability risk scoring is divided into three categories: low risk, moderate risk, and high risk. Applicants with a moderate or high sustainability risk are thought to potentially need the most assistance to bring them into and keep them in compliance for the future with as little additional stress as possible and may qualify to receive Loan Forgiveness funds. The Program acknowledges that information used to assess and evaluate a community may not properly reflect the entire community’s current financial situation or scope. As such, applicants that are categorized as a low sustainability risk can submit a request to be considered a community under financial hardship to the Program and possibly qualify for Loan Forgiveness upon review.

The loan recipient will not be required to repay the portion of the loan principal that has been designated as Loan Forgiveness under the terms and conditions of the loan contract.

Loan Forgiveness is considered a grant for purposes of the financial statements, since repayment is not required.

Due to the 2020 Census, the Program will be reviewing and updating the model with the newest Census data when it is available. While making these adjustments, variables of the AWIN model will also be evaluated to determine if they actually depict each community's sustainability risk. Upon further review, some variables may be added or removed depending on how they contribute to the assessment.

For Facility Planning Grants, Small Town Grants and Loan Forgiveness awards, once the municipality submits proof of vendor payment to the Department, eligible costs are reimbursable. The Program's financial statements recognized the expense and accrued liability to the Program when the municipality incurred the project expense, which may not have been in the same fiscal year as when costs were reimbursed by the Program.

J. Operating Revenues and Expenses

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Program's principal ongoing operations. The operating revenues of the Program include loan fees administration and interest on loans, since making loans is the primary purpose of the Program. The operating expenses of the Program are administration expenses, small town grants, facility planning grants and loan forgiveness.

K. Capital Asset

The Program has only one capital asset, the LGTS software, and it is recorded at cost. The Department began the development phase of the LGTS software during SFY 2014 and was completed during SFY 2017. The LGTS software is considered an Intangible Capital Asset, and the Department follows the capitalization policy set forth by the State of Nebraska for Intangible Capital Assets, which requires capitalization of such assets when the cost of such asset is in excess of \$100,000 and has an expected life of greater than one year. The LGTS software has an estimated useful life of seven years.

Depreciation/amortization will begin upon completion of the development phase and the software being put into production and will be computed using the straight-line method over the estimated useful life of the asset.

2. Cash in State Treasury

Cash in State Treasury, as reported on the balance sheet, is under the control of the Nebraska State Treasurer or other administrative bodies, as determined by law. Investment of all available cash is made by the State Investment Officer on a daily basis, based on total bank balances. These funds are held in the State of Nebraska Operating Investment Pool (OIP), an internal investment pool. Additional information on the deposits and investments portfolio, including investment policies, risks, and types of investments, can be found in the State of Nebraska's CAFR for the SFY 2021. All interest revenue is allocated to the General Fund, except allocations required by law to be made to other funds. All funds of the Program were designated for investment during SFY 2021. Amounts are allocated monthly based on average balances of all invested funds.

3. Loans Receivable

As of June 30, 2021, the Program had 175 outstanding community loans to 135 separate communities that totaled \$130,689,947. The outstanding balances of the 10 communities with the largest loan balances, which represent 65.4% of the total loans, are as followed:

Community	Outstanding Balance
York	\$21,036,233
Lincoln	16,121,754
South Sioux City	10,580,879
Kearney	9,869,304
Gretna	6,695,782
Dakota City	5,886,178
Wayne	4,325,805
Plattsmouth	4,085,770
Broken Bow	3,666,188
Sidney	3,221,507
TOTAL	\$85,489,400

4. Capital Assets

The CWSRF capital assets activity for SFY 2021 are:

	Beginning Balance as Restated	Additions	Retirements	Ending Balance
Software Development In-Progress Loans and Grants Tracking System (LGTS)	<u>\$ 372,931</u>	<u>\$ 93,138</u>	<u>\$ -</u>	<u>466,069</u>

5. Bonds Payable

The EPA requires the Program to provide 20% matching funds for each capitalization grant as required by the Federal Clean Water Act, §602(b)(2). Interest revenue from Program loans is pledged to pay off the bonds. Bonds Payable activity for SFY 2021 on the short-term bond are as followed:

	Beginning Balance	Additions	Retirements	Ending Balance
Bonds Payable	<u>\$ -</u>	<u>\$ 1,620,000</u>	<u>\$ 1,620,000</u>	<u>\$ -</u>

6. **Noncurrent Liabilities**

Changes in noncurrent liabilities for SFY 2021 are as followed:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Compensated Absences	\$ 52,040	\$	\$ 24,219	\$ 27,821	\$ 3,439

7. **Capital Contributions**

Included in the net position is the total amount of capitalization grants drawn from the EPA by the Department. The following summarizes the capitalization grants awarded and drawn, as well as the remaining balance as of June 30, 2021. The year column relates directly to the grant amount column and represents the federal fiscal year the grant funds were appropriated by Congress. The amount drawn column is as of June 30, 2021 and may have been drawn over multiple years. The remaining balance is unused funds from the 4% of the Capitalization Grant, which are to be used for administration costs. The remaining funds is a result in a reduction in engineering review costs. The remaining funds will be transferred over to the loan fund within the next quarter.

Federal Fiscal Year* Available	Grant Amount	Amount Drawn	Balance
1989	\$ 4,773,100	\$ 4,773,100	-
1990	4,964,560	4,964,560	-
1991	10,821,580	10,821,580	-
1992	9,938,500	9,938,500	-
1993	9,830,300	9,830,300	-
1994	6,061,600	6,061,600	-
1995	6,263,600	6,263,600	-
1996	10,319,661	10,319,661	-
1997	3,119,900	3,119,900	-
1998	7,019,996	7,019,996	-
1999	6,857,600	6,857,600	-
2000	6,834,000	6,834,000	-
2001	6,797,400	6,797,400	-
2002	6,855,000	6,855,000	-
2003	7,069,900	7,069,900	-
2004	6,747,100	6,747,100	-
2005	5,467,300	5,467,300	-
2006	4,424,300	4,424,300	-
2007	5,429,600	5,429,600	-
2008	3,415,700	3,415,700	-
2009 - ARRA	20,045,000	20,045,000	-
2009	3,415,700	3,415,700	-
2010	10,422,000	10,422,000	-
2011	7,529,000	7,529,000	-
2012	7,202,000	7,202,000	-
2013	6,798,000	6,798,000	-
2014	7,144,000	7,144,000	-
2015	7,107,000	7,107,000	-
2016	6,771,276	6,771,276	-
2017	6,750,000	6,750,000	-
2018	8,070,261	8,070,261	-
2019	8,109,000	8,109,000	-
2020	8,110,000	3,488,550	4,621,450
TOTAL	\$ 240,483,934	\$ 235,862,484	\$ 4,621,450

*Federal Fiscal Year is from October 1 of a year through September 30 of the next year.

Not included in the above grant totals are the amounts set-aside as in-kind contributions for the LGTS software development. The total amount utilized for LGTS as of June 30, 2021, was \$466,069. Additional in-kind contributions were received and capitalized for the Drinking Water State Revolving Fund Program which also utilizes the LGTS software.

8. Loan Fees Administration

To meet the long-term administrative needs of the Program, an annual fee of up to 1% is charged against the outstanding principal on loans. These fees are calculated on a semi-annual basis and billed when loan principal and interest payments are due. These fees are not included in the loan principal. The Director of the Program may waive this fee

during construction, except on projects that only receive interim financing during construction. The fee is applied to all loans in accordance with Title 131 and the IUP.

9. Interest on Fund Balance – State Operating Investment Pool

The reported amount represents the earnings the Program received from idle funds invested by the Nebraska State Treasurer with the State’s Investment Council. Interest is credited on approximately the 25th day of each month.

10. Operating Expenses

The operating expenses of the Program are classified, for financial reporting purposes, into five categories:

1) Administrative Costs from Fees

To meet the long-term administrative needs of the program, an annual fee of up to 1% is charged against the outstanding principal on loans. This fee is deposited into a separate account and is used for administrative costs of the Program and other eligible water quality related purposes. The fee on a loan made from leveraged bond proceeds may be set to reflect the cost of issuing bonds and management of the leveraged loan portfolio.

2) 4% Administrative Costs from Grants

The Federal Water Pollution Control Act allows for additional options in determining the amount of administration funds that can be utilized from the capitalization grant. The maximum annual amount of CWSRF funds (not including any fees collected that are placed in the fund) that may be used to cover reasonable costs of administering the fund is the greatest of the following:

1. \$400,000; or
2. 0.2% of the current valuation of the fund; or
3. An amount equal to 4% of all grant awards received by the State CWSRF less any amounts used in previous years to cover administrative expenses.

For the SFY 2021, the CWSRF program utilized \$522,536 of the 4% for additional administrative funds.

3) Small Town Grants

Per Neb. Rev. Stat. §81-15,151(2) and §81-15,153(11), Small Town Grants are made available to communities that have populations of 10,000 inhabitants or less and demonstrate serious financial hardship. The IUP also sets additional eligibility requirements for Small Town Grants. Total amount of grants issued to a borrower cannot exceed one half of the total eligible project costs. The maximum amount to be awarded in Small Town Grants in combination with the Facility Planning Grants is set at 65% of the revenue from administrative fees collected in the prior fiscal year. The total amount of grants allowed to be signed into loan contracts for SFY 2021 was capped at \$633,312. The IUP set the upper limit of grant to each

community at \$250,000 per project, concurrent with a Program loan. Projects are prioritized based project type and community Median Household Income.

4) Facility Planning Grants

Facility planning grants may be provided to municipalities with populations of 10,000 or fewer inhabitants that demonstrate serious financial hardship. Municipalities with wastewater treatment facility project needs that are identified on the project priority planning list and have not received a grant in the past five years, may receive up to 90% of project costs in Facility Planning Grant, up to a maximum of \$20,000 per project. These grants are funded through the Administrative Cash Fund.

5) Loan Forgiveness

The Program provides additional subsidization in the form of loan forgiveness with up to a maximum of \$150,000 per project or based on the new tiered percentages based on community populations for qualifying disadvantaged communities that meet the affordability criteria found in the IUP. Total amount of grants issued to a borrower cannot exceed one half of the total eligible project costs. Awarding loan forgiveness is dependent on the availability of funding from Federal capitalization grants and the total amount of funds the Program decides to allocate for forgiveness from each grant. The Program will reserve up to \$811,000 (approximately 10% of the Capitalization Grant) for forgiveness to be used for additional subsidization. The Program's authority to distribute the additional subsidization is an existing authority under the Neb. Rev. Stat. §81-1504(4) and §81-15,150. Together, these statutes allow the Program to accept and expend Federal grants for designated projects. Loan forgiveness discharges the community from repaying that portion of the principal amount of its loan under the terms and conditions of the loan contract.

11. State Employees Retirement Plan (Plan)

The single-employer Retirement Plan became effective by statute on January 1, 1964. The Public Employees Retirement Board was created in 1971 to administer the plan. The plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. Each member employed and participating in the retirement system prior to January 1, 2003, elected either to continue participation in the defined contribution option or to begin participation in the cash balance benefit. The defined contribution option is closed to new entrants. All new members of the plan on and after January 1, 2003, become members of the cash balance benefit. The benefits and funding policy of the plan are established and can only be amended by the Nebraska Legislature.

All permanent full-time employees are required to begin participation in the retirement plan upon employment.

Contribution – Per statute, each member contributes 4.8% of his or her compensation. The Department matches the member's contribution at a rate of 156%. The employee's and employer's contributions are kept in separate accounts.

The employer's account is fully vested after a total of three years of participation in the plan.

Defined Contribution Option – Upon attainment of age 55, regardless of service, the retirement allowance shall be equal to the sum of the employee and employer account. Members have several forms of payment available, including withdrawals, deferrals, annuities, or a combination of these.

Cash Balance Benefit – Upon attainment of age 55, regardless of service, the retirement allowance shall be equal to the accumulated employee and employer cash balance accounts, including interest credits, annuitized for payment. Members will have the option to convert their member cash balance account to a monthly annuity with built-in cost-of-living adjustments of 2.5% annually. Also available are additional forms of payment allowed under the Plan, which are actuarially equivalent to the normal form, including the option of lump-sum or partial lump-sum.

For SFY 2021, SRF employees contributed \$13,610.16 and the Department contributed \$21,177.41. A separate plan report is issued and can be obtained from the Nebraska Public Employees Retirement System. This report contains full pension-related disclosures.

The State of Nebraska CAFR also includes pension-related disclosures. The CAFR report is available from the Nebraska Department of Administrative Services – Accounting Division or on the Nebraska Auditor of Public Accounts' website at www.auditors.nebraska.gov.

12. **Contingencies and Commitments**

Risk Management – The Department is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors or omissions, injuries to employees, and natural disasters. The Department, as part of the primary government for the State, participates in the State's risk management program. DAS is responsible for maintaining the insurance and self-insurance programs for the state. The state typically self-insures for general liability, employee health care, employee indemnification, and workers' compensation. The state has chosen to purchase insurance for the following:

- A. Motor vehicle liability, which is insured for the first \$5,000,000 of exposure per accident with a self-insured retention of \$300,000 per accident. Insurance is also purchased, with various limits and deductibles, for physical damage and uninsured and underinsured motorists. State agencies have the option to purchase coverage for physical damage to vehicles.
- B. Crime coverage, with a limit of \$31,000,000 for each loss, and a \$25,000 self-insured retention per incident subject to specific conditions, limits, and exclusions.
- C. Real and personal property on a blanket basis for losses up to \$250,000,000, with a self-insured retention of \$200,000 per loss occurrence. Newly acquired properties are covered up to \$10,000,000 for 120 days and, after 120 days, if the property has not been reported, the limit decreases to \$5,000,000. The perils of flood, earthquake, and acts of terrorism have various coverage, sub-limits, and self-insurance. State agencies have the option to purchase building contents and inland marine coverage.

Details of the various insurance coverage are available from DAS – Risk Management Division.

No settlements exceeded commercial insurance coverage in any of the past three fiscal years. Health care insurance is funded in the Insurance Trust Funds through a combination of employee and State contributions. Workers’ compensation is funded in the Workers’ Compensation Internal Service Fund through assessments on each agency based on total agency payroll and past experience. Tort claims, theft of, damage to, or destruction of assets, errors or omissions, and natural disasters would be funded through the State General Fund or by individual agency assessments, as directed by the Legislature, unless covered by purchased insurance. No amounts for estimated claims have been reported in the Program’s financial statements.

II. PROGRAM INFORMATION SECTION

A. FUND ACTIVITIES

1. Loan and Investment Status

The fund has a loan portfolio containing \$662,720,444, which is comprised of \$642,238,604 in loans and \$20,481,840 of obligated loan forgiveness. Of the \$642,238,604 in loans, \$449,863,629 has been repaid and \$63,571,710 has yet to be dispersed, leaving a current outstanding loan balance of \$130,689,947. Of the \$20,481,840 of Loan Forgiveness, \$19,078,005 has been dispersed. Details on the Fund Loan Portfolio are in Attachment 1. The SFY 2021 blended interest rate on the outstanding loan balance is 1.15%. With last year’s rate at 1.59%, this year’s blended interest rate was 44 basis points below last year. The reason for the decline was the new refinancing program which started in January to limit the number of private buyouts of outstanding loans. An additional reduction is forecasted upon the 0% loan program being fully implemented.

2. Source of CWSRF Funds by Quarter

The \$500,000 Nebraska Investment Finance Authority (NIFA) / CWSRF 2020B bond, state match for the FFY 2020 capitalization grant was issued on August 6, 2020, coupled with a transfer from the Administration Cash Fund for the capitalization grant award made on July 10, 2020.

**SOURCE OF STATE MATCH
PROGRAM FUNDING AND FFY 2020
CAPITALIZATION GRANT**

NIFA Bond	Quarter	Bond Funds	Cash
2020B	SFY 2021-Q1	\$500,000	1,122,000

CAPITALIZATION GRANT PAYMENT SCHEDULE

CAP GRANT	QUARTER	PAYMENT
FFY 2020	SFY 2020-Q1	\$8,110,000

3. Binding Commitments

The CWSRF entered into six new binding commitments and four typical loan amendments to existing funded communities, which provided financial assistance totaling \$10,686,697. The binding commitment total for SFY 2021, plus 4% administration, equals \$10,836,697. The cumulative binding commitment exceeds the federal 120% binding commitment requirement for SFY 2021. The cumulative binding commitment amount of initial loan awards plus 4% administration totals \$747,059,243. In addition, a total of thirty-seven loan amendments were signed under the 0.5%/0.5% refinancing program.

Attachment 2 provides information showing the binding commitments entered during SFY 2021 and shows the cumulative binding commitment amount for initial loan awards and 4% administration since the program initiation. The requirement is to allocate 120% of the capitalization grant within one year. The CWSRF has reached \$746,909,243 or 270% of the required amount.

4. Small Town and Planning Grant Report

The Department has authority to obligate up to 65% of the previous SFY administration fee income for Small Town Grants and Facility Planning Grants. In SFY 2021, \$633,312 was available for Small Town Grants and \$20,000 was made available to Facility Planning Grants.

The following table reports allocations to projects during SFY 2021 for Small Town Grants. Attachment 3 provides more detail on fund history, disbursements, and balances.

COMMUNITY	PROJECT #	GRANT AWARD DATE	GRANT AMOUNT
Nickerson	8024-01	7/13/20	\$250,000
Knox Co. SID #1	8019-01	2/21/21	\$170,497
Clearwater	8025-01	5/13/21	\$212,815
SFY 2021 Allocation Total			\$633,312

CWSRF administration cash funds were used to provide financial assistance to eligible municipalities for facility planning reports for wastewater treatment system improvement projects that will seek funding through the Water Wastewater Advisory Committee (WWAC) Common Pre-application Process. This financial assistance is being provided to communities to identify capital improvement needs, as well as increase their readiness to proceed in accomplishing these improvements.

Facility Planning Grants may be provided to municipalities with populations of 10,000 or fewer people that are identified with a serious financial hardship. This includes any city, town, village, sanitary improvement district, natural resources district, or other public body created by or pursuant to state law having jurisdiction over a wastewater treatment facility. Privately owned wastewater treatment systems are not eligible for assistance.

Grants are provided for up to 90% of the eligible facility plan project cost but cannot exceed \$20,000. Facility planning grants were awarded to St. Paul in SFY 2021. Since the grant program's inception, the CWSRF has awarded planning grants to 87 communities for a total of \$1,478,170.

B. GOALS AND ACCOMPLISHMENTS

1. Provisions of the Operating Agreement/Conditions of the Grant

The State of Nebraska agreed to the following conditions in the Operating Agreement and Grant Agreement, all of which have been met.

- Agreement to Accept Payments
- State Laws and Procedures
- State Accounting and Auditing Procedures
- Recipient Accounting and Auditing Procedures
- Use of the Automated Clearinghouse
- Repayments
- Annual Audit
- Annual Report
- Annual Review
- Anti-Lobbying Act
- Drug-Free Workplace
- Rural Area Business Enterprise Development Plan
- First Use of Funds for Enforceable Requirements
- Provide a State Match at 100%
- Binding Commitments Within One Year
- Expeditious and Timely Expenditures
- Eligible Activities of the SRF
- Federal Funding Accountability and Transparency Act (FFATA)
- Minority Business Enterprise/Woman Business Enterprise (MBE/WBE) Requirements
- Other Federal Authorities
- State Environmental Review Process (SERP)
- Cash Draw Procedures

The Program is required by federal and state regulations to do a National Environmental Policy Act (NEPA) like review for funded projects. Last fiscal year, it was determined no Environmental Impact Statements (EIS) were necessary. Environmental Assessments (EA) were prepared and a Finding of No Significant Impact (FNSI) was issued for six projects: Gretna, Omaha, Aurora, Plymouth, Schuyler and Sarpy County Wastewater Agency. Categorical Exclusions (CE) were issued for fourteen projects: Laurel, Clearwater, Prague, Fairbury, Phillips, Cass County SID #5, Cozad, Falls City, Lexington, Loup City, O'Neill, St. Paul, Valentine and Yutan. The Department distributes these EAs via mailings to relevant stakeholders and posts them online at the Department's website for public review and comment.

The following seven SRF wastewater projects initiated operation in SFY 2021: Gothenburg, Benkelman, Knox County SID#1, Hampton, Chambers, Broadwater, and Central City, along with the Sarpy County Wastewater Agency completing their facility planning document.

EPA allows states to utilize equivalency for some regulations or conditions of the capitalization grant. The CWSRF is working on Federal Funding Accountability and Transparency Act (FFATA) requirements which include, Architectural and Engineering procurement and signage for projects used for equivalency. The developing Sarpy County Wastewater Agency project will be used to satisfy the requirements of the FFY 2020 cap grant.

2. Short-Term Goals and Accomplishments

Six short term goals were described in SFY 2021 IUP. The CWSRF has made significant progress toward successful completion of most of its short-term goals. The goals are listed and discussed as followed:

1. *Provide compliance assistance to CWSRF current borrowers through means of various project meetings and on-site inspections.*

Project engineers and project managers make sure to provide borrowers with the necessary documents and guidance to ensure their project is in compliance. In addition, project managers attended preconstruction meetings when invited to deliver necessary documents, provide guidance, and to answer any questions the borrower, consulting engineers, or contractors may have. All documents received by the borrower are reviewed by SRF staff for completeness and accuracy. The Program strives to keep a good working relationship with the consulting engineers that assist borrowers with their projects and the various program requirements.

2. *Review SRF funding mechanisms/alternatives to determine if an alternative would result in providing greater benefits to more communities.*

While not the original intent of the goal, the economic crisis sparked by the COVID-19 pandemic has shown over the past year the importance of the SRF programs to stay ahead of shifting financial market conditions. The pandemic brought a sudden increase of borrowers assessing whether to pay off their SRF loans through privately refinancing their SRF debt. In response the program amended the IUP twice to save communities on the cost of borrowing, as well as prevent further increases in cash balances. The first of those amendments was a refinancing program wherein all qualified borrowers, primarily those without forgiveness assistance awarded within the past five years, were eligible for a reduction down to 0.5% Interest plus 0.5% Administration Fee. Second, a 0% rate program, both interest and fee, had new binding commitments made in the second half of the fiscal year. Twenty-six (26) communities will be provided 0% funding capped at \$150 million, with the majority of that funding disbursed in subsequent years.

3. *Develop and implement a workforce development program for water utility operators in order to provide assistance to communities in recruiting to combat an aging workforce in utility operations.*

Questionnaires were sent out with our annual needs surveys to gain a better understanding of the water workforce in Nebraska, its needs, and how the jobs compared to others across the state. It was learned that most of the positions were part time operators with a measurable amount of other community responsibilities. We also coordinated several calls with National Rural Water and other state programs to learn what options exists for apprenticeships, pay changes, and benefits to increase interest in these positions. This goal will continue to be assessed and evaluated in the next fiscal year.

4. *Target available loan funds to high priority needs in order to encourage construction of the highest impact water quality and/or human health improvement projects by providing the best funding assistance available.*

The Program used a priority ranking system to evaluate facilities in eight categories, with the greater number of points resulting in the higher the ranking. The eight categories are:

- project benefit;
- beneficial use and classification of receiving water;
- water quality of receiving waters;
- enforcement actions;
- readiness to proceed;
- population served;
- AWIN; and
- financial impacts.

In addition, the Program continually evaluates this ranking system as well as the AWIN program's parameters to ensure financial assistance is being prioritized and going to communities with the greatest needs. For five of the six loans signed last fiscal year, seven of the eight ranking criteria were satisfied. Then for Clearwater, their project was funded in conjunction with USDA-Rural Development, and will resolve an administrative order (i.e., the eighth ranking factor).

5. *Pursue public and private sector partnership by assisting in collaboration between municipalities and industry.*

The loan closed with Laurel, in conjunction with funding from the Community Development Block Grant program, will result in the improvement of all utilities and the overall beautification of the City's downtown. The project was planned to not only replace aging wastewater infrastructure, but to both retain and attract new businesses to the community.

6. *Appraise and further develop the AWIN program to ensure accurate information is being utilized in determining municipality assistance; calculate municipalities' sustainability risk; and adjust the program to maintain the most current state and federal requirements.*

A preliminary rework of the AWIN program was completed, in part following the 2021 Financial Capability Assessment Guidance. With a regulatory freeze of that guidance issued in January, the program will continue to further evaluate AWIN, in conjunction with an assessment of the Community Sustainability Tool, with the intent of achieving this goal by the end of 2022.

3. Long Term Goals and Accomplishments

Eight long term goals were included in the IUP:

1. *Manage the Nebraska CWSRF Program to fund projects which protect and improve the public health of the citizens of the state.*

NDEE continues to capitalize the fund at the largest level possible, to grow the fund at a rate greater than the long-term construction inflation rate. Other activities include: reviewing management practices annually to assist in achieving growth goals; requesting EPA capitalization grants and providing state match in a timely manner; encouraging the federal government to continue annual capitalization grants for this fund; allocating grant funds, match and recycle funds to projects in a timely manner; providing technical and financial support through recommendations to those communities needing additional assistance; and continue to market and promote awareness of the CWSRF Program.

2. *Protect and enhance Nebraska's water resources, the environment, and human health by providing affordable funding for eligible clean water projects.*

Cost-effective project alternatives will be promoted to stretch funding, primarily forgiveness/grant assistance for communities in need. AWIN has been incorporated as a tool to provide for affordability and sustainability over the term of the loan. In response to market conditions during the Covid-19 pandemic, a 0% rate program, both interest and fee, had binding commitments made in the second half of the fiscal year.

- 3. Attend workshops/conferences and meet with municipalities, consultants, and other stakeholders to promote the CWSRF program to the public as well as identify potential CWSRF projects and obtain stakeholder input regarding modifications or enhancements to the CWSRF program.*

Due to the COVID-19 pandemic, personal interaction with the public has been limited. Regardless, staff continues to work daily with the municipalities, engineering consultants and other stakeholders through means of emails, conference calls, video calls, and webinars. The NDEE completed an annual SRF needs survey in December of 2020, ranking projects for the SFY 2022 IUP. Three hundred and sixty-one (361) communities responded identifying a total of \$641 million in needs. As the ability to meet in public becomes available again, staff will continue to participate in conferences/workshops, attend community board meetings to assistance in project planning, and inter-agency training on the SRF program.

- 4. Encourage the incorporation of green infrastructure concepts and energy recovery, production, and conservation in CWSRF funded projects through adjusted interest rates and grant opportunities.*

The Program continues to promote Green Project Reserve (GPR) funding by offering a reduction of 0.5% of the interest rate in projects with qualifying GPR components.

- 5. Request annual EPA capitalization grants and provide state match in a timely manner.*

The Program will continue to apply for the annual CWSRF capitalization grant as soon as possible during the SFY. In addition, NDEE will continue to promote the submittal of our program needs survey and participate in the national needs surveys, which establishes the foundation for securing bonds for state match purposes.

- 6. Annually prioritize potential CWSRF projects in Nebraska according to the greatest chronic public health and environmental health concerns being addressed and their readiness to proceed with construction and implementation. Allocate available CWSRF funds to projects in a timely manner.*

The Program relies on the Priority Ranking System described in the short-term goals. This ensures that funds are made available first to the greatest needs. Projects identified during the survey process are ranked in accordance with the system and placed on the Project Priority Planning List. Typically, projects addressing public health, as well as environmental and water quality concerns, receive the highest points. Readiness to proceed is a primary factor for placement on the fiscal year's Priority Funding List.

- 7. Pursue the development of a mechanism to evaluate and prioritize the most appropriate, affordable, and holistic, state, regional, and/or watershed-based solutions that address both point and nonpoint source water pollution problems.*

As stated above, the Program will utilize information from the AWIN program to enable sustainability among small communities by determining appropriate and affordable projects. This program provides the SRF with additional tools for this purpose and allows the Program to

utilize the fund for the best project alternative. With the availability of the 2020 Census, the Program will be reviewing and updating the model with the newest Census data when it is available. While making these adjustments, variables of the AWIN model will also be evaluated to determine if they actually depict each community's risk assessment. Upon further review, some variables may be added or removed depending on how they contribute. Additionally, the Program promotes the use of Fiscal Sustainability Plans and Cost-Effective Analysis reports.

Included in the IUP as part of the planning list are nonpoint source projects. In addition, the program is working to improve the Linked Deposit Program for nonpoint source pollution. There has also been communication between the program and the Natural Resources Districts (NRDs) around the state to promote the use of the fund for the development of watershed management plans. Local NRDs are usually the first contact in developing these plans, and as funds become less available for the development phase of these plans, the CWSRF is a funding resource.

8. *Continue working with the U.S. Department of Agriculture-Rural Development and the Department of Economic Development Community Development Block Grant programs to provide affordable financing for municipal pollution prevention and control projects.*

The NDEE participates in the WWAC loan and grant pre-application screening process. WWAC participants include the U.S. Department of Agriculture-Rural Development for their water and wastewater grant and loan programs, the Nebraska Department of Economic Development (NDED) for the Community Development Block Grant (CDBG) program, and NDEE for the CWSRF programs. The WWAC reviews the project pre-application and then provides the applicant funding assistance options. While the committee ranks options, it is ultimately the applicant's decision on which funding option is best for their community needs.

C. FUNDED PROGRAM

The Annual Report reflects the results and changes from the SFY 2021 IUP approved by the Environmental Quality Council (EQC) on June 15, 2020. Project information for the loans closed last fiscal year is provided in Attachment 4.

D. USEFUL LIFE OF PROJECT

Design Life

The design life of a project is the planned period of time that the project will meet the performance requirements of the intended purpose. Capital project financing payment terms should not exceed the design life or loan repayment will continue after the planned project may have become obsolete. Preliminary Engineering Reports (also called Facility Plans) generally plan for a 20-year design life but may be any period determined reasonable by the engineer and concurred on by the Department. Performance requirements may include projected influent loading from domestic/commercial/industrial sources, National Pollutant Discharge Elimination System (NPDES) permit requirements and limits, and owner/operator preferences or goals.

Project Alternatives

Preliminary Engineering Reports evaluate several alternatives, feasible project substitutes, which meet the technical performance requirements. Infeasible design approaches are not considered to be "Alternatives"; however, infeasible design approaches should be listed with their major shortcomings as part of a complete discussion on project alternatives.

Useful Life

Useful Life of an Asset is the anticipated duration of time that the asset will provide enough performance value to keep the asset in operation.

Useful Life of a Project is also defined as the anticipated duration of time that the assets procured will provide enough performance value to justify keeping the assets in operation. Wastewater projects often consist of assets such as structures or equipment working together to perform a function. In many circumstances, the useful life of an asset or project is dependent on the maintenance, rehabilitation, renewal, and/or replacement of component parts/assets and equipment that make up a project.

Salvage Value

The salvage value as described in CWSRF program is the net present value of the remaining straight-line depreciation of an asset. The net present value of remaining depreciation of an asset is included in a cost effectiveness analysis.

Salvage value as defined in an engineering economics textbook may be omitted if it is not consequential towards the overall lifecycle cost of a project. In most cases, the actual salvage value of an asset is negative. It costs more money to remove and sell the asset at the end of its useful life than what it is worth. Moreover, the value of salvage, in most cases, is incidental compared to the initial capital cost, and operation and maintenance costs. For example, newly installed sewers begin their useful life with zero or a negative salvage value as the costs to dig up and resell the pipe would not return much cash.

An engineering textbook definition: Salvage Value is the net cash value of an asset at the end of its useful life. The salvage value may be calculated by estimating the market value of selling the asset minus the estimated costs incurred to put the asset on the market, e.g. dismantling or handling costs. If the salvage value is significant, include the estimated net present salvage value as part of overall lifecycle costs.

Examples of Useful Life

1. Wastewater collection system:
 - a. Force mains: 60 years
 - b. Interceptors and sewer mains: 50 to 100 years
 - c. Lift station equipment: 20 years
2. Structures
 - a. Buildings: 60 Years
 - b. Civil structures: concrete tanks or basins, lift station structures: 75 years
 - c. Outfall sewer lines: 30 years
3. Process equipment and auxiliary equipment
 - a. Pumps: 8 to 40 Years
 - b. Flow measurement: 10 years
 - c. Power generation systems: 20 years
 - d. Electrical: 35 years
 - e. SCADA components: 5-10 years

Table A - Asset Type

Class	Asset Type	Useful Life Years
1	Civil Infrastructure (bridges, dams, basins, large concrete infrastructure)	50
2	Pressure Pipework	60
3	Sewers	100(PVC) 50-60 (Clay Pipe)
4	Pumps	15-20
5	Valves	25
6	Motors	10
7	Electrical	35
8	Controls	15
8a	SCADA Programmable Logic Controllers (as per SCADA International)	10-15
9	Building Assets	40
10	Land	300

Table B - Common Short-Lived Assets (SLA) for Drinking Water and Wastewater Treatment Works

Drinking Water Utilities	Wastewater Utilities
Source Related	Treatment Related
Pumps and motors	Pumps motors and controls Chemical feed pumps
Treatment Related	Membrane, UV lamps Valve actuators SCADA, PLCS or Controllers Aeration blowers, aeration diffusers, and nozzles
Chemical feed pumps SCADA, PLCS or Controllers Valve actuators Field & Process instrumentation equipment: water sensors, pressure transducers, flow meters, etc. Granular filter media, membranes, UV lamps Air compressors Pumps motors and controls Sludge collection, handling and dewatering Chemical leak detection equipment	Field & Process instrumentation equipment: water sensors, pressure transducers, flow meters, etc. Laboratory analyzers, centrifuges Trickling filters, RBCs, etc. Belt presses & driers Sludge collecting and dewatering equipment Chemical leak detection equipment Hazardous atmosphere detectors
Distribution System and Storage Related	Digester cleanout, inspection and minor repairs
Repainting storage tanks Inspection of storage tanks every 3 to 5 years Booster pump, pressure actuator valves	Collection System Related
Treatment Works System Related	Pumps and motors for lift stations Ventilations systems for lift stations Televising (Condition assessment of sewers)
Generator, Full load tests on generators	

The previous table is referenced from EPA [Excel Spreadsheet Tool \(XLS\)](#) Worksheet "A - Class and Condition" with a modification for line 8a.

[***Note: The above is no longer available on EPA website. Contact Nebraska Department of Environment & Energy for a copy.***]

E. PROGRAM CHANGES and CHANGES UNDER CONSIDERATION

Program rates are presently set at 0.5% Interest plus 0.5% Administration Fee, which will be re-evaluated in the spring of 2022.

The SRF program will undergo a Lean Six Sigma Kaizen process improvement in the upcoming fiscal year.

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C317238	Adams		P	598,777.00	598,777.00	3.16	0.00	0.00	
C317029	Ainsworth		P	519,800.00	519,800.00	3.5	0.00	0.00	
C317559	Ainsworth		F	345,000.00	212,186.16	2	132,813.84	265,627.68	
C317103	Albion	FFATA	P	3,000,000.00	3,000,000.00	2.25	0.00	0.00	
C317030	Alda		P	116,940.00	116,940.00	3.14	0.00	0.00	
C317478	Allen		F	84,758.00	40,300.82	2	44,457.18	88,914.36	
C317838	Allen	GP	F	474,810.00	83,250.83	1.43	391,559.17	559,929.61	
C317750	Alma		F	132,056.00	23,340.04	1.5	108,715.96	163,073.94	
C317104	Alvo		P	212,423.00	212,423.00	4	0.00	0.00	
C317239	Amherst	GP12	F	245,651.00	87,078.46	1.325	158,572.54	210,108.62	
C317686	Anselmo		F	79,002.00	14,448.25	1.5	64,553.75	96,830.63	
C317136	Ansley	FFATA	P	811,671.00	811,671.00	2.5	0.00	0.00	
C317325	Arlington		P	1,223,435.00	1,223,435.00	3.59	0.00	0.00	
C317198	Arnold		P	99,952.00	99,952.00	3	0.00	0.00	
C317033-01	Aurora		P	3,800,000.00	3,800,000.00	3.31	0.00	0.00	
C317184	Aurora		P	590,000.00	590,000.00	2.8	0.00	0.00	
C317326	Aurora		P	3,121,183.00	3,121,183.00	2.25	0.00	0.00	
C317522	Aurora		P	276,682.00	276,682.00	3	0.00	0.00	
C317025	Avoca		P	157,514.00	157,514.00	3.05	0.00	0.00	
C317070	Axtell		P	388,787.00	388,787.00	3.94	0.00	0.00	
C317185	Ayr		F	75,991.00	68,592.07	3	7,398.93	22,196.79	
C317277	Bancroft		P	1,020,198.00	1,020,198.00	3	0.00	0.00	
C317068	Bassett		P	107,752.00	107,752.00	3	0.00	0.00	
C317279	Bassett		F	98,231.00	68,760.11	2.57	29,470.89	75,740.19	
C317561	Bassett	GP11/FFATA	F	709,351.00	164,799.33	1.33	544,551.67	724,253.72	
C317041	Beatrice		P	1,775,315.00	1,775,315.00	3.18	0.00	0.00	
C317743	Beatrice		P	98,575.00	98,575.00	2	0.00	0.00	
C317017	Bellevue		P	1,857,908.39	1,857,908.39	5	0.00	0.00	
C317123	Bellevue		P	1,400,000.00	1,400,000.00	3.3	0.00	0.00	
C317531	Bellevue		P	3,727,993.00	3,727,993.00	4	0.00	0.00	
C317242	Bellwood		F	324,468.00	313,782.18	3	10,685.82	32,057.46	
C318002	Benkelman			1,000,000.00	20,693.88	0.5	846,156.12	423,078.06	
C317327	Bertrand		F	639,103.00	462,651.45	2.85	176,451.55	502,886.92	
C317665	Bertrand		F	219,993.00	75,921.66	1.5	144,071.34	216,107.01	
C317167	Big Springs		P	874,849.00	874,849.00	3	0.00	0.00	
C317982	Big Springs		F	68,133.00	38,238.09	1.5	29,894.91	44,842.37	
C318005	Bladen		F	61,938.00	5,587.90	1.5	56,350.10	84,525.15	
C317638	Blair		F	875,403.00	316,458.38	2.1	558,944.62	1,173,783.70	
C317243	Bloomfield		P	202,955.00	202,955.00	3	0.00	0.00	
C317519	Brainard		P	694,096.00	694,096.00	2	0.00	0.00	
C318021	Broadwater		F	138,892.00	2,883.17	1.5	136,008.83	204,013.25	
C317596	Broken Bow		F	5,318,801.00	2,194,886.27	1.524799	3,123,914.73	4,763,342.06	
C317747	Broken Bow		F	745,000.00	202,726.86	1.5	542,273.14	813,409.71	
C317281	Brule		F	131,004.00	106,083.64	3	24,920.36	74,761.08	

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C317690	Brule		F	58,590.00	26,084.09	2	32,505.91	65,011.82	
C317761	Bruning		F	435,212.00	149,158.34	1.9	286,053.66	543,501.95	
C317919	Bruno		F	76,550.00	17,691.42	1.5	58,858.58	88,287.87	
C317284	Butler Cnty SID #1		F	205,878.00	198,360.77	3	7,517.23	22,551.69	
C317764	Butler Cnty SID #1		F	103,791.00	87,497.22	2	16,293.78	32,587.56	
C317093	Cairo		P	620,921.00	620,921.00	3.2	0.00	0.00	
C317996	Cairo		F	931,252.00	60,858.44	0.5	870,393.56	435,196.78	
C317107	Carroll		F	319,680.00	126,306.48	2.25	193,373.52	435,090.42	
C317328	Cass Cnty SID #5		F	1,107,232.06	802,920.37	1.5	304,311.69	456,467.54	
C317532	Cedar Bluffs		F	511,915.00	239,017.45	1.33	272,897.55	362,953.74	
C317028	Cedar Cnty SID #1	ARRA	P	72,700.00	72,700.00	3.5	0.00	0.00	
C317134	Cedar Rapids		P	134,755.00	134,755.00	3	0.00	0.00	
C317031	Central City		P	4,000,000.00	4,000,000.00	3.1	0.00	0.00	
C318013	Central City			150,000.00	0.00	1.5	100,000.00	150,000.00	
C317151	Chadron	ARRA	F	3,270,000.00	1,612,230.21	0.5	1,657,769.79	828,884.90	
C317329	Chambers		F	67,511.00	61,013.49	3	6,497.51	19,492.53	
C318029	Chambers	LAND		245,250.00	5,267.73	1.25	209,289.27	261,611.59	
C317477	Chapman		F	359,101.00	217,912.89	3	141,188.11	423,564.33	
C317874	Chappell		P	1,707,925.00	1,707,925.00	1.5	0.00	0.00	
C317875	Chester		F	358,465.00	73,115.44	1.5	285,349.56	428,024.34	
C317533	Clarkson	GP10	F	166,425.00	58,067.24	2	108,357.76	216,715.52	
C317233	Clay Center		P	180,000.00	180,000.00	3	0.00	0.00	
C318025	Clearwater	GP20		425,630.00	0.00	0	0.00	0.00	
C317388	Cody		F	191,384.00	45,207.50	1.5	146,176.50	219,264.75	
C317427	Coleridge		F	62,379.00	52,772.86	2.5	9,606.14	24,015.35	
C317597	Coleridge		F	56,146.00	29,539.78	2	26,606.22	53,212.44	
C317997	Comstock		F	121,100.00	5,200.72	1.5	115,899.28	173,848.92	
C317468	Concord		P	297,449.00	297,449.00	3.11	0.00	0.00	
C317258	Cook		F	579,956.00	556,599.22	3	23,356.78	70,070.34	
C317024	Cozad		P	1,453,200.00	1,453,200.00	5	0.00	0.00	
C317046	Cozad		P	2,460,037.00	2,460,037.00	3.12	0.00	0.00	
C317634	Cozad		P	1,754,403.00	1,754,403.00	2	0.00	0.00	
C317081	Crab Orchard		F	65,978.00	59,509.12	3	6,468.88	19,406.64	
C318018-E	Crab Orchard			116,700.00	1,500.00	0	50,690.00	0.00	
C317039	Crawford	GO	F	2,528,698.00	815,420.44	0.5	1,713,277.56	856,638.78	
C317158	Creighton	GP16	F	907,866.00	121,625.32	0.5	786,240.68	393,120.34	
C317731	Creighton		F	220,536.00	110,396.18	0.5	110,139.82	55,069.91	
C317664	Culbertson		F	597,201.00	120,437.38	1.5	476,763.62	715,145.43	
C317653	Dakota City		F	6,319,108.00	432,930.18	1.5	5,886,177.82	8,829,266.73	
C317139	Dannebrog		P	425,000.00	425,000.00	3	0.00	0.00	
C317109	David City		P	2,728,924.00	2,728,924.00	3.22	0.00	0.00	
C317908	Denton		F	244,408.00	93,871.17	1.5	150,536.83	225,805.25	
C317391	Deshler		P	892,808.00	892,808.00	2.55	0.00	0.00	
C317991	DeWeese		F	120,000.00	12,157.41	1.5	107,842.59	161,763.89	

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C317110	DeWitt		P	524,900.00	524,900.00	4.3	0.00	0.00	
C317196	Diller		F	301,264.00	291,342.39	3	9,921.61	29,764.83	
C317564	Dodge		F	85,577.00	66,334.99	1.5	19,242.01	28,863.02	
C317565	Dorchester	ARRA	F	503,227.00	234,956.38	1.33	268,270.62	356,799.92	
C317599	Duncan	GP10	F	320,905.00	143,461.28	2	177,443.72	354,887.44	
C317484	Dwight		F	307,650.00	168,229.99	3.3	139,420.01	460,086.03	
C317203	Eagle		P	218,656.00	218,656.00	3.5	0.00	0.00	
C317225	Eagle		P	1,932,107.00	1,932,107.00	3	0.00	0.00	
C317606	Elgin		F	92,394.00	46,352.19	3	46,041.81	138,125.43	
C317111	Elkhorn		P	2,940,673.00	2,940,673.00	3.3	0.00	0.00	
C317038	Elm Creek		P	457,101.00	457,101.00	3.5	0.00	0.00	
C317607	Elm Creek	GP10	F	208,473.00	93,874.69	2	114,598.31	229,196.62	
C317392	Ewing		F	67,000.00	51,137.71	2.5	15,862.29	39,655.73	
C317338	Exeter		F	54,945.00	44,449.64	3.02	10,495.36	31,695.99	
C317061	Fairbury		P	1,931,134.00	1,931,134.00	3	0.00	0.00	
C317043	Falls City		P	2,500,000.00	2,500,000.00	2.5	0.00	0.00	
C318022	Falls City			225,000.00	0.00	0.5	33,053.00	16,526.50	
C317119	Farwell		P	175,000.00	175,000.00	3	0.00	0.00	
C317594	Filley		F	245,000.00	116,427.78	2	128,572.22	257,144.44	
C317049	Firth		P	62,716.00	62,716.00	3.56	0.00	0.00	
C317698	Furth		F	355,173.00	69,555.33	0.5	285,617.67	142,808.84	
C317272	Fremont		P	3,200,000.00	3,200,000.00	3	0.00	0.00	
C317159	Garland		F	331,950.00	218,975.92	3.17	112,974.08	358,127.83	
C317059	Gering		P	3,250,000.00	3,250,000.00	2.5	0.00	0.00	
C317156	Gibbon		P	1,258,946.00	1,258,946.00	3.66	0.00	0.00	
C317307	Gibbon		P	7,000,000.00	7,000,000.00	5.25	0.00	0.00	
C317709	Gilead		F	93,961.00	14,661.32	1.5	79,299.68	118,949.52	
C317390	Gosper Cnty SID #1		P	15,484,961.00	15,484,961.00	2.66	0.00	0.00	
C317883	Gosper Cnty SID #1		P	536,646.00	536,646.00	1.5	0.00	0.00	
C317009	Gothenburg		P	2,947,700.00	2,947,700.00	3.5	0.00	0.00	
C317183	Gothenburg		P	630,339.00	630,339.00	3	0.00	0.00	
C317395	Gothenburg		P	372,105.00	372,105.00	3.05	0.00	0.00	
C317568	Gothenburg	BASE	P	129,827.00	129,827.00	2	0.00	0.00	
C317568 ARRA	Gothenburg	ARRA	F	75,000.00	43,420.96	0	31,579.04	0.00	
C317781	Gothenburg	GP12/FFATA	P	1,779,737.00	1,779,737.00	1.25	0.00	0.00	
C317995	Gothenburg		F	745,000.00	0.00	0.5	745,000.00	372,500.00	
C317867	Grand Island		P	6,200,000.00	6,200,000.00	1.5	0.00	0.00	
C317981	Grand Island	GP15/FFATA	P	22,526,457.00	22,526,457.00	1.25	0.00	0.00	
C317984	Grand Island		P	2,138,799.00	2,138,799.00	1.5	0.00	0.00	
C317990	Grand Island	GP17/FFATA	P	2,966,001.00	2,966,001.00	1.36	0.00	0.00	
C317045	Gresham		P	129,298.00	129,298.00	1.5	0.00	0.00	
C317267	Gretna		P	1,875,771.00	1,875,771.00	3	0.00	0.00	
C317268	Gretna		P	3,238,424.00	3,238,424.00	4	0.00	0.00	
C317569	Gretna		F	1,899,015.00	481,127.06	0.5	1,417,887.94	708,943.97	

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C317986	Gretna			5,600,000.00	0.00	0.5	5,277,894.00	2,638,947.00	
C317234	Guide Rock		F	321,451.00	144,949.00	3	176,502.00	529,506.00	
C318003	Guide Rock		F	89,943.00	5,659.40	1.5	84,283.60	126,425.40	
C317999	Haigler		F	224,981.00	5,987.53	0.5	218,993.47	109,496.74	
C318023	Hampton		F	145,729.00	4,126.49	1.5	141,602.51	212,403.77	
C317004	Hartington		P	544,167.00	544,167.00	3.5	0.00	0.00	
C317341	Hartington		F	82,465.00	39,202.95	2	43,262.05	86,524.10	
C317471	Hartington	GP13	F	804,595.00	207,510.41	1.25	597,084.59	746,355.74	
C317930	Hastings	GP17/FFATA	F	2,781,130.00	371,943.69	0.5	2,409,186.31	1,204,593.16	
C317053	Hay Springs		P	311,792.00	311,792.00	3	0.00	0.00	
C317291	Hayes Center	GP10/11	F	295,809.00	109,790.34	2.25	186,018.66	418,541.99	
C317131	Hebron		P	329,098.00	329,098.00	3	0.00	0.00	
C317886	Hebron		F	500,019.00	114,665.81	1.5	385,353.19	578,029.79	
C317019	Herman		P	124,865.00	124,865.00	3.5	0.00	0.00	
C317398	Hickman		P	390,000.00	390,000.00	3.5	0.00	0.00	
C317887	Hickman		F	747,419.00	248,276.47	0.5	499,142.53	249,571.27	
C317213	Holbrook		F	231,000.00	219,321.26	3	11,678.74	35,036.22	
C317014	Holdrege		P	200,758.00	200,758.00	4.5	0.00	0.00	
C317069	Holdrege		P	3,220,228.00	3,220,228.00	4.19	0.00	0.00	
C317491	Holdrege		P	299,616.00	299,616.00	2	0.00	0.00	
C317115	Howells		F	346,933.00	250,945.30	2.8	95,987.70	268,765.56	
C317343	Indianola		P	756,740.00	756,740.00	3	0.00	0.00	
C317292	Jackson		F	54,642.00	44,245.11	3	10,396.89	31,190.67	
C317786	Jansen	GP12	F	264,729.00	67,727.04	1.36	197,001.96	267,922.67	
C318011	Juniata		F	478,425.00	20,713.36	1.5	457,711.64	686,567.46	
C317021	Kearney		P	3,954,696.00	3,954,696.00	3.86	0.00	0.00	
C317275	Kearney		P	2,560,497.00	2,560,497.00	3.39	0.00	0.00	
C317789	Kearney		F	1,250,000.00	530,084.35	0.5	719,915.65	359,957.83	
C317865	Kearney		F	941,713.00	283,266.27	0.5	658,446.73	329,223.37	
C317956	Kearney	GP14	F	5,078,570.00	1,424,508.08	0.5	3,654,061.92	1,827,030.96	
C317961	Kearney		F	4,075,100.00	175,029.86	0.5	3,900,070.14	1,950,035.07	
C318010	Kearney		F	979,008.00	42,198.12	0.5	936,809.88	468,404.94	
C318020	Kearney			21,500,000.00	0.00	0.5	0.00	0.00	
C317057	Kenesaw		P	521,711.00	521,711.00	3	0.00	0.00	
C317118	Kennard		P	693,000.00	693,000.00	2.99	0.00	0.00	
C317144	Kimball		P	610,000.00	610,000.00	3.15	0.00	0.00	
C318017	Knox County SID #1-Kohles Acres		F	245,385.00	5,283.17	1.5	240,101.83	360,152.75	
C318019	Knox County SID #1-Kohles Acres			329,503.00	0.00	0	154,063.00	0.00	
C317404	Lancaster Cnty SID #5		F	271,286.00	175,061.52	2	96,224.48	192,448.96	
C317705	Laurel		F	160,000.00	80,056.73	2	79,943.27	159,886.54	
C318030	Laurel	GP20		715,686.00	0.00	0	248,521.00	0.00	
C317837	Lawrence		F	75,401.00	51,011.53	2.25	24,389.47	54,876.31	
C317447	Leigh	GP10	F	475,000.00	190,164.86	2	284,835.14	569,670.28	
C317002	Lexington		P	4,100,000.00	4,100,000.00	3.5	0.00	0.00	

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C317676	Lexington		F	4,600,833.00	1,503,612.45	0.5	3,097,220.55	1,548,610.28	
C317008	Lincoln		P	9,017,565.54	9,017,565.54	5	0.00	0.00	
C317078	Lincoln		F	5,000,000.00	2,127,457.21	2	2,872,542.79	5,745,085.58	
C317247	Lincoln	ARRA	F	3,558,792.00	1,754,423.36	1.2975	1,804,368.64	2,341,168.31	
C317830	Lincoln		F	17,000,000.00	5,555,157.43	2.25	11,444,842.57	25,750,895.78	
C317204	Lindsay		P	405,000.00	405,000.00	3.14	0.00	0.00	
C317839	Lindsay	GP11/FFATA	F	411,494.00	157,338.29	1.82	254,155.71	462,563.39	
C317611	Loup City		F	312,391.00	50,434.25	0.5	261,956.75	130,978.38	
C317573	Lower Platte North NRD - Lake Wanahoo		P	11,603,660.00	11,603,660.00	2	0.00	0.00	
C317539	Lynch		F	174,300.00	132,918.09	3	41,381.91	124,145.73	
C317852	Lynch		F	24,261.00	21,561.31	2.5	2,699.69	6,749.23	
C317993	Lynch			472,700.00	2,923.47	0.5	61,393.53	30,696.77	
C317449	Lyons		P	891,491.00	891,491.00	3	0.00	0.00	
C317405	Madison		P	1,892,461.00	1,892,461.00	3.06	0.00	0.00	
C317575	Malcolm	ARRA	F	750,000.00	388,320.83	1.343625	361,679.17	485,961.17	
C317613	Marquette	BASE	F	48,942.00	24,287.45	2	24,654.55	49,309.10	
C317998	Marquette		F	209,999.00	9,076.53	1.5	200,922.47	301,383.71	
C317832	Maxwell		F	125,063.00	40,187.85	0.5	84,875.15	42,437.58	
C317259	Maywood		P	184,518.00	184,518.00	3	0.00	0.00	
C317105	McCook		P	337,040.99	337,040.99	3	0.00	0.00	
C317150	McCook		P	1,903,003.00	1,903,003.00	3	0.00	0.00	
C317349	McCook	LAND	P	4,200,000.00	4,200,000.00	2.5	0.00	0.00	
C317451	McCool Junction		P	82,903.00	82,903.00	2.5	0.00	0.00	
C317331	McGrew		F	47,100.00	41,034.80	3	6,065.20	18,195.60	
C317854	Mead	FFATA	F	912,536.00	295,542.02	1.5	616,993.98	925,490.97	
C317217	Meadow Grove		F	138,190.00	116,110.27	3	22,079.73	66,239.19	
C317248	Melbeta		F	259,437.00	122,407.07	3.15	137,029.93	431,644.28	
C317169	Memphis		P	83,130.00	83,130.00	3	0.00	0.00	
C317250	Murray		F	1,425,000.00	929,627.32	2.95	495,372.68	1,461,349.41	
C317741	Nebraska City		F	4,889,865.00	1,727,641.99	0.5	3,162,223.01	1,581,111.51	
C317071	Neligh		F	1,653,678.00	1,544,903.40	3	108,774.60	326,323.80	
C317498	Newman Grove		F	333,099.00	259,921.32	3	73,177.68	219,533.04	
C317431	Nickerson		F	281,011.00	205,850.03	1.5	75,160.97	112,741.46	
C318024	Nickerson			400,000.00	0.00	1.5	0.00	0.00	
C317036-01	Norfolk		P	9,299,999.80	9,299,999.80	4.18	0.00	0.00	
C317142	North Bend		F	308,000.00	220,831.13	0.5	87,168.87	43,584.44	
C317122	North Platte		P	14,300,000.00	14,300,000.00	3.27	0.00	0.00	
C317351	North Platte		P	2,221,722.00	2,221,722.00	3.72	0.00	0.00	
C317074	Oakdale		P	209,957.00	209,957.00	3	0.00	0.00	
C317409	Oakland	ARRA	F	1,757,490.00	772,931.81	1.43	984,558.19	1,407,918.21	
C317682	Oconto		F	162,745.00	29,632.17	1.5	133,112.83	199,669.25	
C317152	Ogallala		P	2,397,400.00	2,397,400.00	3.23	0.00	0.00	
C317500	Ogallala		F	422,832.00	170,365.73	2	252,466.27	504,932.54	
C318006	Ogallala		F	2,054,266.00	0.00	1.5	2,054,266.00	3,081,399.00	

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C317005	Omaha		P	4,000,000.00	4,000,000.00	3.8	0.00	0.00	
C317016	Omaha		P	2,830,825.00	2,830,825.00	4	0.00	0.00	
C317052	Omaha		P	1,810,894.00	1,810,894.00	3.5	0.00	0.00	
C317079	Omaha		P	10,000,000.00	10,000,000.00	3	0.00	0.00	
C317082	Omaha		P	3,432,976.00	3,432,976.00	3.5	0.00	0.00	
C317182	Omaha		P	1,600,000.00	1,600,000.00	3	0.00	0.00	
C317311	Omaha		P	898,294.00	898,294.00	3	0.00	0.00	
C317319	Omaha		P	20,000,000.00	20,000,000.00	3.5	0.00	0.00	
C317375	Omaha		P	12,100,000.00	12,100,000.00	4	0.00	0.00	
C317432	Omaha	ARRA	P	6,592,000.00	6,592,000.00	1.478	0.00	0.00	
C317476	Omaha	BASE	P	7,354,121.00	7,354,121.00	2	0.00	0.00	
C317734	Omaha	FFATA	P	55,000,000.00	55,000,000.00	1.5	0.00	0.00	
C317735	Omaha		P	14,250,000.00	14,250,000.00	1.5	0.00	0.00	
C317805	Oshkosh			1,489,040.00	0.00	0.5	725,588.00	362,794.00	
C317205	Osmond	GP11	F	330,216.00	126,011.13	2.23	204,204.87	455,376.86	
C317229	Oxford		P	865,353.00	865,353.00	2.77	0.00	0.00	
C317543	Oxford		F	306,097.00	103,590.75	2.11	202,506.25	427,288.19	
C317414	Palmer		P	654,028.00	654,028.00	2.79	0.00	0.00	
C317353	Paxton		P	1,352,254.00	1,352,254.00	2.5	0.00	0.00	
C317807	Paxton		P	32,300.00	32,300.00	2	0.00	0.00	
C317087	Pickrell		F	350,000.00	327,088.24	4	22,911.76	91,647.04	
C317060	Plainview		F	968,910.00	568,602.67	0.5	400,307.33	200,153.67	
C317745	Platte Center	ARRA	F	128,690.00	57,961.39	2	70,728.61	141,457.22	
C317980	Platte Cnty SID #7		F	697,674.00	169,967.28	1.5	527,706.72	791,560.08	
C317526	Plattsmouth		F	1,599,810.00	634,651.04	2.19	965,158.96	2,113,698.12	
C317834	Plattsmouth		F	1,735,961.00	1,395,517.32	2	340,443.68	680,887.36	
C318015-E	Plattsmouth			4,275,000.00	427,812.00	0	2,780,167.00	0.00	
C317266	Pleasanton		P	117,076.00	117,076.00	3	0.00	0.00	
C317744	Pleasanton	ARRA	P	232,817.00	232,817.00	2	0.00	0.00	
C317035	Polk		P	81,453.00	81,453.00	3.5	0.00	0.00	
C317696	Polk Cnty SID #1	FFATA	P	2,024,805.00	2,024,805.00	2.25	0.00	0.00	
C318038	Prague			198,350.00	0.00	0	0.00	0.00	
C317992	Randolph		F	275,455.00	51,848.05	1.5	223,606.95	335,410.43	
C317506	Red Cloud	ARRA	F	372,404.00	183,283.33	1.33	189,120.67	251,530.49	
C317073	Rising City		F	350,340.00	235,735.63	2.55	114,604.37	292,241.14	
C317101	Riverton		F	140,442.00	140,442.00	3	0.00	0.00	
C317101-03	Riverton		P	14,629.78	14,629.78	3	0.00	0.00	
C317188	Rushville		P	1,035,000.00	1,035,000.00	3	0.00	0.00	
C317416	Ruskin		F	271,020.00	197,832.77	2.5	73,187.23	182,968.08	
C317128	Sarpy Cnty SID #101		P	4,785,104.84	4,785,104.84	3	0.00	0.00	
C318009	Sarpy County and Sarpy Cities Wastewater Agency	FFATA		5,000,000.00	0.00	0	3,055,401.00	0.00	
C317195	Schuyler		P	579,336.00	579,336.00	3	0.00	0.00	
C317215	Schuyler		P	2,481,856.00	2,481,856.00	3.01	0.00	0.00	
C317989	Scotia	GP18	F	66,513.00	4,452.81	1.25	62,060.19	77,575.24	

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C317001	Scottsbluff		P	2,453,873.39	2,453,873.39	3.26	0.00	0.00	
C317086	Scottsbluff		P	4,600,000.00	4,600,000.00	3	0.00	0.00	
C317219	Scottsbluff	ARRA	P	2,527,500.00	2,527,500.00	1.333334	0.00	0.00	
C317378	Scottsbluff		F	1,004,334.00	883,673.43	3	120,660.57	361,981.71	
C317813	Shelby		F	291,974.00	111,097.22	2.25	180,876.78	406,972.76	
C317062	Shelton		P	493,043.00	493,043.00	3.37	0.00	0.00	
C317301	Shelton		F	1,071,763.00	1,004,375.81	3	67,387.19	202,161.57	
C317189	Sidney	ARRA/BASE	F	4,125,000.00	2,033,260.70	1.333333	2,091,739.30	2,788,985.04	
C317433	Sidney	LAND	F	819,924.00	732,679.92	2.52	87,244.08	219,855.08	
C317945	Sidney	GO		1,792,000.00	143,701.67	1.25	1,042,523.33	1,303,154.16	
C317508	Silver Creek		F	175,165.00	107,101.54	2.75	68,063.46	187,174.52	
C317360	South Sioux City		F	3,112,135.00	1,608,857.27	0.5	1,503,277.73	751,638.87	
C317725	South Sioux City	ARRA	F	1,682,752.00	788,118.94	1.317	894,633.06	1,178,231.74	
C317835	South Sioux City	GP12/FFATA	F	1,444,535.00	497,971.10	0.5	946,563.90	473,281.95	
C317988	South Sioux City		F	1,403,146.00	243,169.18	0.5	1,159,976.82	579,988.41	
C318016	South Sioux City	GP19/FFATA		38,591,000.00	0.00	0.5	6,076,427.00	3,038,213.50	
C317363	Spencer		F	73,146.00	22,074.16	1.5	51,071.84	76,607.76	
C317897	Sprague		F	248,680.00	63,001.41	1.5	185,678.59	278,517.89	
C317027	St. Helena		P	70,695.00	70,695.00	3.5	0.00	0.00	
C317263	St. Paul		P	306,513.00	306,513.00	2.82	0.00	0.00	
C317080	Stamford		P	395,400.00	395,400.00	2.5	0.00	0.00	
C317164	Stanton		P	1,053,787.00	1,053,787.00	3	0.00	0.00	
C317985	Stanton Cnty SID #1 - Woodland Park		F	668,164.00	381,206.30	1.5	286,957.70	430,436.55	
C317011	Sterling		P	177,430.00	177,430.00	3.5	0.00	0.00	
C318012	Stratton			380,905.00	0.00	0.5	76,194.00	38,097.00	
C317048	Stromsburg		P	599,516.00	599,516.00	3.04	0.00	0.00	
C317320	Stromsburg		P	156,000.00	156,000.00	3.3	0.00	0.00	
C317510	Stuart		F	48,856.00	19,622.53	2	29,233.47	58,466.94	
C317096	Superior		P	341,898.00	341,898.00	3	0.00	0.00	
C317818	Superior		F	106,575.00	16,786.41	1.25	89,788.59	112,235.74	
C318000	Superior		F	225,000.00	9,724.91	1.5	215,275.09	322,912.64	
C317364	Sutherland		P	165,880.00	165,880.00	2.5	0.00	0.00	
C317365	Sutherland		F	960,299.00	197,448.97	1.5	762,850.03	1,144,275.05	
C317994	Sutherland		F	291,702.00	31,847.20	1.5	259,854.80	389,782.20	
C317190	Sutton		P	1,505,100.00	1,505,100.00	3.12	0.00	0.00	
C317430	Taylor		F	59,930.00	10,620.41	1.5	49,309.59	73,964.39	
C317231	Tecumseh		P	370,629.00	370,629.00	3	0.00	0.00	
C317051	Tekamah		P	1,297,286.00	1,297,286.00	3	0.00	0.00	
C317252	Tekamah	ARRA	F	879,140.00	390,748.73	0.5	488,391.27	244,195.64	
C317367	Valley		P	4,510,111.00	4,510,111.00	3.21	0.00	0.00	
C317023	Verdigre		P	30,410.00	30,410.00	3	0.00	0.00	
C317434	Verdigre		F	112,211.00	91,748.60	2.5	20,462.40	51,156.00	
C317460	Verdigre		F	200,000.00	94,060.66	3	105,939.34	317,818.02	
C317746	Verdigre		P	1,403,627.00	1,403,627.00	2	0.00	0.00	

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C318008	Verdigre	GP18		255,750.00	0.00	0.5	171,357.00	85,678.50	
C317220	Waco		P	100,300.00	100,300.00	3	0.00	0.00	
C317010	Wahoo		P	4,515,601.00	4,515,601.00	3.49	0.00	0.00	
C317222	Wakefield		F	132,535.00	47,705.56	2	84,829.44	169,658.88	
C318026	Waterloo			325,100.00	0.00	0.5	291,970.00	145,985.00	
C317423	Wauneta		F	144,160.00	19,536.11	1.5	124,623.89	186,935.84	
C317032	Wayne		F	1,838,650.00	375,581.73	0.5	1,463,068.27	731,534.14	
C317369	Wayne		F	4,949,020.00	2,086,282.95	0.5	2,862,737.05	1,431,368.53	
C317040	West Point		P	195,000.00	195,000.00	3.5	0.00	0.00	
C317055	West Point		F	5,116,139.00	3,703,130.51	0.5	1,413,008.49	706,504.25	
C317659	Western		F	69,863.00	34,972.87	2	34,890.13	69,780.26	
C317129	Wilber		P	570,000.00	570,000.00	3	0.00	0.00	
C317827	Winside		F	918,576.00	189,475.14	0.5	729,100.86	364,550.43	
C317012	Wisner		P	1,156,786.00	1,156,786.00	3.01	0.00	0.00	
C317426	Wisner	GP11	F	63,321.00	23,406.96	0.5	39,914.04	19,957.02	
C317979	Wisner		F	234,929.00	52,909.06	0.5	182,019.94	91,009.97	
C317723	Wolbach		P	20,500.00	20,500.00	2.25	0.00	0.00	
C317098	Wymore		P	248,700.00	248,700.00	3	0.00	0.00	
C317552	Wymore		P	402,800.00	402,800.00	3	0.00	0.00	
C317983	York	FFATA	F	23,043,162.00	2,006,928.87	1.5	21,036,233.13	31,554,349.70	
LOAN TOTALS				642,238,603.79	449,863,629.24		130,689,946.55	149,603,817.38	1.15
PROJECT IDENTIFIER CODES:									
AMERICAN RECOVERY & REINVESTMENT ACT		ARRA							
FEDERAL FUNDING ACCOUNTABILITY & TRANSPARENCY ACT		FFATA							
GENERAL OBLIGATIONS		GO							
GREEN PROJECT 2010		GP10							
GREEN PROJECT 2011		GP11							
GREEN PROJECT 2012		GP12							
GREEN PROJECT 2013		GP13							
GREEN PROJECT 2014		GP14							
GREEN PROJECT 2015		GP15							
GREEN PROJECT 2016		GP16							
GREEN PROJECT 2017		GP17							
GREEN PROJECT 2018		GP18							
GREEN PROJECT 2019		GP19							
GREEN PROJECT 2020		GP20							
GREEN PROJECT		GP							
NONPOINT SOURCE LAND ACQUISITION		LAND							
STATUS CODES:									
ACTIVE									
FINAL									
PAID OFF									

**Attachment 2
CWSRF - Binding Commitments**

Community Name	Project #C31	State Fiscal Year 2020				State Fiscal Year 2021			
		1st QTR	2nd QTR	3rd QTR	4th QTR	1st QTR	2nd QTR	3rd QTR	4th QTR
Program Administration									
Plattsmouth	15-E	4,275,000							
Sarpy County and Sarpy Cities Wastewater Agency	8009	5,000,000							
Central City	8013		200,000						
Crab Orchard	18-E		116,700						
Gretna Amd #1	7986		453,000						
Ogallala	8006		2,080,000						
Verdigre	8008		305,750						
Hampton	8023			150,000					
Oshkosh	7805			1,523,800					
Chambers	8029				245,250				
Falls City	8022				375,000				
Gothenburg Amd #1	7995				120,000				
Guide Rock Amd #1	8003				130,000				
Kearney	8020				21,500,000				
Knox County SID #1-Kohles Acres	8017				250,600				
South Sioux City	8016				31,591,000				
Waterloo	8026				325,100				
Program Administration									
Broadwater	8021					325,792			
Nickerson	8024					550,000			
Central City Amd #1	8013						100,000		
Oshkosh Amd #2	7805						400,000		
Knox County SID #1-Kohles Acres	8019							329,503	
Verdigre Amd #1	8008							100,000	
Clearwater	8025								638,445
Laurel	8030								894,607
Prague	8038								348,350
South Sioux City Amd #2	8016								7,000,000
(1) BINDING COMMITMENT TOTALS		9,275,000	3,155,450	1,673,800	54,536,950	875,792	500,000	429,503	8,881,402
(2) CUMULATIVE BINDING COMMITMENTS		676,856,346	680,011,796	681,685,596	736,222,546	737,098,338	737,598,338	738,027,841	746,909,243
FY BINDING COMMITMENT TOTALS				FY20:	68,641,200			FY21:	10,686,697
(3) REQUIRED BINDING COMMITMENT*		9,730,800			-	9,612,000			-
(4) CUMULATIVE REQUIRED AMOUNT		266,923,876	266,923,876	266,923,876	266,923,876	276,535,876	276,535,876	276,535,876	276,535,876
(5) BC AS % OF REQ'D BC AMOUNT		254	255	255	276	267	267	267	270

*120% of Federal Cap Grants lagged by a year

ATTACHMENT 3
CWSRF SMALL TOWN GRANT HISTORY

SFY 2021
ANNUAL REPORT

								First Half	Second Half	First Half	Second Half
								SFY 2022	SFY 2022	SFY 2023	SFY 2023
Community Name	Project # C31	SFY Prog Year	Grant Award Date	State Grant %	State Grant Amount	Paid Prior to SFY 2021	Paid During SFY 2021	Estimated 12-31-21	Estimated 6-30-22	Estimated 12-31-22	Estimated 6-30-23
Gilead	7709	2017	9/19/2016	50	78,100	78,100					
Lynch	7993	2017	6/21/2017	50	250,000	27,145	6,871	70,000	100,000	45,984	
SFY17 ALLOCATION TOTAL					328,100						
Gilead Amend	7709	2018	9/11/2017	3.1	16,900	15,861					
DeWeese	7991	2018	1/9/2018	3.6	20,000	20,000					
Marquette	7998	2018	2/13/2018	8	44,200	44,200					
Benkelman	8002	2018	6/1/2018	45.5	250,000	184,902	31,833	25,000	8,265		
Haigler	7999	2018	6/29/2018	39.8	218,675	154,380					
SFY18 ALLOCATION TOTAL					549,775						
Stratton	8012	2019	6/14/2019	100	145,000	907	28,097	50,000	50,000	15,996	
SFY19 ALLOCATION TOTAL					145,000						
Oshkosh	7805	2020	1/15/2020	50	250,000	4,356	127,646	50,000	50,000	17,998	
Chambers	8029	2020	6/9/2020	50	245,250	0	214,556	30,694			
SFY20 ALLOCATION TOTAL					495,250						
Nickerson	8024	2021	7/13/2020	39.5	250,000	0	0	75,000	75,000	50,000	50,000
Knox County SID #1-K	8019	2021	2/21/2021	26.9	170,497	0	79,720	50,000	40,777		
Clearwater	8025	2021	5/13/2021	33.6	212,815	0	0	75,000	50,000	50,000	37,815
SFY21 ALLOCATION TOTAL					633,312						

**ATTACHMENT 3
CWSRF SMALL TOWN GRANT HISTORY**

**SFY 2021
ANNUAL REPORT**

								First Half SFY 2022	Second Half SFY 2022	First Half SFY 2023	Second Half SFY 2023
Community Name	Project # C31	SFY Prog Year	Grant Award Date	State Grant %	State Grant Amount	Paid Prior to SFY 2021	Paid During SFY 2021	Estimated 12-31-21	Estimated 6-30-22	Estimated 12-31-22	Estimated 6-30-23
PRIOR APPROPRIATIONS PLUS TRANSFER					2,132,690						
FY01 FEE					408,853						
FY02 FEE					378,954						
FY03 FEE					479,073						
FY04 FEE					483,717						
FY05 FEE					500,000						
FY06 FEE					293,030						
FY07 FEE					333,481						
FY08 FEE					224,359						
FY09 FEE					463,116						
FY10 FEE					504,863						
FY11 FEE					707,995						
FY12 FEE					500,000						
FY13 FEE					418,473						
FY14 FEE					488,237						
FY15 FEE					415,665						
FY16 FEE					332,753						
FY17 FEE					328,100						
FY18 FEE					484,441						
FY19 FEE					145,000						
FY20 FEE					495,250						
FY21 FEE					633,312						
PLUS TRANSFERS					11,151,362						
PRIOR DISBURSEMENTS						8,787,749					
CURRENT DISBURSEMENTS							488,723				
PROJECTED DISBURSEMENTS								425,694	374,042	179,978	87,815
JULY 1, 2020 FUND BALANCE PLUS TRANSFERS						2,363,613					
JUNE 30, 2021 FUND BALANCE							1,874,890				
PROJECTED FUND BALANCE								1,449,196	1,075,154	895,176	807,361

**Attachment 4
2021 IUP Funding List Reconciliation**

Community	F or P	Project #C31	Estimated Project Cost	2021 IUP Estimated SRF Loan	Total Assistance	Actual Forgiveness and/or Small Town Grant	Net Loan Amount	Agreement Date	Comments
Amherst	F		2,200,000	2,200,000	0	0	0		Went to USDA
Aurora	F	8001	1,700,000	1,700,000	0	0	0		Signed in Aug 2021
Broadwater	F	8021	800,000	325,792	325,792	162,896	162,896	9/30/2020	
Broadwater	F	8021	800,000	325,792	-48,009	-24,005	-24,004	11/3/2020	
Chambers	F		1,000,000	1,000,000	0	0	0		Future work
Clearwater	F	8025	2,150,000	425,630	851,260	425,630	425,630	5/13/2021	
Fairbury	F		2,630,000	2,630,000	0	0	0		Signed July 2021
Falls City	F		930,000	930,000	0	0	0		Signing in Sept 2021
Fullerton	F		180,000	180,000	0	0	0		Progress delayed until next fiscal yr
Kearney	F		64,607,000	21,500,000	0	0	0		Same project as below 8020
Knox County SID #1-Kohles Acres	F	8019	729,300	329,503	500,000	170,497	329,503	2/21/2021	
Laurel	F	8030	593,000	894,607	894,607	178,921	715,686	4/21/2021	
Nickerson	F	8024	551,000	550,000	800,000	400,000	400,000	7/13/2020	
O'Neill	F		800,000	800,000	0	0	0		Signing in Sept 2021
Plattsmouth	F		6,000,000	6,000,000	0	0	0		Will fund in SFY 2022
Raymond	F		1,000,000	1,000,000	0	0	0		Will fund in SFY 2022
Sarpy County and Sarpy Cities Wastewa	F		35,000,000	35,000,000	0	0	0		Signing in Sept 2021
South Sioux City	F		31,500,000	31,500,000	0	0	0		Same project as below 8016
Waterloo	F		900,000	900,000	0	0	0		Same project as below 8026
SFY 2021 Planning List - Bypass Systems									
Prague	P	8038	595,000	348,350	348,350	150,000	198,350	5/19/2021	
Funded Projects, but Not on 2021 Priority List									
Central City Amd #1	P	8013	200,000	200,000	100,000	50,000	50,000	12/16/2020	
Chambers	P	8029	490,500	490,500	490,500	245,250	245,250	6/9/2020	
Falls City	P	8022	375,000	375,000	375,000	150,000	225,000	5/28/2020	
Hampton	P	8023	230,000	150,000	150,000	0	150,000	3/24/2020	
Kearney	P	8020	55,773,300	21,500,000	21,500,000	0	21,500,000	4/27/2020	
Knox County SID #1-Kohles Acres	P	8017	250,600	250,600	250,600	0	250,600	4/21/2020	
Oshkosh Amd #2	P	7805	1,773,800	1,523,800	400,000	284,760	115,240	10/19/2020	
South Sioux City	P	8016	46,150,000	31,591,000	31,591,000	0	31,591,000	5/11/2020	
South Sioux City Amd #2	P	8016	46,150,000	31,591,000	7,000,000	0	7,000,000	4/13/2021	
Verdigre Amd #1	P	8008	305,750	305,750	100,000	0	100,000	2/26/2021	
Waterloo	P	8026	700,000	325,100	325,100	0	325,100	5/6/2020	
Guide Rock Amd #1	P	8003	100,000	100,000	130,000	65,000	65,000	4/29/2020	
Gothenburg Amd #1	P	7995	625,000	625,000	120,000	0	120,000	6/12/2020	

ATTACHMENT 5

**AUDIT REPORT OF THE
NEBRASKA DEPARTMENT OF ENVIRONMENT AND ENERGY
CLEAN WATER STATE REVOLVING FUND PROGRAM**

JULY 1, 2019 THROUGH JUNE 30, 2020



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
auditors.nebraska.gov

March 23, 2021

Ryan Phillips, Accounting & Finance
Manager Nebraska Department of
Environment and Energy 245 Fallbrook
Blvd. P.O. Box 98922
Lincoln, NE 68509

Dear Mr. Phillips:

Attached is a copy of the audit report of the Nebraska Department of Environment and Energy – Clean Water State Revolving Fund Program for the fiscal year ended June 30, 2020. You can also access the report on our website at auditors.nebraska.gov.

If you have any questions concerning this report, please do not hesitate to write or call.

Sincerely,

A handwritten signature in cursive script that reads "C. Janssen".

Charlie Janssen
State Auditor

Enclosure

**AUDIT REPORT
OF THE
NEBRASKA DEPARTMENT OF
ENVIRONMENT AND ENERGY
CLEAN WATER STATE REVOLVING
FUND PROGRAM**

JULY 1, 2019, THROUGH JUNE 30, 2020

**This document is an official public record of the State of Nebraska,
issued by the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original
document and may be prohibited by law.**

Issued on March 23, 2021

NEBRASKA DEPARTMENT OF ENVIRONMENT AND ENERGY
CLEAN WATER STATE REVOLVING FUND PROGRAM

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NEBRASKA DEPARTMENT OF ENVIRONMENT AND ENERGY CLEAN
WATER STATE REVOLVING FUND PROGRAM

BACKGROUND

The Nebraska Department of Environment and Energy (Department) – Clean Water State Revolving Fund Program

(Program) was established pursuant to Title VI of the Federal Clean Water Act, as amended by the Water Quality Act of 1987. Created by 1988 Neb. Laws, LB 766, § 1, the Wastewater Treatment Facilities Construction Assistance Act is set out at Neb. Rev. Stat. § 81-15,147 et seq. (Reissue 2014, Cum. Supp. 2020). The Federal Water Quality Act and State statutes established the Program to provide loans, at reduced interest rates, to finance the construction of publicly and privately owned water pollution control facilities, non-point source pollution control projects, and estuary management plans.

Instead of making grants to communities that pay for a portion of the building of wastewater treatment facilities, the Program provides for low-interest loans to finance the entire cost of qualified projects. The Program provides a flexible financing source, which can be used for a variety of projects. Loans made by the Program must be repaid within the lesser of 30 years or the projected useful life of the project, and all repayments, including interest and principal, must be used for the purposes of the Program.

The Program was capitalized by the United States Environmental Protection Agency (EPA) through a series of annual grants starting in 1989. States are required to provide an additional 20% of the Federal capitalization grant as matching funds in order to receive a Federal grant. As of June 30, 2020, the EPA had awarded \$232 million in capitalization grants to the State. Of the \$232 million awarded, approximately \$20 million was funded by the American Recovery and Reinvestment Act (ARRA). The \$212 million not funded by ARRA required the State to contribute approximately \$42.4 million in matching funds. Since the inception of the Program, the State has appropriated \$955,000 to meet the State's matching requirement. Additional matching funds have been obtained through the issuance of revenue bonds.

The Program is administered by the Department. The Department's primary activities with regard to the Program include the making of loans for water pollution control facilities and the management and coordination of the Program. The Nebraska Environmental Quality Council approves the rules and regulations of the Department, the Program's Intended Use Plan, loan interest rates, and revenue bonding amounts.

NEBRASKA DEPARTMENT OF ENVIRONMENT AND ENERGY CLEAN
WATER STATE REVOLVING FUND PROGRAM

KEY OFFICIALS AND DEPARTMENT CONTACT INFORMATION

**Nebraska Department of Environment and Energy –
Clean Water State Revolving Fund Program
Executive Management**

Name	Title
Jim Macy	Director
Kevin Stoner	Deputy Director – Administration
Kara Valentine	Deputy Director – Water Programs
Ryan Phillips	Accounting & Finance Manager

Nebraska Department of Environment and Energy
245 Fallbrook Blvd.
P.O. Box 98922
Lincoln, NE 68509 dee.ne.gov

NEBRASKA DEPARTMENT OF ENVIRONMENT AND ENERGY CLEAN
WATER STATE REVOLVING FUND PROGRAM

COMMENT AND RECOMMENDATION

During our audit of the Nebraska Department of Environment and Energy (Department) – Clean Water State Revolving Fund Program (Program), we noted certain matters involving the internal control over financial reporting and other operational matters that are presented here.

1. Financial Statement Errors

During our audit of the Program trial balance and financial statements, we noted the following errors:

- The calculation of the compensated absences accrual amount is done based on the amount of time worked on the Program using payroll from the fiscal year. When preparing the accrual for fiscal year 2020, the calculation was based incorrectly on payroll for fiscal year 2019, which caused the accrual to be understated by \$39,504. Consequently, the following accounts were misstated:
 - Administrative Costs from Fees expense was understated by \$33,502.
 - 4% Administrative Costs from Grants expense was understated by \$6,002.
 - Compensated Absences – Current was understated by \$4,346.
 - Compensated Absences – Non-Current was understated by \$35,158.
- During testing of expenses recorded in July and August of 2020, we identified one expense for services provided during fiscal year 2020 that was not accrued properly. This caused both Administrative Costs from Fees expense and Accounts Payable & Accrued Liabilities to be understated by \$10,410.
- During testing of expenses, we identified two payments to Northbridge Environmental for the development of the Loan and Grants Tracking System that should have been capitalized but were expensed. While reviewing the proposed adjustment, the Department identified an additional expense that should have been capitalized. In total, Capital Assets were understated by \$22,866.
 - During review of the financial statements, several amounts in the calculation of the Operating Expense classification were identified as not updated from the preparation of the fiscal year 2019 financial statements. This caused Administrative Costs from Fees expense to be understated by \$9,949 and 4% Administrative Costs from Grants expense to be overstated by \$9,949.

The Auditor of Public Accounts (APA) discussed the identified errors with the Department, and audit adjustments were made to correct the errors when proposed by the APA.

A similar finding was noted during the previous four audits.

A good internal control plan and sound accounting practices require procedures to ensure that accounting accrual entries and estimates are accurate and complete for proper financial statement presentation. Without such procedures, there is an increased risk of materially misstating the financial statements.

We recommend the Department strengthen procedures to ensure accounting entries are proper and complete for accurate financial presentation.

Department Response: The amount of manual processing time required to complete the CWSRF financials led to multiple financial statement errors. The agency has an agreement with Northbridge, the Loan Grant Tracking Software provider, to create a set of financials statements which will prevent most of the manual errors. The agency will use the EnterpriseOne trial balance while relying on the Northbridge software to produce the balance sheet, income statement, and statement of cash flows. Thus, eliminating the need for manual processing.

NEBRASKA DEPARTMENT OF ENVIRONMENT AND ENERGY
CLEAN WATER STATE REVOLVING FUND PROGRAM

COMMENT AND RECOMMENDATION

(Concluded)

It should be noted this report is critical in nature, containing only our comment and recommendation on the areas noted for improvement.

Draft copies of this report were furnished to the Department to provide its management with an opportunity to review and to respond to the comment and recommendation contained herein. The formal response received has been incorporated into this report. A response that indicates corrective action has been taken was not verified at this time, but it will be verified in the next audit.



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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NEBRASKA DEPARTMENT OF ENVIRONMENT AND ENERGY
CLEAN WATER STATE REVOLVING FUND PROGRAM

INDEPENDENT AUDITOR'S REPORT

Nebraska Department of Environment and Energy
Lincoln, Nebraska

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Nebraska Department of Environment and Energy – Clean Water State Revolving Fund Program as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Nebraska Department of Environment and Energy – Clean Water State Revolving Fund Program's basic financial statements, as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the business-type activities of the Nebraska Department of Environment and Energy – Clean Water State Revolving Fund Program, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Nebraska Department of Environment and Energy – Clean Water State Revolving Fund Program are intended to present the balance sheet, the changes in financial position, and cash flows of only that portion of the business-type activities of the State that is attributable to the transactions of the Nebraska Department of Environment and Energy – Clean Water State Revolving Fund Program. They do not purport to, and do not, present fairly the balance sheet of the Nebraska Department of Environment and Energy as of June 30, 2020, and the changes in its financial position, or its cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matter**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 7 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards and Regulatory Requirements**Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2021, on our consideration of the Nebraska Department of Environment and Energy – Clean Water State Revolving Fund Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Nebraska Department of Environment and Energy – Clean Water State Revolving Fund Program's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Program's internal control over financial reporting and compliance.

Report on Regulatory Requirements

In accordance with the *U.S. Office of Management and Budget (OMB) Compliance Supplement*, we have also issued our report dated March 10, 2021, on our consideration of the Nebraska Department of Environment and Energy – Clean Water State Revolving Fund Program's internal control over compliance and our tests of its compliance with certain provisions of laws, regulations, and grants.



Mark Avery, CPA
Assistant Deputy Auditor

Lincoln, Nebraska
March 10, 2021

NEBRASKA DEPARTMENT OF ENVIRONMENTAL QUALITY
CLEAN WATER STATE REVOLVING FUND PROGRAM

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Nebraska Department of Environment and Energy (Department) – Clean Water State Revolving Fund Program's (Program) financial report presents a narrative overview and analysis of the financial activities of the Program for the fiscal year ended June 30, 2020. This analysis has been prepared by management of the Department and is intended to be read in conjunction with the Program's financial statements and related footnotes, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Program's basic financial statements. The Program's basic financial statements include the following: 1) Balance Sheet; 2) Statement of Revenues, Expenses, and Changes in Net Position; 3) Statement of Cash Flows; and 4) Notes to the Financial Statements.

The Balance Sheet presents information on all of the Program's assets and liabilities, with the difference between the two reported as net position. The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the Program's net position changed during the most recent fiscal year.

The Statement of Cash Flows presents the Program's flows of cash by defined categories. The primary purpose of the Statement of Cash Flows is to provide information about the Program's cash receipts and payments during the year.

The Notes to the Financial Statements are an integral part of the financial statements and provide information that is essential to a full understanding of the data provided in the financial statements.

ANALYSIS OF BALANCES AND TRANSACTIONS – ENTERPRISE FUND

Changes in Net Position

For the fiscal year ended June 30, 2020, the Ending Net Position of the Program increased by 4.2%. The increase in Net Position was largely impacted for three reasons. The first is due to the volume of Operating Revenues collected, \$5,319,226, which is loan interest and fees with an additional \$2,078,766 interest earned through the Operating Investment Pool on the fund balance. The second is the Program continued to receive Federal grants and drew down \$8,013,306, which contributed on a FIFO basis in accordance with the request from the EPA. The third is the costs of administering the Program were maintained at a low level.

Changes in Current Liabilities

Dollars Due to Grant Recipients increased by \$225,912 in fiscal year 2020 over fiscal year 2019 because fiscal year 2020 had higher amounts for Loan Forgiveness and Small Town Grants.

Changes in Net Investment in Capital Assets

The fiscal year over year comparison represents an inception-to-date summary. In fiscal year 2019, the Program invested \$80,441 in the Loan and Grant Tracking System (LGTS). In fiscal year 2020, an additional \$39,252 was invested in LGTS software development.

NEBRASKA DEPARTMENT OF ENVIRONMENT AND ENERGY
 CLEAN WATER STATE REVOLVING FUND PROGRAM
 CLEAN WATER STATE REVOLVING FUND PROGRAM

MANAGEMENT'S DISCUSSION AND ANALYSIS
 (Continued)

Balance Sheet			
	2020	2019	% Change
Current Assets	\$ 121,335,663	\$ 104,659,612	15.9%
Non-current Assets	216,267,916	219,125,665	-1.3%
Total Assets	337,603,579	323,785,277	4.3%
Current Liabilities	378,362	141,817	166.8%
Non-current Liabilities	52,040	50,048	4.0%
Total Liabilities	430,402	191,865	124.3%
Net Position:			
Net Investment in Capital Assets	372,931	333,679	11.8%
Unrestricted	336,800,246	323,259,733	4.2%
Total Net Position	\$ 337,173,177	\$ 323,593,412	4.2%

CHANGES IN NET POSITION

	2020	2019	% Change
Loan Fees Administration	\$ 1,692,988	\$ 1,600,539	5.8%
Interest on Loans	3,626,238	3,509,169	3.3%
Total Operating Revenues	5,319,226	5,109,708	4.1%
Administration	758,175	825,799	-8.2%
Grant Expense	531,212	176,403	201.1%
Loan Forgiveness	544,633	415,765	31.0%
Total Operating Expenses	1,834,020	1,417,967	29.3%
Operating Income	3,485,206	3,691,741	-5.6%
Federal Grants	8,013,306	7,935,361	1.0%
Interest Revenue	2,078,766	1,862,204	11.6%
Bond Revenue (Expense)	2,487	4,283	-41.9%
Total Non-Operating Revenue (Expense)	10,094,559	9,801,848	3.0%
Change in Net Position	13,579,765	13,493,589	0.6%
Beginning Net Position July 1	323,593,412	310,099,823	4.4%
Ending Net Position June 30	\$ 337,173,177	\$ 323,593,412	4.2%

Loan forgiveness is awarded to communities who meet specific guidelines for need. It is not paid to a community until that community has allowable expenditures to report and, therefore, has a construction project that has commenced.

Federal funds disbursed will vary each year depending on the size of each draw, the timing of each draw, the number of communities applying for loans, and the number of loans successfully processed. Changes are inherent in the Program and are expected when draws are based on community requests.

NEBRASKA DEPARTMENT OF ENVIRONMENT AND ENERGY
CLEAN WATER STATE REVOLVING FUND PROGRAM
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

ECONOMIC OUTLOOK

The State has continued to take steps to avert major economic impacts both statewide and within communities. The small rural makeup of the State remains a challenge for communities in funding major capital projects. Declining population bases make it difficult to draw the amount of user fees needed to fund capital infrastructure projects to address wastewater issues.

DEBT ADMINISTRATION

Short-Term Debt

The Program had debt activity during the fiscal year that was short-term in nature resulting from a bond issue. The issue was for \$1,640,000, which was repaid and retired within the same fiscal year.

LINKED DEPOSIT PROGRAM

The Department continues the implementation of a linked deposit program for nonpoint source pollution control projects through revisions of Title 131 of the Nebraska Administrative Code. The Clean Water State Revolving Fund will partner with eligible lending institutions, which will disburse loans to borrowers for these projects through a linked deposit loan program. Under this program, the State agrees to place funds into low-yielding deposits, and the lending institution agrees to provide loans to borrowers at similarly reduced interest rate below common market rates. Title 131 revisions were presented to the Environmental Quality Council in November 2015 and approved. With those revisions, marketing and communication of the program has begun.

LOANS AND GRANTS TRACKING SYSTEM SOFTWARE (LGTS)

LGTS is a comprehensive software application developed by Northbridge Environmental, which is designed for Nebraska's State Revolving Fund (SRF) managers and staff to track and manage all aspects of their Clean and Drinking Water SRF programs from project loan application to final repayment, as well as to track all capital contributions, set-aside spending, and bond issuance and repayment.

The software was developed to address the data management needs for all of the steps in the SRF management process, including priority list development, facility location and identification, engineering review and milestone tracking, inspections, contacts, contract approvals and change orders, detailed payment request processing, project spending forecasts, encumbrances, funding draws and transfers, disbursements, amortization schedule creation and management, billing, repayment processing, fund deposits, and tracking of repaid funds by their original source. The software also contains a general ledger that each state can customize to match existing accounting systems and create trial balances, financial statements, and related financial schedules.

LGTS has built-in role based security that requires users to log in each time they open the program. This security system is based on defined roles that each user is playing in the program. Security roles limit users to performing certain functions.

Historical data is extracted from spreadsheets or other data systems to load LGTS with data, test the validity of the data, and ensure that LGTS can be used effectively. This task is handled by a combination of staff efforts to assemble existing data sources and outside help to ensure that the data is used properly. This process usually yields a dual benefit of having a system with clean data and provides a quality assurance check of the many transactions that have occurred years ago and often by a number of staff members.

NEBRASKA DEPARTMENT OF ENVIRONMENT AND ENERGY
CLEAN WATER STATE REVOLVING FUND PROGRAM
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Concluded)

Nebraska's State Revolving Fund programs have begun implementation of the LGTS system. During fiscal year 2014, planning of the implementation phases, business rules, and hardware/software installations occurred. During fiscal years 2015 through 2020, the system was used concurrently with existing systems to create a basis for reliability and consistency. Once dependable, reconciled results will be established, the existing internal system will be discontinued, and LGTS will become the sole system for use within the SRF program alongside the State Accounting system.

Contract costs for the purchase and implementation of the LGTS system previously had been handled through the existing Northbridge contract with the Federal Environmental Protection Agency (EPA) procurement. Therefore, expenditures were withheld as an "in-kind" deduction to the total annual grant, which was awarded to the Program each year. The Federal EPA staff negotiated, monitored, and managed the Northbridge contract for LGTS. The EPA program contract was cancelled and the final expenditures were in October 2019. Beginning in May 2020, the Agency funds the program enhancements by paying Northbridge invoices directly.

The Department is capitalizing the costs that NDEE pays directly to Northbridge, as well as the cost of staff time utilized for implementation.

NEBRASKA DEPARTMENT OF ENVIRONMENT AND ENERGY
 CLEAN WATER STATE REVOLVING FUND PROGRAM
BALANCE SHEET
 June 30, 2020

	Enterprise Fund
ASSETS	
CURRENT ASSETS:	
Cash in State Treasury (Note 2)	\$ 106,808,431
Due from Federal Government	23,664
Interest Receivable	150,990
Loans Receivable (Note 3)	<u>14,352,578</u>
TOTAL CURRENT ASSETS	<u>121,335,663</u>
NON-CURRENT ASSETS	
Loans Receivable (Note 3)	215,894,985
Capital Assets, Net (Note 4)	<u>372,931</u>
TOTAL NON-CURRENT ASSETS	<u>216,267,916</u>
TOTAL ASSETS	<u>\$ 337,603,579</u>
LIABILITIES	
CURRENT LIABILITIES:	
Accounts Payable & Accrued Liabilities	\$ 59,642
Due to Grant Recipients (Note 1)	312,288
Compensated Absences (Note 6)	<u>6,432</u>
TOTAL CURRENT LIABILITIES	<u>378,362</u>
NON-CURRENT LIABILITIES:	
Compensated Absences (Note 6)	<u>52,040</u>
TOTAL NON-CURRENT LIABILITIES	<u>52,040</u>
TOTAL LIABILITIES	<u>430,402</u>
NET Position	
Net Investment in Capital Assets	372,931
Unrestricted	<u>336,800,246</u>
TOTAL NET POSITION	<u>337,173,177</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 337,603,579</u>

The accompanying notes are an integral part of the financial statements.

NEBRASKA DEPARTMENT OF ENVIRONMENT AND ENERGY
 CLEAN WATER STATE REVOLVING FUND PROGRAM
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 For the Year Ended June 30, 2020

	Enterprise Fund
OPERATING REVENUES:	
Loan Fees Administration (Note 8)	\$ 1,692,988
Interest on Loans	<u>3,626,238</u>
TOTAL OPERATING REVENUES	<u>\$ 5,319,226</u>
OPERATING EXPENSES:	
Administrative Costs from Fees (Note 10)	622,226
4% Administrative Costs From Grants (Note 10)	135,949
Small Town Grants (Note 10)	512,384
Project Planning Activities and Report Grants (Note 10)	18,828
Loan Forgiveness (Note 10)	<u>544,633</u>
TOTAL OPERATING EXPENSES	<u>\$ 1,834,020</u>
OPERATING INCOME	3,485,206
NONOPERATING REVENUE (EXPENSE):	
Capital Contributions - Federal Grants (Note 7)	7,988,498
Capital Contributions - Federal Grants - Capital Assets	24,808
Interest on Fund Balance - State Operating Investment Pool (Note 9)	2,078,766
Bond Revenue (Expense)	<u>2,487</u>
TOTAL NONOPERATING REVENUE (EXPENSE)	<u>10,094,559</u>
CHANGE IN NET POSITION	13,579,765
TOTAL NET POSITION, BEGINNING OF YEAR	<u>323,593,412</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ 337,173,177</u>

The accompanying notes are an integral part of the financial statements.

NEBRASKA DEPARTMENT OF ENVIRONMENT AND ENERGY
 CLEAN WATER STATE REVOLVING FUND PROGRAM
STATEMENT OF CASH FLOWS
 For the Year Ended June 30, 2020

Enterprise Fund

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from Customers	\$ 21,315,902
Payments for Administration	(745,550)
Payments for Small Town Grants	(327,858)
Payments for Project Planning Activities and Report Grants	(18,828)
Payments for Loan Forgiveness	(503,247)
Payments to Borrowers	<u>(13,768,904)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 5,951,515</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:

Grants Received from the Environmental Protection Agency	8,000,729
Receipts from Bond Issue	1,640,000
Repayment of Bond	(1,640,000)
Bond Receipts (Payments)	<u>2,487</u>
NET CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	<u>8,003,216</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:

Capital Contributions	24,808
Purchase of Capital Assets	<u>(39,252)</u>
NET CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	<u>\$ (14,444)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest on Investments	<u>2,108,018</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>\$ 2,108,018</u>

Net Increase in Cash and Cash Equivalents	16,048,305
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>90,760,126</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 106,808,431</u>

RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:

Operating Income	\$ 3,485,206
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:	
(Increase)/Decrease in Loans Receivable	2,227,772
Increase/(Decrease) in Compensated Absences	3,474
Increase/(Decrease) in Accounts Payable & Accrued Liabilities	9,151
Increase/(Decrease) in Payables to Grant Recipients	<u>225,912</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 5,951,515</u>

The accompanying notes are an integral part of the financial statements.

NEBRASKA DEPARTMENT OF ENVIRONMENT AND ENERGY
CLEAN WATER STATE REVOLVING FUND PROGRAM

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying basic financial statements of the Nebraska Department of Environment and Energy (Department) – Clean Water State Revolving Fund Program (Program) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The basic financial statements have been prepared primarily from accounts maintained by the State Accounting Administrator of the Department of Administrative Services (DAS).

B. Reporting Entity

The Program is established under and governed by the Clean Water Act of the Federal Government and by laws of the State of Nebraska. The Department is a State agency established under and governed by the laws of the State of Nebraska. As such, the Department is exempt from State and Federal income taxes. The Program's management has also considered all potential component units for which it is financially accountable and other organizations that are fiscally dependent on the Program or whose relationship with the Program is so significant that exclusion would be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Department to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Department. The Department is also considered financially accountable if an organization is fiscally dependent on, and there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Department, regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

These financial statements present the Program. No component units were identified. The Program is part of the primary government for the State of Nebraska's reporting entity.

C. Fund Structure

The Program's accounts are maintained in accordance with the principles of fund accounting to ensure compliance with limitations and restrictions placed on the use of resources available to it. Under fund accounting, individual funds are established for the purpose of carrying on activities or attaining objectives in accordance with specific regulations, restrictions, or limitations. Each individual fund is a self-balancing set of accounts recording cash and other financial resources, together with liabilities and residual equities or balances, and changes therein.

The State accounting system includes the following funds, as identified in the Wastewater Treatment Facilities Construction Assistance Act:

NEBRASKA DEPARTMENT OF ENVIRONMENT AND ENERGY
CLEAN WATER STATE REVOLVING FUND PROGRAM

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies

(Continued)

- Clean Water Facilities Funds – Federal Funds 48412 and 48413; and Repaid Principal and Bond Funds 68471, 68472, and 68473.
- Administration Funds – Cash Funds 28460.

These funds are used to account for revenues and expenses for loans and administrative expenses of the Program.

The activity of these State of Nebraska funds has been combined and reported as an enterprise fund, which under governmental GAAP is a proprietary fund type. This fund type reflects transactions used to account for those operations that are financed and operated in a manner similar to a private business. The accounting for the Program's transactions in this manner is a requirement of the Environmental Protection Agency (EPA), as it and the Department have decided that the determination of the revenues earned, expenses incurred, and/or net income is necessary to demonstrate the success of the Program and to assure the EPA the Program will be available in perpetuity, as intended.

This fund classification differs from the classification used in the State of Nebraska's Comprehensive Annual Financial Report (CAFR). The CAFR classifies the Cash funds, Federal funds, and Bond funds as special revenue funds, as they meet the definition of special revenue funds under GASB Statement 54. In that statement, special revenue funds are defined as funds used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes.

D. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. An enterprise fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the fund are included on the balance sheet. Enterprise fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Enterprise funds utilize the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

E. Cash and Cash Equivalents

In addition to bank accounts and petty cash, this classification includes all short-term investments, such as certificates of deposit, repurchase agreements, and U.S. treasury bills. These short-term investments have original maturities (remaining time to maturity at acquisition) of three months or less. These investments are stated at cost, which at June 30, 2020, approximates fair value due to their short-term nature. Banks pledge collateral, as required by law, to guarantee State funds held in time and demand deposits.

Cash and cash equivalents are under the control of the State Treasurer or other administrative bodies, as determined by law. All cash deposited with the State Treasurer is initially maintained in a pooled cash account. On a daily basis, the State Treasurer invests cash not needed for current operations with the State's Investment Council, which maintains an operating investment pool for such investments. Interest earned on these investments is allocated to funds based on their percentage of the investment pool.

NEBRASKA DEPARTMENT OF ENVIRONMENT AND ENERGY
CLEAN WATER STATE REVOLVING FUND PROGRAM

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies

F. Loans Receivable

The State operates the Program as a direct loan program, whereby loans are made to communities. Loan funds are disbursed to the local agencies as they expend funds for the purposes of the loan. Interest is calculated from the date the funds are advanced. After the final disbursement has been made, the amortization schedule identified in the loan agreement is adjusted for the actual amounts disbursed. The interest rates on loans range from 1.25% to 4.0%, and the terms on outstanding loans range from 9.5 to 30.5 years.

The Program loans are funded from Federal capitalization grants, State match funding, and the Clean Water State Revolving Fund. The grants are funded, on average, 83.33% from Federal funds and 16.67% from State match funds. Reimbursements to communities are paid 100% from State matching funds until they have been exhausted, and then from Federal capitalization grant funds or Clean Water State Revolving Funds. The Clean Water State Revolving Fund is financed through principal repayments plus interest earnings available to finance new projects, allowing the funds to “revolve” over time.

The current loans receivable amount was determined using the amount of principal payment due to the Program at June 30, 2020, which is collectible in fiscal year 2021. Loans receivable that were paid in full, prior to their due date, as of August 31, 2020, were included in the current loans receivable balance as opposed to the long-term receivable balances.

No provisions were made for uncollectible accounts, as management believed all loans would be repaid according to the loan terms.

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at fiscal year-end and revenues and expenditures during the reporting period. Actual results could differ from those estimates.

H. Compensated Absences

All permanent employees working for the Program earn sick and annual leave and are allowed to accumulate compensatory leave rather than be paid overtime. Temporary and intermittent employees are not eligible for paid leave. The liability has been calculated using the vesting method, in which leave amounts, for both employees currently eligible to receive termination payments and other employees expected to become eligible in the future to receive such payments upon termination, are included.

Program employees accrue vested annual leave at a variable rate based on years of service. Generally, accrued annual leave cannot exceed 35 days at the end of a calendar year. Employees accrue sick leave at a variable rate based on years of service. In general, accrued sick leave cannot exceed 240 days. There is no maximum limit on the accumulation of sick leave days for employees under certain labor contracts. Sick leave is not vested except upon death or upon reaching the retirement eligibility age of 55 – or a younger age, if the employee meets all criteria necessary to retire under the primary retirement plan covering his/her State employment, at which time the State is liable for 25 percent of the employee’s accumulated sick leave.

Employees under certain labor contracts can only be paid a maximum of 60 days.

NEBRASKA DEPARTMENT OF ENVIRONMENT AND ENERGY
CLEAN WATER STATE REVOLVING FUND PROGRAM

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies

(Concluded)

The Program's financial statements recognize the expense and accrued liability when vacation and compensatory leave is earned or when sick leave is expected to be paid as termination payments.

I. Due to Grant Recipients

The Program awards Project Planning Activities and Report Grants, and Small Town Grants to communities with populations below 10,000 demonstrating serious financial hardship. Municipalities with wastewater treatment facility projects that have made application for grants and whose needs are identified on the Project Priority Planning List on the annual Intended Use Plan and who also meet the population and financial hardship guidelines are given priority for receiving grants.

The Program may choose to provide additional subsidization for municipalities in the form of loan forgiveness, up to a maximum of \$150,000 per project. The Program's power and authority to distribute the additional subsidization is an existing authority under the State Environmental Protection Act at Neb. Rev. Stat. § 81-1504(4) (Cum. Supp. 2020) and the Wastewater Treatment Facilities Construction Assistance Act at Neb. Rev. Stat. § 81-15,150 (Cum. Supp. 2020). To qualify for loan forgiveness, a community must be considered disadvantaged in regards to meeting affordability criteria, and have a population equal to or fewer than 10,000 people. The loan recipient will not be required to repay the portion of the loan principal that has been designated as loan forgiveness under the terms and conditions of the loan contract. Loan forgiveness is considered a grant for purposes of the financial statements, since repayment is not required.

For Project Planning Activities and Report Grants, Small Town Grants and Loan Forgiveness awards, once the municipality submits proof of vendor payment to the Department, it is reimbursed for its project costs by the Program. The Program's financial statements recognized the expense and accrued liability to the Program when the municipality incurred the project expense, which may not have been in the same fiscal year as when costs were reimbursed by the Program.

J. Operating Revenues and Expenses

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Program's principal ongoing operations. The operating revenues of the Program include loan fees administration and interest on loans, since making loans is the primary purpose of the Program. The operating expenses of the Program are administration expenses, small town grants, project planning activities and report grants, and loan forgiveness.

K. Capital Assets

The Program has only one capital asset, the Loans and Grants Tracking System (LGTS) software, and it is recorded at cost. The Department began the development phase of the LGTS software during the fiscal year ended June 30, 2014, and is anticipating this phase to be completed during the fiscal year ended June 30, 2021. The LGTS software is considered an Intangible Capital Asset, and the Department follows the capitalization policy set forth by the State of Nebraska for Intangible Capital Assets, which requires capitalization of such assets when the cost of such asset is in excess of \$100,000 and has an expected life of greater than one year. The LGTS software has an estimated useful life of seven years. Depreciation/amortization will begin upon completion of the development phase and the software being put into production and will be computed using the straight-line method over the estimated useful life of the asset.

NEBRASKA DEPARTMENT OF ENVIRONMENT AND ENERGY
CLEAN WATER STATE REVOLVING FUND PROGRAM

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

2. Cash in State Treasury

Cash in State Treasury, as reported on the balance sheet, is under the control of the Nebraska State Treasurer or other administrative bodies, as determined by law. Investment of all available cash is made by the State Investment Officer on a daily basis, based on total bank balances. These funds are held in the State of Nebraska Operating Investment Pool (OIP), an internal investment pool. Additional information on the deposits and investments portfolio, including investment policies, risks, and types of investments, can be found in the State of Nebraska's CAFR for the fiscal year ended June 30, 2020. All interest revenue is allocated to the General Fund except allocations required by law to be made to other funds. All funds of the Program were designated for investment during fiscal year 2020. Amounts are allocated on a monthly basis based on average balances of all invested funds.

3. Loans Receivable

As of June 30, 2020, the Program had 188 outstanding community loans that totaled \$230,247,563. The outstanding balances of the 10 communities with the largest loan balances, which represent 75.4% of the total loans, were as follows:

<u>Community</u>	<u>Outstanding Balance</u>
Omaha	\$ 68,506,000
Grand Island	29,341,217
York	22,047,195
Lincoln	17,328,218
Kearney	10,433,877
Gretna	6,371,765
Dakota City	6,056,666
South Sioux City	4,896,153
Wayne	4,638,088
Broken Bow	3,961,187
TOTAL	<u>\$ 173,580,366</u>

4. Capital Assets

The Program's capital assets activity for the year ended June 30, 2020, was as follows

	<u>Beginning Balance As Restated</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Software Development In-Progress				
Loans and Grants Tracking System (LGTS)	<u>\$ 333,679</u>	<u>\$ 39,252</u>	<u>\$ -</u>	<u>\$ 372,931</u>

5. Bonds Payable

The State has entered into a special financing arrangement with Nebraska Investment Finance Authority (NIFA), an independent instrumentality of the State exercising essential public functions, to provide matching funds for the Program. NIFA issues the bonds, and the proceeds are held by the Trustee until they are needed by the Program for loan purposes.

NEBRASKA DEPARTMENT OF ENVIRONMENT AND ENERGY
 CLEAN WATER STATE REVOLVING FUND PROGRAM

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

5. Bonds Payable (Concluded)

The EPA requires the Program to provide 20% matching funds for each capitalization grant under § 602(b)(2) of the Federal Clean Water Act. Interest revenue from Program loans is pledged to pay off the bonds. During the fiscal year, the Program issued and retired Series 2019B short-term revenue bonds to meet the requirement of matching each capitalization grant with 20% of non-Federal funds. Bonds Payable activity for fiscal year 2020 on the short-term bond was as follows:

	<u>Beginning</u>	<u>Ending Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u>
Bonds Payable	\$ -	\$ -	\$ 1,640,000	\$ 1,640,000	\$ -

6. Noncurrent Liabilities

Changes in noncurrent liabilities for the year ended June 30, 2020, were as follows:

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>	<u>Amounts Due</u>
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>	<u>Within One</u>
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>	<u>Year</u>
Compensated Absences	\$ 50,048	\$ 1,992	\$ -	\$ 52,040	\$ 6,432

7. Capital Contributions

Included in the net position is the total amount of capitalization grants drawn from the EPA by the Department. The following summarizes the capitalization grants awarded and drawn, as well as the remaining balance as of June 30, 2020. The year column relates directly to the grant amount column and represents the fiscal year the grant funds were appropriated by Congress. The amount drawn column is as of June 30, 2020, and may have been drawn over multiple years.

NEBRASKA DEPARTMENT OF ENVIRONMENT AND ENERGY
CLEAN WATER STATE REVOLVING FUND PROGRAM

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

7. **Capital Contributions** (Concluded)

Federal Fiscal Year Available	Grant Amount	Amount Drawn	Balance
1989	4,773,100	\$ 4,773,100	\$ -
1990	4,964,560	4,964,560	-
1991	10,821,580	10,821,580	-
1992	9,938,500	9,938,500	-
1993	9,830,300	9,830,300	-
1994	6,061,600	6,061,600	-
1995	6,263,600	6,263,600	-
1996	10,319,661	10,319,661	-
1997	3,119,900	3,119,900	-
1998	7,019,996	7,019,996	-
1999	6,857,600	6,857,600	-
2000	6,834,000	6,834,000	-
2001	6,797,400	6,797,400	-
2002	6,855,000	6,855,000	-
2003	7,069,900	7,069,900	-
2004	6,747,100	6,747,100	-
2005	5,467,300	5,467,300	-
2006	4,424,300	4,424,300	-
2007	5,429,600	5,429,600	-
2008	3,415,700	3,415,700	-
2009-ARRA	20,045,000	20,045,000	-
2009	3,415,700	3,415,700	-
2010	10,422,000	10,422,000	-
2011	7,529,000	7,529,000	-
2012	7,075,582	7,075,582	-
2013	6,663,899	6,663,899	-
2014	7,144,000	7,144,000	-
2015	7,080,590	7,080,590	-
2016	6,771,276	6,771,276	-
2017	6,750,000	6,750,000	-
2018	8,070,261	7,952,720	117,541
2019	8,109,000	7,875,569	233,431
TOTAL	\$ 232,087,005	\$ 231,736,033	\$ 350,972

Not included in the above Grant Totals are the amounts set aside as in-kind contributions for the Loans and Grant Tracking System (LGTS) software development. The 2012, 2013, 2016, and 2018 grants had \$107,476, \$153,043, \$31,724, and \$121,739 set aside as in-kind amounts for the use by the EPA for the development of the new LGTS software.

The amount of in-kind contributions utilized for the LGTS software during the fiscal year ending June 30, 2020, was \$24,808. The total amount utilized for LGTS as of June 30, 2020, was \$372,931. Additional in-kind contributions were received and capitalized for the Drinking Water State Revolving Fund Program, which also utilizes the LGTS software.

NEBRASKA DEPARTMENT OF ENVIRONMENT AND ENERGY
CLEAN WATER STATE REVOLVING FUND PROGRAM

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

8. Loan Fees Administration

To meet the long-term administrative needs of the Program, an annual fee of up to 1% is charged against the outstanding principal on loans. These fees are calculated on a semi-annual basis and billed when loan principal and interest payments are due. These fees are not included in the loan principal. The Director of the Program may waive this fee during construction, except on projects that only receive interim financing during construction. The fee is applied to all loans in accordance with Title 131 Nebraska Administrative Code (NAC) Chapter 2 and the loan agreements.

9. Interest on Fund Balance – State Operating Investment Pool

The reported amount represents the earnings the Program received from idle funds invested by the Nebraska State Treasurer with the State's Investment Council. Interest is credited on approximately the 25th day of each subsequent month.

10. Operating Expenses

The Operating Expenses of the Program are classified, for financial reporting purposes, into five categories:

Administrative Costs from Fees

To meet the long-term administrative needs of the Program, an annual fee of up to 1% is charged against the outstanding principal on loans. This fee is deposited into a separate account and is used for administrative costs of the Program and other eligible water quality related purposes. The fee on a loan made from leveraged bond proceeds may be set to reflect the cost of issuing bonds and management of the leveraged loan portfolio.

4% Administrative Costs from Grants

The maximum amount allowable for administering and managing the Program is 4% of the cumulative amount of capitalization grant awards received. When the administrative expenses of the Program exceed 4%, the excess must be paid from sources outside of Program grant awards.

Small Town Grants

Per Neb. Rev. Stat. § 81-15,151(2) (Cum. Supp. 2020) and Neb. Rev. Stat. § 81-15,153(11) (Cum. Supp. 2020), Small Town Grants are made available to communities that have populations of 10,000 inhabitants or less and demonstrate serious financial hardship. The maximum amount to be awarded in Small Town Grants is set at 50% of the revenue from administrative fees collected in the prior fiscal year. In the 2020 Intended Use Plan (IUP), the Department set the upper limit of grant to each community at \$250,000 per project, concurrent with a Program loan. Projects are prioritized based on the type of project and Median Household Income of the community.

Project Planning Activities and Report Grants

Project Planning Activities and Report Grants may be provided to municipalities with populations of 10,000 or fewer inhabitants that demonstrate serious financial hardship. Municipalities with wastewater treatment facility project needs that are identified on the project priority list, have not received a grant in the past five years, and also qualify for a Small Town Grant can receive up to 90% of project costs up to a maximum of \$20,000 per project. These grants are funded through the Administrative Cash Fund.

NEBRASKA DEPARTMENT OF ENVIRONMENT AND ENERGY
CLEAN WATER STATE REVOLVING FUND PROGRAM

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

10. Operating Expenses (Concluded)

Loan Forgiveness

The State may choose to provide additional subsidization in the form of loan forgiveness up to a maximum of \$150,000 per project to qualifying disadvantaged communities that meet the affordability criteria found in the 2020 IUP. Awarding loan forgiveness is dependent on the availability of funding from Federal capitalization grants and the total amount of funds the Program decides to allocate for forgiveness from each grant. The Program will reserve up to \$819,500 (approximately 10% of the Capitalization Grant) for forgiveness to be used for additional subsidization. The Program's authority to distribute the additional subsidization is an existing authority under the State Environmental Protection Act at Neb. Rev. Stat. § 811504(4) (Cum. Supp. 2020) and the Wastewater Treatment Facilities Construction Assistance Act at Neb. Rev. Stat. § 81-15,150 (Cum. Supp. 2020). Together, these statutes allow the Program to accept and expend Federal grants for designated projects. Loan forgiveness discharges the community from repaying that portion of the principal amount of its loan under the terms and conditions of the loan contract.

11. State Employees Retirement Plan (Plan)

The single-employer Plan became effective by statute on January 1, 1964. The Public Employees Retirement Board was created in 1971 to administer the Plan. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. Each member employed and participating in the retirement system prior to January 1, 2003, elected either to continue participation in the defined contribution option or to begin participation in the cash balance benefit. The defined contribution option is closed to new entrants. All new members of the Plan on and after January 1, 2003, become members of the cash balance benefit. The benefits and funding policy of the Plan are established and can only be amended by the Nebraska Legislature.

All permanent full-time employees are required to begin participation in the retirement system upon employment. All permanent part-time employees who have attained the age of 18 years may exercise the option to begin participation in the retirement system.

Contribution – Per statute, each member contributes 4.8% of his or her compensation. The Department matches the member's contribution at a rate of 156%. The employee's and employer's contributions are kept in separate accounts.

The employee's account is fully vested. The employer's account is fully vested after a total of three years of participation in the system, including credit for participation in another Nebraska governmental plan prior to actual contribution to the Plan.

Defined Contribution Option – Upon attainment of age 55, regardless of service, the retirement allowance shall be equal to the sum of the employee and employer account. Members have several forms of payment available, including withdrawals, deferrals, annuities, or a combination of these.

Cash Balance Benefit – Upon attainment of age 55, regardless of service, the retirement allowance will be equal to the accumulated employee and employer cash balance accounts, including interest credits, annuitized for payment in the normal form. The normal form of payment is a single-life annuity with five-year certain, payable monthly. Members will have the option to convert their member cash balance account to a monthly annuity with built-in cost-of-living adjustments of 2.5% annually. Also available are additional forms of payment allowed under the Plan, which are actuarially equivalent to the normal form, including the option of lump-sum or partial lump-sum.

NOTES TO THE FINANCIAL STATEMENTS

(Concluded)

11. **State Employees Retirement Plan (Plan)** (Concluded)

For the fiscal year ended June 30, 2020, employees contributed \$17,444, and the Department contributed \$27,213. A separate plan report is issued and can be obtained from the Nebraska Public Employees Retirement System. This report contains full pension-related disclosures.

The State of Nebraska CAFR also includes pension-related disclosures. The CAFR report is available from the Nebraska Department of Administrative Services – Accounting Division or on the Nebraska Auditor of Public Accounts' website at auditors.nebraska.gov.

12. **Contingencies and Commitments**

Risk Management – The Department is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors or omissions, injuries to employees, and natural disasters. The Department, as part of the primary government for the State, participates in the State's risk management program. DAS is responsible for maintaining the insurance and self-insurance programs for the State. The State generally self-insures for general liability, employee health care, employee indemnification, and workers' compensation. The State has chosen to purchase insurance for:

- A. Motor vehicle liability, which includes \$4,700,000 with a self-insured retention of \$300,000. Insurance is also purchased, with various limits and deductibles, for physical damage and uninsured and underinsured motorists. State agencies have the option to purchase coverage for physical damage to vehicles. There is a \$500 deductible for this coverage.
- B. Life insurance for eligible employees.
- C. Crime coverage, with a limit of \$10,975,000 for each loss, and a \$25,000 self-insured retention per incident subject to specific conditions, limits, and exclusions.
- D. Real and personal property on a blanket basis for losses up to \$400,700,000, with a self-insured retention of \$300,000 per loss occurrence. Newly acquired properties are covered up to \$10 million for 120 days, if the property has not been reported. If not reported after 120 days, the property is not covered. The perils of flood, earthquake, and acts of terrorism have various coverage, sublimits, and self-insurance. State agencies have the option to purchase building contents and inland marine coverage.

Details of the various insurance coverages are available from DAS – Risk Management Division.

No settlements exceeded commercial insurance coverage in any of the past three fiscal years. Workers' compensation is funded in the Worker's Compensation Internal Service Fund through assessments on each department based on total department payroll and past experience. Tort claims, theft of, damage to, or destruction of assets, errors or omissions, and natural disasters would be funded through the State General Fund or by individual department assessments, as directed by the Legislature, unless covered by purchased insurance. No amounts for estimated claims have been reported in the Program's financial statements. Health care insurance is funded in the Insurance Trust Funds through a combination of employee and State contributions.

Litigation – The potential amount of liability involved in litigation pending against the Department, if any, could not be determined at this time. However, it is the Department's opinion that final settlement of those matters should not have an adverse effect on the Department's ability to administer current programs. Any judgment against the Department would have to be processed through the State Claims Board and be approved by the Legislature.



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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NEBRASKA DEPARTMENT OF ENVIRONMENT AND ENERGY
CLEAN WATER STATE REVOLVING FUND PROGRAM

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

Nebraska Department of Environment and Energy
Lincoln, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Nebraska Department of Environment and Energy – Clean Water State Revolving Fund Program, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Nebraska Department of Environment and Energy – Clean Water State Revolving Fund Program's basic financial statements, and have issued our report thereon dated March 10, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Nebraska Department of Environment and Energy – Clean Water State Revolving Fund Program's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Nebraska Department of Environment and Energy – Clean Water State Revolving Fund Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Nebraska Department of Environment and Energy – Clean Water State Revolving Fund Program's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Nebraska Department of Environment and Energy – Clean Water State Revolving Fund Program’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Additional items

We also noted a certain additional item that we reported to management of the Nebraska Department of Environment and Energy – Clean Water State Revolving Fund Program in the Comment Section of this report as Comment Number 1 (Financial Statement Errors).

Nebraska Department of Environment and Energy Response to the Finding

The Nebraska Department of Environment and Energy – Clean Water State Revolving Fund Program’s response to the finding identified in our audit is described in the Comment Section of the report. The Nebraska Department of Environment and Energy – Clean Water State Revolving Fund Program’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it. Where no response is indicated, the Nebraska Department of Environment and Energy – Clean Water State Revolving Fund Program declined to respond.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lincoln, Nebraska
March 10, 2021

Mark Avery, CPA
Assistant Deputy Auditor





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NEBRASKA DEPARTMENT OF ENVIRONMENT AND ENERGY
CLEAN WATER STATE REVOLVING FUND PROGRAM

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE NEBRASKA DEPARTMENT OF ENVIRONMENT AND ENERGY – CLEAN WATER STATE REVOLVING FUND PROGRAM IN ACCORDANCE WITH THE OMB COMPLIANCE SUPPLEMENT

INDEPENDENT AUDITOR'S REPORT

Nebraska Department of Environment and Energy
Lincoln, Nebraska

Report on Compliance for the Nebraska Department of Environment and Energy – Clean Water State Revolving Fund Program

We have audited the Nebraska Department of Environment and Energy – Clean Water State Revolving Fund Program's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Nebraska Department of Environment and Energy – Clean Water State Revolving Fund Program for the year ended June 30, 2020.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the Nebraska Department of Environment and Energy – Clean Water State Revolving Fund Program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Nebraska Department of Environment and Energy – Clean Water State Revolving Fund Program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the Nebraska Department of Environment and Energy – Clean Water State Revolving Fund Program occurred. An audit includes examining, on a test basis, evidence about the Nebraska Department of Environment and Energy – Clean Water State Revolving Fund Program's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Nebraska Department of Environment and Energy – Clean Water State Revolving Fund Program. However, our audit does not provide a legal determination of the Nebraska Department of Environment and Energy – Clean Water State Revolving Fund Program’s compliance.

Opinion on the Nebraska Department of Environment and Energy – Clean Water State Revolving Fund Program In our opinion, the Nebraska Department of Environment and Energy – Clean Water State Revolving Fund Program complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Nebraska Department of Environment and Energy – Clean Water State Revolving Fund Program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Nebraska Department of Environment and Energy – Clean Water State Revolving Fund Program is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Nebraska Department of Environment and Energy – Clean Water State Revolving Fund Program’s internal control over compliance with the types of requirements that could have a direct and material effect on the Nebraska Department of Environment and Energy – Clean Water State Revolving Fund Program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the Nebraska Department of Environment and Energy – Clean Water State Revolving Fund Program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Nebraska Department of Environment and Energy – Clean Water State Revolving Fund Program’s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Mark Avery, CPA
Assistant Deputy
Auditor

Lincoln, Nebraska
March 10, 2021

ATTACHMENT 6

SUMMARY LOAN LIST - SFY 2021

CW BENEFITS SUMMARY LOAN LIST FOR NEBRASKA - SFY 2020					
	SYSTEM NUMBER	RECEIPT	TRACKING NUMBER	ASSISTANCE AMOUNT	INITIAL AGREEMENT
NE	1328	BROADWATER	C318021	277,783	9/30/2020
NE	1308	CENTRAL CITY	C318013	100,000	12/16/2020
NE	1335	CLEARWATER	C318025	638,445	5/13/2021
NE	1260	GRAND ISLAND	C317990	-3,507,499	10/13/2020
NE	1288	GUIDE ROCK	C318003	-50,114	4/8/2021
NE	1316	HAMPTON	C318023	-4,271	6/8/2021
NE	1244	HASTINGS	C317930	-4,218,870	3/3/2021
NE	1317	KNOX CNTY SID #1 KOHLES	C318017	-5,215	2/10/2021
NE	1331	KNOX CNTY SID #1 KOHLES	C318019	329,503	2/21/2021
NE	1332	LAUREL	C318030	894,607	4/21/2021
NE	1327	NICKERSON	C318024	550,000	7/13/2020
NE	1310	OGALLALA	C318006	-25,734	4/6/2021
NE	424	OMAHA	C317735	-750,000	9/8/2020
NE	1312	OSHKOSH	C317805	400,000	10/19/2020
NE	1338	PRGAUE	C318038	348,350	5/19/2021
NE	1287	SCOTIA	C317989	-2,477	10/16/2020
NE	1322	SOUTH SIOUX CITY	C318016	7,000,000	4/13/2021
NE	1306	VERDIGRE	C318008	100,000	2/26/2021
		TOTAL FOR ALL 18 LOANS		\$2,074,508	