

State of Nebraska
Department of Environment & Energy

Clean Water State Revolving Fund Annual Report

State Fiscal Year 2020



October 2020

TABLE OF CONTENTS

EXECUTIVE SUMMARY	3
I. FINANCIAL SECTION	4
A. MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED).....	4
B. BALANCE SHEET (UNAUDITED).....	8
C. STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS (UNAUDITED).....	9
D. STATEMENT OF CASH FLOWS (UNAUDITED)	10
E. NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (UNAUDITED)	12
II. PROGRAM INFORMATION SECTION	23
A. FUND ACTIVITIES	23
1. LOAN AND INVESTMENT STATUS.....	23
2. SOURCE OF CWSRF FUNDS BY QUARTER.....	23
3. BINDING COMMITMENTS.....	23
4. SMALL TOWN GRANT REPORT.....	24
5. FACILITY PLANNING GRANT REPORT	24
B. GOALS AND ACCOMPLISHMENTS	24
1. PROVISIONS OF THE OPERATING AGREEMENT/CONDITIONS OF THE GRANT	24
2. SHORT TERM GOALS AND ACCOMPLISHMENTS.....	25
3. LONG TERM GOALS AND ACCOMPLISHMENTS.....	27
C. STATUS OF PROJECTS ON FUNDABLE LIST.....	30
D. USEFUL LIFE OF PROJECT	30
E. PROGRAM CHANGES AND CHANGES UNDER CONSIDERATION	32
F. CWSRF BENEFITS REPORTING	32

ATTACHMENTS BEGIN ON PAGE 34

ATTACHMENT 1 – LOAN INVESTMENT STATUS REPORT

ATTACHMENT 2 – BINDING COMMITMENTS

ATTACHMENT 3 – SMALL TOWN GRANTS HISTORY

ATTACHMENT 4 – 2020 INTENDED USE PLAN FUNDING LIST RECONCILIATION

ATTACHMENT 5 – AUDIT REPORT OF THE NEBRASKA DEPARTMENT OF ENVIRONMENT
AND ENERGY CLEAN WATER STATE REVOLVING FUND PROGRAM

ATTACHMENT 6 – SUMMARY LOAN LIST AND CWSRF BENEFITS REPORTING
SUMMARIES

EXECUTIVE SUMMARY

The Nebraska Clean Water State Revolving Loan Fund Annual Report for State Fiscal Year (SFY) 2020 (July 1 2019 through June 30, 2020) describes the state's efforts to meet the goals and objectives of its Clean Water State Revolving Loan Program (CWSRF). 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 information tying back 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 323 projects with a cumulative loan award amount of \$641.3 million.

FINANCIAL SCHEDULES SECTION

BACKGROUND

The Nebraska Department of Environment and Energy (NDEE) - 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. 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 Clean Water State Revolving Fund Program 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. The Program is capitalized by the United States Environmental Protection Agency (EPA) by a series of annual grants starting in 1989. 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 Federal Capitalization Grant to be awarded to that state.

As of June 30, 2020, the EPA has awarded a total of \$232.3 million in capitalization grants to the State of Nebraska. Of the \$232.3 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 \$212.3 million capitalization grant funds required the state to contribute approximately \$42.5 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 2020. This analysis has been prepared by management of the Agency 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) 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 2019 (July 1, 2019 to June 30, 2020), the Net Position of the Program increased by 4.2%. The increase in Net Position was largely impacted by a net increase in Cash of over \$16 million. The increase in the Liabilities is mainly due to the increase in the amount Due to Grant Recipients of around \$135,081.

NET POSITION				
	2019	2020	\$ Change	% Change
Current Assets	\$104,659,612	\$121,335,665	\$16,676,053	15.9%
Non-current Assets	\$219,125,665	\$216,245,050	-\$2,880,615	-1.3%
Total Assets	\$323,785,277	\$337,580,715	\$13,795,438	4.3%
Current Liabilities	\$141,817	\$272,151	\$130,334	91.9%
Non-current Liabilities	\$50,048	\$17,261	-\$32,787	-65.5%
Total Liabilities	\$191,865	\$289,412	\$97,547	50.8%
Net Position:				
Net Investment in Capital Assets	\$333,679	\$350,065	\$16,386	4.9%
Unrestricted	\$323,259,733	\$336,941,238	\$13,681,505	4.2%
Total Net Position	\$323,593,412	\$337,291,303	\$13,697,891	4.2%

CHANGES IN NET POSITION

	<u>2019</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
Loan Fees Administration	\$1,600,539	\$1,692,988	\$92,449	5.8%
Interest on Loans	\$3,509,169	\$3,626,238	\$117,069	3.3%
Fines, Forfeits, & Penalties	\$0	\$0	\$0	-
Total Operating Revenues	\$5,109,708	\$5,319,226	\$209,518	4.1%
Administration	\$598,986	\$596,234	-\$2,752	-0.5%
Grant Expense	\$403,216	\$688,422	\$285,206	70.7%
Loan Forgiveness	\$415,765	\$453,802	\$38,037	9.1%
Total Operating Expenses	\$1,417,967	\$1,738,458	\$320,491	22.6%
Operating Income	\$3,691,741	\$3,580,768	-\$110,973	-3.0%
Federal Grants	\$7,935,361	\$8,013,419	\$78,058	1.0%
Interest Revenue	\$1,862,204	\$2,078,766	\$216,562	11.6%
Bond Expenses	\$4,283	\$24,937	\$20,654	482.2%
Total Non-Operating Revenue (Expense)	\$9,801,848	\$10,117,122	\$315,274	3.2%
Change in Net Position	\$13,493,589	\$13,697,890	\$204,301	1.5%
Beginning Net Position on July 1, 2019	\$310,099,823	\$310,099,823	\$0	0.0%
Ending Net Position on June 30, 2020	\$323,593,412	\$323,797,713	\$204,301	0.1%

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.

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 \$1,640,000, which was repaid and retired within the same fiscal year.

LINKED DEPOSIT PROGRAM (LDP)

The Agency continues the implementation of a Linked Deposit Program 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 (Title 131). 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 similarly reduced interest rate below common market rates.

Currently, due to historically low market interest rates, the Agency 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 State Revolving Fund (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/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.

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 agency 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 2020.

NEBRASKA DEPARTMENT OF ENVIRONMENT AND ENERGY
 CLEAN WATER STATE REVOLVING FUND PROGRAM
A. UNAUDITED BALANCE SHEET
 Fiscal Year Ended June 30, 2020

Enterprise Fund

ASSETS

CURRENT ASSETS:

Cash in State Treasury	\$	106,808,431
Due from Federal Government		23,665
Interest Receivable		150,990
Loans Receivable – Current		14,352,579
TOTAL CURRENT ASSETS		121,335,665

NON-CURRENT ASSETS

Loans Receivable		215,894,985
Capital Assets, Net		350,065
TOTAL NON-CURRENT ASSETS		216,245,050
TOTAL ASSETS	\$	337,580,715

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable & Accrued Liabilities	\$	48,987
Due to Grant Recipients		221,457
Compensated Absences		1,707
TOTAL CURRENT LIABILITIES		272,151

NON-CURRENT LIABILITIES:

Compensated Absences		17,261
TOTAL NON-CURRENT LIABILITIES		17,261
TOTAL LIABILITIES	\$	289,412

NET ASSETS

Net Investment in Capital Assets		350,065
Unrestricted		336,941,238
TOTAL NET POSITION		337,291,303
TOTAL LIABILITIES AND NET POSITION	\$	337,580,715

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, 2020
 UNAUDITED

	Enterprise Fund
OPERATING REVENUES:	
Loan Fees Administration	\$ 1,692,988
Interest on Loans	3,626,238
Fines Forfeits & Penalties	0
TOTAL OPERATING REVENUES	\$ 5,319,226
OPERATING EXPENSES:	
Administrative Costs from Fees	596,234
4% Administrative Costs From Grants	134,762
Small Town Grants	534,832
Facility Planning Grants	18,828
Loan Forgiveness	453,802
TOTAL OPERATING EXPENSES	\$ 1,738,458
OPERATING INCOME	3,580,768
NONOPERATING REVENUE (EXPENSE)	
Capital Contributions - Federal Grants	7,997,034
Capital Contributions - Federal Grants – Capital Assets	16,385
Interest on Fund Balance - State Operating Investment Pool	2,078,766
Interest Expense on Bonds Payable	0
Cost of Bond Issuance	24,937
NET NONOPERATING REVENUE (EXPENSE)	\$ 10,117,122
CHANGE IN NET POSITION	13,697,890
TOTAL NET POSITION, BEGINNING OF YEAR	323,593,412
TOTAL NET POSITION, END OF YEAR	\$ 337,291,302

NEBRASKA DEPARTMENT OF ENVIRONMENT AND ENERGY
 CLEAN WATER STATE REVOLVING FUND PROGRAM
C. UNAUDITED STATEMENT OF CASH FLOWS
 Fiscal Year Ended June 30, 2020

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts From Customers	\$ 21,315,902
Interest on Fund Balance – Trustee	-
Payments for Administration	(768,530)
Payments for Small Town Grants	(350,306)
Payments for Facility Planning Grants	(18,828)
Loan Forgiveness	(503,247)
Payments to Borrowers	(13,768,904)
NET CASH USED BY OPERATING ACTIVITIES	\$ 5,906,087
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Grants Received from the Environmental Protection Agency	8,009,264
Receipts from Bond Issue	1,640,000
Repayment of Bond	(1,640,000)
Bond Interest Payments	0
Payment for Bond Issuance Costs	24,937
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES:	\$ 8,034,201
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:	
Capital Contributions	16,385
Purchase of Capital Assets	(16,386)
NET CASH USED BY CAPITAL FINANCING ACTIVITIES	\$ 0
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on Investments	2,108,018
NET CASH PROVIDED BY INVESTING ACTIVITIES	\$ 2,108,018
Net Decrease in Cash and Cash Equivalents	16,048,305
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	90,760,126
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 106,808,431
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Net Operating Income	\$ 3,580,768
ADJUSTMENTS TO RECONCILE NET OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES:	
(Increase)/Decrease in Loans Receivable	2,227,771
(Increase)/Decrease in Administration Fees Receivable	-
(Increase)/Decrease in Loan Interest Receivable	-
(Increase)/Decrease in Fines Receivable	-
Increase/(Decrease) in Compensated Absences	(36,030)
Increase/(Decrease) in Accounts Payable & Accrued Liabilities	(1,503)
Increase/(Decrease) in Payables to Grant Recipients	135,081
NET CASH USED BY OPERATING ACTIVITIES	\$ 5,906,087

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, 2020

1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying basic financial statements of the Agency'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 Agency is a state agency established under and governed by the laws of the State of Nebraska. As such, the Agency 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 Agency 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 Agency. The Agency 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 Agency, 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 Agency 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 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 1.25% to 2.0%, 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, 2020, which is collectible for SFY 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.

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 Intended Use Plan 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. 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 regards to meeting an affordability criteria. To help assess a communities 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, medium 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 Agency, eligible costs are reimbursed 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, 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 Agency 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 Agency 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 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 SFY 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 to 140 separate communities that totaled \$230,247,564. The outstanding balances of the 10 communities with the largest loan balances, which represent 75.4% of the total loans, are as followed:

<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	6,056,665
South Sioux City	4,896,153
Wayne	4,638,088
Broken Bow	3,961,188
TOTAL	<u><u>\$173,580,366</u></u>

4. Capital Assets

The CWSRF capital assets activity for SFY 2020 are:

	Beginning Balance as Restated	Additions	Retirements	Ending Balance
Software Development In-Progress Loans and Grants Tracking System (LGTS)	<u>\$ 333,679</u>	<u>\$ 16,386</u>	<u>\$ -</u>	<u>\$ 350,065</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 2020 on the short-term bond are as followed:

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

6. Noncurrent Liabilities

Changes in noncurrent liabilities for SFY 2020 are as followed:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Compensated Absences	<u>\$ 50,048</u>	<u>\$</u>	<u>\$ 32,787</u>	<u>\$ 17,261</u>	<u>\$ 1,707</u>

7. Capital Contributions

Included in the net position is the total amount of capitalization grants drawn from the EPA by the Agency. 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 federal 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. 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	7,937,734	132,527
2019	8,109,000	7,868,991	240,009
TOTAL	\$ 232,373,934	\$ 232,001,398	\$ 372,536

*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, 2020, was \$350,065. 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 2020, the CWSRF program only utilized \$134,762 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 2020 was capped at \$565,018. In the 2020 Intended Use Plan (IUP), which became effective on July 1, 2019, the Agency 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.

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, 1) wastewater treatment facility project needs that are identified on the project priority list of the IUP and 2) 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 state may choose to provide additional subsidization in the form of loan forgiveness with up to a maximum of \$150,000 per project to qualifying disadvantaged communities that meet the affordability criteria found in the 2020 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 \$810,900 (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 Agency 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 2020, SRF employees contributed \$17,489 and the Agency 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 Comprehensive Annual Financial Report (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 Agency 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 Agency, 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 \$660,645,936, which is comprised of \$641,303,186 in loans and \$19,342,750 of obligated loan forgiveness. Of the \$641,303,186 in loans, \$337,722,315 has been repaid and \$74,734,994 has yet to be dispersed, leaving a current outstanding loan balance of \$230,247,564. Of the \$19,342,750 of Loan Forgiveness, \$18,423,910 has been dispersed. Details on the Fund Loan Portfolio are in Attachment 1. The SFY 2020 blended interest rate on the outstanding loan balance is 1.59%. The SFY 2019 blended rate was 1.64%. This year’s blended interest rate is 5.00 basis points below last year.

2. Source of CWSRF Funds by Quarter

The \$1,640,000 Nebraska Investment Finance Authority (NIFA) / CWSRF 2019B bond, state match for the FFY 2019 capitalization grant was issued on August 7, 2019 and the capitalization grant award was awarded July 8, 2019.

SOURCE OF STATE MATCH
PROGRAM FUNDING YEAR FFY 2017, FFY 2018 AND FFY 2019
CAPITALIZATION GRANTS

NIFA Bond	Quarter	Bond Funds	Cash
2017B	SFY 2018-Q1	\$1,360,000	
2018B	SFY 2019-Q1	\$1,110,000	\$538,400
2019B	SFY 2020-Q1	\$1,640,000	

CAPITALIZATION GRANT PAYMENT SCHEDULE

CAP GRANT	QUARTER	PAYMENT
FFY 2017	SFY 2017-Q1	\$6,750,000
FFY 2018	SFY 2018-Q1	\$8,192,000
FFY 2019	SFY 2019-Q1	\$8,109,000

3. Binding Commitments

The CWSRF entered into 14 new binding commitments and three loan amendments to existing funded communities, which provided financial assistance totaling \$68,641,200. The binding commitment total for SFY 2020, plus 4% administration, equals \$68,891,200. The cumulative binding commitment exceeds the federal 120% binding commitment requirement for SFY 2020. The cumulative binding commitment amount of initial loan awards plus 4% administration totals \$736,472,546.

Attachment 2 provides information showing the binding commitments entered into during SFY 2020 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 \$736,222,546 or 276% of the required amount.

4. Small Town Grant Report

The Agency has authority to obligate up to 65% of the previous SFY administration fee income for Small Town Grants and Facility Planning Grants. In SFY 2020, \$565,018 was available for Small Town Grants and \$100,000 was made available to Facility Planning Grants.

The following table reports allocations to projects during SFY 2020 for Small Town Grants. Attachment 3 provides more detail on fund history, disbursements, and balances.

<u>COMMUNITY</u>	<u>PROJECT #</u>	<u>GRANT AWARD DATE</u>	<u>GRANT AMOUNT</u>
Oshkosh	7805-01	1/15/20	\$250,000
Chambers	8029-01	6/9/20	\$245,250
SFY 2020 Allocation Total			\$495,250

5. Facility Planning Grants

CWSRF administrative 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 Benedict, Mullen, Oakland, Verdigre, and Wymore in SFY 2020.

Since the grant's inception through the Nebraska Environmental Partnership (NEP) in SFY 2004, the CWSRF has awarded planning grants to 86 communities for a total of \$1,458,170.

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
- 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

Prior to SFY 2014, the State of Nebraska withdrew from the capitalization grants at an approximate 5 to 1 federal to state match funds ratio. Since then, the State has disbursed 100% match funds first and then subsequently draws federal dollars.

The Program is required by federal and state regulations to do a National Environmental Policy Act (NEPA) like review for funded projects. The Program conducts Environmental Assessments (EA) for projects and in SFY 2020, 14 CWSRF EAs were issued. It was determined no Environmental Impact Statements (EIS) were necessary. A Finding of No Significant Impact (FNSI) was issued for one project: South Sioux City. Categorical Exclusions (CE) were issued for thirteen projects: Falls City, Kearney, Waterloo, Crab Orchard, Central City, Oshkosh, Hampton, Fullerton, Broadwater, Knox County SID #1, Nickerson, Bassett and Chambers. The Agency distributes these EAs via mailings to relevant stake holders and posts them online at the Agency's website for public review and comment.

The following 11 SRF wastewater projects initiated operation in SFY 2020: Omaha, Kearney, Scotia, Grand Island, Cairo, Comstock, Marquette, Haigler, Superior, Kearney, and Juniata

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 from the 2019 capitalization grant. It was projected that Sarpy County would be used to meet these requirements for last year. However, the decision was made to use South Sioux City's project instead leaving Sarpy County's project to be used for SFY 2020.

2. Short-Term Goals and Accomplishments

Seven short term goals were described in 2020 IUP to be undertaken in SFY 2020. 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. Strive for the identification, assessment of, and increased participation by all potentially eligible CWSRF entities during the next development cycle through the submittal of needs surveys and development of a new marketing model.*

To continue education on the importance of submission of the Needs Surveys, SRF staff request that each borrower submits a needs survey in order for them to be eligible for any type of financial assistance. In addition, the program sent out the 2019 Needs Survey to include all municipalities, Sanitary Improvement Districts (SIDs), and consulting engineers. To increase participation through program marketing, NDEE continues to work with Nebraska Educational Telecommunications to develop additional 30 second television clips promoting the SRF program.

The IUP and state Project Priority Lists are subject to public review and comment in accordance with federal statute 40 Code of Federal Regulations Part 35. The Agency held a public hearing for the 2020 IUP and state Priority Lists at the regularly scheduled Environmental Quality Council meeting on June 20, 2019 at North Platte, Nebraska to receive public input and Council approval. The draft IUP and Project Priority Lists were made available to the public 30 days prior to the hearing.

- 2. 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 additional guidance, and to answer any questions the borrower, consulting engineers, or contractors may have. All documents received by the borrower are either reviewed by SRF staff for completeness and accuracy. Our program strives to keep a good working relationship with the consulting engineers that assist our borrowers with their projects and the various requirements of the program.

- 3. Update and maintain all publications and resources related to CWSRF NAC Title 131 changes.*

The state authority for Nebraska's SRF programs is established by the Nebraska Revised Statutes and regulated through Title 131. In July of 2017, Nebraska's Governor issued Executive Order 17-04 (EO 17-04), titled "Regulatory Reform", which directed all state agencies to review existing and pending agency regulations and revise or repeal any regulations that were found to be more restrictive than required, repetitive, or causing unnecessary burdens to Nebraskans. A new amendment proposal for Title 131 was presented to and approved by the Environmental Quality Council (EQC) in June of 2019. Majority of the changes proposed to the Title were to reduce regulations that were redundant and already existing in either the Nebraska Revised Statutes or in federal authorities. It also removed restrictive regulation language limiting SRF eligibility and financing options. Nebraska Governor approved the regulation amendments and the new regulations became effective as of July 21, 2019.

Any program information that is no longer available in Title 131 will be included in the annual Intended Use Plan. This information is typically considered policy verse regulation which allows more flexibility, but still requires review and approval from the EQC.

4. *Contract with a financial advisor to review the SRF program's financing aspects to ensure the program's future growth needs.*

The Agency has contracted with PFM Financial Advisors, a financial advisory group who have assisted other SRF programs in the US with designing and executing financing strategies to grow their programs. In addition to developing cash flow and capacity models, they will provide assistance and consultation in investment management and program structure.

5. *Promote and identify projects that qualify for Green Project Reserve Funding.*

The Program continues to promote Green Project Reserve (GPR) funding by offering a reduction of 0.25% of the interest rate in projects with qualifying GPR components. For the SFY 2020 IUP, three projects are listed as GPR - Scotia, Taylor, and Verdigre. However, in order to fulfill the GPR requirements for 2019 Capitalization Grant, we had to use these three projects due to a lack of qualifying projects. For SFY 2020, we will be using South Sioux City's wastewater facility project to fulfill GPR requirements.

To better promote the GPR, the 2021 IUP has offered an additional reduction of 0.25% for a total of 0.50% reduction in interest for qualifying projects.

6. *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.*

The Agency used a priority ranking system to evaluate facilities in eight categories for the 2020 IUP. The greater number of points 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;
- Assessing Wastewater Infrastructure Needs (AWIN); and
- financial impacts.

In addition, the Program continually evaluates this ranking system as well as the AWIN program's parameters to ensure communities are identified and ensuring financial assistance is being prioritized and going to communities with the greatest needs.

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

In SFY 2020, NDEE continued to work with Sarpy County and Cities Wastewater Agency to develop the first CWSRF Planning and Design loan. This project is to assist in the development of the southern portion of Sarpy County and to attract additional industries to the area. In the next year, Sarpy County and Cities Wastewater Agency will be coming to the CWSRF for the construction phase of the project. It has been decided, instead of going forward with a P3 project, the City of Omaha will partner with the Agency to provide them the wastewater facility. Even though this did not turn out to be a public and private sector partnership, we will continue to promote and support those types of projects for future growth by building our relationship with the private sector.

3. Long Term Goals and Accomplishments

Eight long term goals were included in the SFY 2020 Intended Use Plan:

- 1. Manage the Nebraska Clean Water State Revolving Fund (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 and try to grow the fund at a rate greater than the long-term construction inflation rate of 5%. Other activities include: reviewing management practices annually to assist in achieving the 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.*

NDEE continues to request EPA capitalization grants and obtain state match in a timely manner. We also intend to continue to allocate grant funds, match and recycle funds to projects in a timely manner. Cost-effective project alternatives will be promoted to stretch funding as well as additional grant assistance for communities in need of it. Assessing Wastewater Infrastructure Needs has been incorporated as a tool to provide for affordability and sustainability over the term of the loan.

- 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, there has been limited personal interaction with the public during the beginning of the 2020 calendar year. However, the 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 2019, providing candidates for the SFY 2021 IUP. 344 communities responded

to the needs survey identifying a total of \$687 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 GPR funding by offering a reduction of 0.25% of the interest rate in projects with qualifying GPR components. In the hope that the Program sees more green infrastructure, the SFY 2021 IUP will offer an additional reduction of 0.25%, for a total of 0.50% reduction in interest for qualifying projects.

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

The Agency 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 will participate in the nationwide needs survey when possible.

- 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 Agency continues to use the Priority Ranking System described in #6 of the short term goal. This insures that funds are available to the greatest need. Projects identified during the needs survey process are ranked in accordance with the priority ranking system and placed on the Project Planning List. Ranking for the projects is based on total points awarded for the following eight categories: project benefit; beneficial use; classification of receiving water; water quality of receiving waters; enforcement actions; readiness to proceed; population served; Assessing Wastewater Infrastructure Needs (AWIN); and financial impacts. The greater the total number of points, the higher the ranking. Projects addressing public health and environmental concerns, as well as readiness to proceed, receive the higher points.

- 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 earlier, the Agency 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 Agency to utilize the fund for the best alternative. 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 communities risk assessment. Upon further review, some variables may be added or removed depending on how they contribute to the assessment. Additionally, the Program continues to promote the use of Fiscal Sustainability Plans and Cost Effective Analysis reports.

Included in the SFY 2020 IUP as part of the planning list are nonpoint source projects. In addition, the program is also working on improving 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 SRF is a great resource. The option to expand the eligible types of projects for the SRF program and LDP to include estuary projects under Section 320 of the Clean Water Act is also being considered at this time.

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 Water Wastewater Advisory Committee (WWAC) loan and grant pre-application screening process. WWAC participants include the NDHHS-DPH representing the DWSRF program, the U.S. Department of Agriculture-Rural Development (USDA – RD) 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. Through a week long Kaizen event that took place the beginning of December of 2019, NDEE worked with other members of the Water Wastewater Advisory Committee to improve the application and project review process which in turn will maximize funding to Nebraska communities for water and wastewater infrastructure improvements. The new process that was developed will be on a six-month trial period. The WWAC will still reviews the project pre-application and then provides the applicant funding assistance options that best meet the project funding need. While the committee provides a recommendation, it is ultimately the applicant’s decision on which funding option best suits their community needs.

C. STATUS OF PROJECTS ON FUNDABLE LIST

The Annual Report reflects changes from the original SFY 2020 IUP approved by the Environmental Quality Council (EQC) on June 20, 2019. Attachment 4 provides more detail on the status of projects listed on the 2020 IUP Priority Project Funding List.

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 of the project. Capital project financing payment terms should not exceed the design life of the project 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 state or federal agency. Performance requirements may include projected influent loading from domestic/commercial/industrial sources, 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 by the project will provide enough performance value to justify keeping the assets in operation. Drinking water or 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 Clean Water SRF 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 text book 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, even newly installed sewer or water mains begin their useful life with zero or a negative salvage value as the costs to dig up and resell the mains would not return much cash.

An engineering text book 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)	75
2	Pressure Pipework	60
3	Sewers	100
4	Pumps	40
5	Valves	30
6	Motors	35
7	Electrical	35
8	Controls	25
8a	SCADA Programmable Logic Controllers (as per SCADA International)	5-10
9	Building Assets	60
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

An annual fee of up to 1% is charged against the outstanding principal on construction loans, and 0.5% for planning loans, to meet the long term administrative costs of the CWSRF program. A policy change of the administration fee took place last year. Instead of providing the administration fee reduction for large capital projects (>\$15 million), the reduction of admin fees will be given to repeated borrowers. A reduction of up to 0.25% in fees may be applied on new loans with borrowers who have previously borrowed and have fully repaid SRF loans. A reduction of up to 0.5% in fees may be applied on new loans with borrowers that have current outstanding SRF loan balances.

F. CWSRF BENEFITS REPORTING

Loan lists summarizing the benefits awarded were developed from the Clean Water Benefits Reporting (CBR) system. Attachment 6 provides a list from both the SFY 2019 and SFY 2020. Included in Attachment 6 is also a benefits summary report for projects with water uses reported. Beginning in 2015, EPA requested that the total amount of assistance also include any adjustments for loan projects that came in under budget during this same time period.

ATTACHMENT 1

SFY 2020

CWSRF LOAN INVESTMENT STATUS REPORT

ANNUAL REPORT

PROJ #	COMMUNITY NAME	PROJ INDENT	STATUS	AMOUNT (LOAN ALLOCATIONS)	REDUCTIONS (PINCIPAL REPAYMENTS)	INTEREST RATE	LOAN BALANCE	EARNING FACTOR	BLENDED LOAN RATE
C317238	Adams		P	598,777.00	598,777.00	3.16	0.00	0	
C317029	Ainsworth		P	519,800.00	519,800.00	3.50	0.00	0	
C317559	Ainsworth		F	345,000.00	197,987.06	2.00	147,012.94	294,025.88	
C317103	Albion	FFATA	P	3,250,000.00	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	145,432.00	36,091.56	2.00	48,666.44	97,332.88	
C317838	Allen	GP	F	574,810.00	62,339.10	1.43	412,470.90	589,833.39	
C317750	Alma		F	132,056.00	17,370.80	1.50	114,685.20	172,027.80	
C317104	Alvo		P	212,423.00	212,423.00	4.00	0.00	0.00	
C317239	Amherst	GP12	F	270,927.00	74,963.69	1.33	170,687.31	226,160.69	
C317686	Anselmo		F	158,004.00	10,770.17	1.50	68,231.83	102,347.75	
C317136	Ansley	FFATA	P	811,671.00	811,671.00	2.50	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	3.00	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	2.80	0.00	0.00	
C317326	Aurora		P	3,371,183.00	3,121,183.00	2.25	0.00	0.00	
C317522	Aurora		P	276,682.00	276,682.00	3.00	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	63,840.88	3.00	12,150.12	36,450.36	
C317277	Bancroft		P	1,020,198.00	1,020,198.00	3.00	0.00	0.00	
C317068	Bassett		P	107,752.00	107,752.00	3.00	0.00	0.00	
C317279	Bassett		F	98,231.00	63,304.18	2.57	34,926.82	89,761.93	
C317561	Bassett	GP11/FFATA	F	959,351.00	130,961.79	1.33	578,389.21	769,257.65	
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	2.00	0.00	0.00	
C317017	Bellevue		P	1,857,908.39	1,857,908.39	5.00	0.00	0.00	
C317123	Bellevue		P	1,400,000.00	1,400,000.00	3.30	0.00	0.00	
C317531	Bellevue		P	3,727,993.00	3,727,993.00	4.00	0.00	0.00	
C317242	Bellwood		F	324,468.00	292,882.13	3.00	31,585.87	94,757.61	
C318002	Benkelman			850,406.00	0.00	1.50	739,520.00	1,109,280.00	
C317327	Bertrand		F	639,103.00	426,399.06	2.85	212,703.94	606,206.23	
C317665	Bertrand		F	319,993.00	65,150.14	1.50	154,842.86	232,264.29	
C317167	Big Springs		P	874,849.00	874,849.00	3.00	0.00	0.00	
C317982	Big Springs		F	79,050.00	31,045.68	1.50	37,087.32	55,630.98	
C318005	Bladen		F	112,697.00	3,711.33	1.50	58,226.67	87,340.01	
C317638	Blair		F	968,750.00	273,925.45	2.10	601,477.55	1,263,102.86	

ATTACHMENT 1

SFY 2020

CWSRF LOAN INVESTMENT STATUS REPORT

ANNUAL REPORT

PROJ #	COMMUNITY NAME	PROJ INDENT	STATUS	AMOUNT (LOAN ALLOCATIONS)	REDUCTIONS (PINCIPAL REPAYMENTS)	INTEREST RATE	LOAN BALANCE	EARNING FACTOR	BLENDED LOAN RATE
C317243	Bloomfield		F	202,955.00	189,811.40	3.00	13,143.60	39,430.80	
C317519	Brainard		P	862,338.00	694,096.00	2.00	0.00	0.00	
C317596	Broken Bow		F	6,582,551.00	1,935,931.72	1.52	3,382,869.28	5,158,195.70	
C317747	Broken Bow		F	845,000.00	166,681.63	1.50	578,318.37	867,477.56	
C317281	Brule		F	131,004.00	102,142.42	3.00	28,861.58	86,584.74	
C317690	Brule		F	117,179.00	24,699.18	2.00	33,890.82	67,781.64	
C317761	Bruning		F	685,212.00	128,081.72	1.90	307,130.28	583,547.53	
C317919	Bruno		F	153,100.00	14,072.74	1.50	62,477.26	93,715.89	
C317284	Butler Cnty SID #1		F	205,878.00	196,353.00	3.00	9,525.00	28,575.00	
C317764	Butler Cnty SID #1		F	122,323.00	86,039.14	2.00	17,751.86	35,503.72	
C317093	Cairo		P	620,921.00	620,921.00	3.20	0.00	0.00	
C317996	Cairo			931,252.00	20,050.00	1.50	911,202.00	1,366,803.00	
C317107	Carroll		F	426,263.00	110,969.50	2.25	208,710.50	469,598.63	
C317328	Cass Cnty SID #5		F	1,107,232.06	731,829.93	1.50	375,402.13	563,103.20	
C317532	Cedar Bluffs		F	634,066.00	213,664.92	1.33	298,250.08	396,672.61	
C317028	Cedar Cnty SID #1	ARRA	P	72,700.00	72,700.00	3.50	0.00	0.00	
C317134	Cedar Rapids		P	134,755.00	134,755.00	3.00	0.00	0.00	
C317031	Central City		P	4,000,000.00	4,000,000.00	3.10	0.00	0.00	
C318013	Central City			0.00	0.00	1.50	0.00	0.00	
C317151	Chadron	ARRA	F	4,360,000.00	1,444,620.23	1.33	1,825,379.77	2,427,755.09	
C317329	Chambers		F	67,511.00	56,790.27	3.00	10,720.73	32,162.19	
C318029	Chambers	LAND		0.00	0.00	1.25	0.00	0.00	
C317477	Chapman		F	359,101.00	189,032.28	3.00	170,068.72	510,206.16	
C317874	Chappell		F	1,807,925.00	308,430.66	1.50	1,399,494.34	2,099,241.51	
C317875	Chester		F	458,465.00	56,877.25	1.50	301,587.75	452,381.63	
C317533	Clarkson	GP10	F	332,850.00	50,151.76	2.00	116,273.24	232,546.48	
C317233	Clay Center		P	180,000.00	180,000.00	3.00	0.00	0.00	
C317388	Cody		F	283,827.00	35,890.05	1.50	155,493.95	233,240.93	
C317427	Coleridge		F	62,379.00	49,094.41	2.50	13,284.59	33,211.48	
C317597	Coleridge		F	56,146.00	26,695.31	2.00	29,450.69	58,901.38	
C317997	Comstock			216,779.00	0.00	1.50	118,732.00	178,098.00	
C317468	Concord		P	297,449.00	297,449.00	3.11	0.00	0.00	
C317258	Cook		F	579,956.00	550,746.51	3.00	29,209.49	87,628.47	
C317024	Cozad		P	1,453,200.00	1,453,200.00	5.00	0.00	0.00	
C317046	Cozad		P	2,460,037.00	2,460,037.00	3.12	0.00	0.00	
C317634	Cozad		F	1,994,773.00	661,486.07	2.00	1,092,916.93	2,185,833.86	

ATTACHMENT 1

SFY 2020

CWSRF LOAN INVESTMENT STATUS REPORT

ANNUAL REPORT

PROJ #	COMMUNITY NAME	PROJ INDENT	STATUS	AMOUNT (LOAN ALLOCATIONS)	REDUCTIONS (PINCIPAL REPAYMENTS)	INTEREST RATE	LOAN BALANCE	EARNING FACTOR	BLENDED LOAN RATE
C317081	Crab Orchard		F	65,978.00	55,354.34	3.00	10,623.66	31,870.98	
C318018-E	Crab Orchard			49,809.00	500.00	0.00	49,309.00	0.00	
C317039	Crawford	GO	F	2,628,698.00	691,688.38	1.50	1,837,009.62	2,755,514.43	
C317158	Creighton	GP16	F	1,007,866.00	80,395.64	1.25	827,470.36	1,034,337.95	
C317731	Creighton		F	220,536.00	99,332.09	2.00	121,203.91	242,407.82	
C317664	Culbertson		F	684,865.00	93,221.71	1.50	503,979.29	755,968.94	
C317653	Dakota City		F	6,319,108.00	262,442.60	1.50	6,056,665.40	9,084,998.10	
C317139	Dannebrog		F	425,000.00	402,944.10	3.00	22,055.90	66,167.70	
C317109	David City		P	2,728,924.00	2,728,924.00	3.22	0.00	0.00	
C317908	Denton		F	244,408.00	81,437.84	1.50	162,970.16	244,455.24	
C317391	Deshler		P	892,808.00	892,808.00	2.55	0.00	0.00	
C317991	DeWeese		F	220,000.00	4,157.10	1.50	115,842.90	173,764.35	
C317110	DeWitt		P	524,900.00	524,900.00	4.30	0.00	0.00	
C317196	Diller		F	301,264.00	271,936.99	3.00	29,327.01	87,981.03	
C317564	Dodge		F	171,154.00	56,924.31	1.50	28,652.69	42,979.04	
C317565	Dorchester	ARRA	F	669,252.00	210,033.70	1.33	293,193.30	389,947.09	
C317599	Duncan	GP10	F	474,501.00	127,579.32	2.00	193,325.68	386,651.36	
C317484	Dwight		F	307,650.00	152,094.55	3.30	155,555.45	513,332.99	
C317203	Eagle		P	218,656.00	218,656.00	3.50	0.00	0.00	
C317225	Eagle		P	1,932,107.00	1,932,107.00	3.00	0.00	0.00	
C317606	Elgin		F	92,394.00	41,662.31	3.00	50,731.69	152,195.07	
C317111	Elkhorn		P	2,940,673.00	2,940,673.00	3.30	0.00	0.00	
C317038	Elm Creek		P	457,101.00	457,101.00	3.50	0.00	0.00	
C317607	Elm Creek	GP10	F	394,835.00	83,619.71	2.00	124,853.29	249,706.58	
C317392	Ewing		F	67,000.00	47,412.39	2.50	19,587.61	48,969.03	
C317338	Exeter		F	54,945.00	41,155.72	3.02	13,789.28	41,643.63	
C317061	Fairbury		P	1,931,134.00	1,931,134.00	3.00	0.00	0.00	
C317043	Falls City		P	2,500,000.00	2,500,000.00	2.50	0.00	0.00	
C318022	Falls City			21,870.00	0.00	1.50	13,122.00	19,683.00	
C317119	Farwell		P	175,000.00	175,000.00	3.00	0.00	0.00	
C317594	Filley		F	245,000.00	104,254.43	2.00	140,745.57	281,491.14	
C317049	Firth		P	62,716.00	62,716.00	3.56	0.00	0.00	
C317698	Firth		F	372,651.00	53,414.45	1.50	301,758.55	452,637.83	
C317272	Fremont		P	3,200,000.00	3,200,000.00	3.00	0.00	0.00	
C317159	Garland		F	331,950.00	200,453.40	3.17	131,496.60	416,844.22	
C317059	Gering		P	3,250,000.00	3,250,000.00	2.50	0.00	0.00	

ATTACHMENT 1

SFY 2020

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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	10,442.94	1.50	83,518.06	125,277.09	
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	1.50	0.00	0.00	
C317009	Gothenburg		P	2,947,700.00	2,947,700.00	3.50	0.00	0.00	
C317183	Gothenburg		P	630,339.00	630,339.00	3.00	0.00	0.00	
C317395	Gothenburg		F	372,105.00	235,587.05	3.05	136,517.95	416,379.75	
C317568	Gothenburg	BASE	F	129,827.00	61,740.81	2.00	68,086.19	136,172.38	
C317568	Gothenburg	ARRA	P	150,000.00	39,473.60	0.00	35,526.40	0.00	
C317781	Gothenburg	GP12/FFATA	F	1,879,737.00	279,859.07	1.25	1,499,877.93	1,874,847.41	
C317995	Gothenburg			312,457.00	0.00	1.50	312,457.00	468,685.50	
C317867	Grand Island		F	6,200,000.00	1,131,122.21	1.50	5,068,877.79	7,603,316.69	
C317981	Grand Island	GP15/FFATA	F	22,526,457.00	3,032,801.37	1.25	19,493,655.63	24,367,069.54	
C317984	Grand Island		F	2,138,799.00	248,234.96	1.50	1,890,564.04	2,835,846.06	
C317990	Grand Island	GP17/FFATA		2,966,001.00	77,881.10	1.36	2,888,119.90	3,927,843.06	
C317045	Gresham		P	229,298.00	129,298.00	1.50	0.00	0.00	
C317267	Gretna		P	1,875,771.00	1,875,771.00	3.00	0.00	0.00	
C317268	Gretna		P	3,238,424.00	3,238,424.00	4.00	0.00	0.00	
C317569	Gretna		F	1,899,015.00	390,730.11	1.50	1,508,284.89	2,262,427.34	
C317986	Gretna			4,863,480.00	0.00	1.50	4,863,480.00	7,295,220.00	
C317234	Guide Rock		F	321,451.00	129,110.94	3.00	192,340.06	577,020.18	
C318003	Guide Rock			65,088.00	2,305.82	1.50	30,238.18	45,357.27	
C317999	Haigler		F	295,580.00	0.00	1.50	224,981.00	337,471.50	
C318023	Hampton			9,160.00	0.00	1.50	9,160.00	13,740.00	
C317004	Hartington		P	544,167.00	544,167.00	3.50	0.00	0.00	
C317341	Hartington		F	146,578.00	35,106.85	2.00	47,358.15	94,716.30	
C317471	Hartington	GP13	F	904,595.00	168,715.79	1.25	635,879.21	794,849.01	
C317930	Hastings	GP17/FFATA		2,781,130.00	247,185.14	1.25	2,533,944.86	3,167,431.08	
C317053	Hay Springs		P	311,792.00	311,792.00	3.00	0.00	0.00	
C317291	Hayes Center	GP10/11	F	357,218.00	95,764.17	2.25	200,044.83	450,100.87	
C317131	Hebron		P	329,098.00	329,098.00	3.00	0.00	0.00	
C317886	Hebron		F	600,019.00	91,042.15	1.50	408,976.85	613,465.28	
C317019	Herman		P	124,865.00	124,865.00	3.50	0.00	0.00	
C317398	Hickman		P	390,000.00	390,000.00	3.50	0.00	0.00	
C317887	Hickman		F	747,419.00	208,873.90	1.50	538,545.10	807,817.65	

ATTACHMENT 1

SFY 2020

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C317213	Holbrook		F	231,000.00	214,887.82	3.00	16,112.18	48,336.54	
C317014	Holdrege		P	200,758.00	200,758.00	4.50	0.00	0.00	
C317069	Holdrege		P	3,220,228.00	3,220,228.00	4.19	0.00	0.00	
C317491	Holdrege		P	458,338.00	299,616.00	2.00	0.00	0.00	
C317115	Howells		F	346,933.00	231,197.19	2.80	115,735.81	324,060.27	
C317343	Indianola		P	756,740.00	756,740.00	3.00	0.00	0.00	
C317292	Jackson		F	54,642.00	40,980.79	3.00	13,661.21	40,983.63	
C317786	Jansen	GP12	F	264,729.00	55,034.55	1.36	209,694.45	285,184.45	
C318011	Juniata			466,174.00	0.00	1.50	466,174.00	699,261.00	
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	471,306.53	2.00	778,693.47	1,557,386.94	
C317865	Kearney		F	941,713.00	238,516.95	1.50	703,196.05	1,054,794.08	
C317956	Kearney	GP14	F	5,078,570.00	1,180,690.48	1.28	3,897,879.52	4,973,694.27	
C317961	Kearney		F	4,075,100.00	0.00	1.50	4,075,100.00	6,112,650.00	
C318010	Kearney		F	979,008.00	0.00	1.50	979,008.00	1,468,512.00	
C318020	Kearney			0.00	0.00	2.00	0.00	0.00	
C317057	Kenesaw		P	521,711.00	521,711.00	3.00	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			0.00	0.00	1.50	0.00	0.00	
C317404	Lancaster Cnty SID #5		F	271,286.00	81,020.82	2.00	190,265.18	380,530.36	
C317705	Laurel		F	160,000.00	72,026.06	2.00	87,973.94	175,947.88	
C317837	Lawrence		F	150,803.00	48,732.98	2.25	26,668.02	60,003.05	
C317447	Leigh	GP10	F	630,000.00	167,230.58	2.00	307,769.42	615,538.84	
C317002	Lexington		P	4,100,000.00	4,100,000.00	3.50	0.00	0.00	
C317676	Lexington		F	4,600,833.00	1,277,860.66	1.50	3,322,972.34	4,984,458.51	
C317008	Lincoln		P	9,017,565.54	9,017,565.54	5.00	0.00	0.00	
C317078	Lincoln		F	5,000,000.00	1,883,870.29	2.00	3,116,129.71	6,232,259.42	
C317247	Lincoln	ARRA	F	4,808,792.00	1,577,068.33	1.30	1,981,723.67	2,571,286.46	
C317830	Lincoln		F	17,000,000.00	4,769,635.64	2.25	12,230,364.36	27,518,319.81	
C317204	Lindsay		P	405,000.00	405,000.00	3.14	0.00	0.00	
C317839	Lindsay	GP11/FFATA	F	602,481.00	137,260.93	1.82	274,233.07	499,104.19	
C317236	Loomis		P	167,381.00	167,381.00	3.18	0.00	0.00	
C317611	Loup City		F	412,391.00	37,003.65	1.50	275,387.35	413,081.03	
C317573	Lower Platte North NRD - Lake		P	11,603,660.00	11,603,660.00	2.00	0.00	0.00	

ATTACHMENT 1

SFY 2020

CWSRF LOAN INVESTMENT STATUS REPORT

ANNUAL REPORT

PROJ #	COMMUNITY NAME	PROJ INDENT	STATUS	AMOUNT (LOAN ALLOCATIONS)	REDUCTIONS (PINCIPAL REPAYMENTS)	INTEREST RATE	LOAN BALANCE	EARNING FACTOR	BLENDED LOAN RATE
C317539	Lynch		F	174,300.00	119,925.45	3.00	54,374.55	163,123.65	
C317852	Lynch		F	48,522.00	18,927.90	2.50	5,333.10	13,332.75	
C317993	Lynch			62,184.00	0.00	1.50	51,327.00	76,990.50	
C317449	Lyons		P	891,491.00	891,491.00	3.00	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	1,000,000.00	350,607.93	1.34	399,392.07	536,633.17	
C317613	Marquette	BASE	F	79,233.00	22,653.92	2.00	26,288.08	52,576.16	
C317998	Marquette		F	309,998.00	4,521.31	1.50	205,477.69	308,216.54	
C317832	Maxwell		F	165,547.00	33,852.48	1.50	91,210.52	136,815.78	
C317259	Maywood		P	184,518.00	184,518.00	3.00	0.00	0.00	
C317105	McCook		P	337,040.99	337,040.99	3.00	0.00	0.00	
C317150	McCook		P	1,903,003.00	1,903,003.00	3.00	0.00	0.00	
C317349	McCook	LAND	P	4,200,000.00	4,200,000.00	2.50	0.00	0.00	
C317451	McCool Junction		P	82,903.00	82,903.00	2.50	0.00	0.00	
C317331	McGrew		F	47,100.00	38,135.02	3.00	8,964.98	26,894.94	
C317854	Mead	FFATA	F	1,012,536.00	250,983.03	1.50	661,552.97	992,329.46	
C317217	Meadow Grove		F	138,190.00	107,728.48	3.00	30,461.52	91,384.56	
C317248	Melbeta		F	259,437.00	109,426.57	3.15	150,010.43	472,532.85	
C317169	Memphis		P	83,130.00	83,130.00	3.00	0.00	0.00	
C317250	Murray		F	1,425,000.00	847,822.00	2.95	577,178.00	1,702,675.10	
C317741	Nebraska City		F	5,000,000.00	1,480,010.11	2.25	3,409,854.89	7,672,173.50	
C317071	Neligh		F	1,653,678.00	1,439,946.53	3.00	213,731.47	641,194.41	
C317498	Newman Grove		F	333,099.00	242,948.72	3.00	90,150.28	270,450.84	
C317431	Nickerson			281,011.00	187,990.85	1.50	93,020.15	139,530.23	
C317036-01	Norfolk		P	8,818,858.39	9,299,999.80	4.18	0.00	0.00	
C317142	North Bend		F	308,000.00	202,135.74	3.45	105,864.26	365,231.70	
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	3.00	0.00	0.00	
C317409	Oakland	ARRA	F	2,297,990.00	686,604.45	1.43	1,070,885.55	1,527,965.20	
C317682	Oconto		F	262,745.00	25,830.56	1.50	136,914.44	205,371.66	
C317152	Ogallala		F	2,397,400.00	2,237,417.68	3.23	159,982.32	516,742.89	
C317500	Ogallala		F	672,763.00	149,966.36	2.00	272,865.64	545,731.28	
C318006	Ogallala			1,612,465.00	0.00	1.50	1,612,465.00	2,418,697.50	
C317005	Omaha		P	4,000,000.00	4,000,000.00	3.80	0.00	0.00	
C317016	Omaha		P	2,830,825.00	2,830,825.00	4.00	0.00	0.00	

ATTACHMENT 1

SFY 2020

CWSRF LOAN INVESTMENT STATUS REPORT

ANNUAL REPORT

PROJ #	COMMUNITY NAME	PROJ INDENT	STATUS	AMOUNT (LOAN ALLOCATIONS)	REDUCTIONS (PINCIPAL REPAYMENTS)	INTEREST RATE	LOAN BALANCE	EARNING FACTOR	BLENDED LOAN RATE
C317052	Omaha		P	1,810,894.00	1,810,894.00	3.50	0.00	0.00	
C317079	Omaha		P	10,000,000.00	10,000,000.00	3.00	0.00	0.00	
C317082	Omaha		P	3,432,976.00	3,432,976.00	3.50	0.00	0.00	
C317182	Omaha		P	1,600,000.00	1,600,000.00	3.00	0.00	0.00	
C317311	Omaha		P	898,294.00	898,294.00	3.00	0.00	0.00	
C317319	Omaha		P	20,000,000.00	20,000,000.00	3.50	0.00	0.00	
C317375	Omaha		P	12,100,000.00	12,100,000.00	4.00	0.00	0.00	
C317432	Omaha	ARRA	F	8,500,000.00	2,602,183.22	1.48	3,989,816.78	5,896,949.20	
C317476	Omaha	BASE	F	7,354,121.00	2,595,874.46	2.00	4,758,246.54	9,516,493.08	
C317734	Omaha	FFATA	F	55,000,000.00	8,735,008.63	1.50	46,264,991.37	69,397,487.06	
C317735	Omaha			14,250,000.00	757,054.58	1.50	13,492,945.42	20,239,418.13	
C317805	Oshkosh			26,553.00	0.00	1.50	23,939.00	35,908.50	
C317205	Osmond	GP11	F	580,216.00	109,800.62	2.23	220,415.38	491,526.30	
C317229	Oxford		P	865,353.00	865,353.00	2.77	0.00	0.00	
C317543	Oxford		F	556,097.00	88,868.09	2.11	217,228.91	458,353.00	
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	2.50	0.00	0.00	
C317807	Paxton		F	64,600.00	30,529.65	2.00	1,770.35	3,540.70	
C317087	Pickrell		F	350,000.00	305,151.66	4.00	44,848.34	179,393.36	
C317060	Plainview		F	968,910.00	517,410.81	2.75	451,499.19	1,241,622.77	
C317745	Platte Center	ARRA	F	192,873.00	51,632.16	2.00	77,057.84	154,115.68	
C317980	Platte Cnty SID #7		F	697,674.00	134,950.72	1.50	562,723.28	844,084.92	
C317526	Plattsmouth		F	1,849,810.00	557,838.54	2.19	1,041,971.46	2,281,917.50	
C317834	Plattsmouth		F	1,780,000.00	1,210,964.95	2.00	524,996.05	1,049,992.10	
C318015-E	Plattsmouth			1,476,745.00	47,223.00	0.00	1,429,522.00	0.00	
C317266	Pleasanton		P	117,076.00	117,076.00	3.00	0.00	0.00	
C317744	Pleasanton	ARRA	P	329,536.00	232,817.00	2.00	0.00	0.00	
C317035	Polk		P	81,453.00	81,453.00	3.50	0.00	0.00	
C317696	Polk Cnty SID #1	FFATA	F	2,024,805.00	668,396.90	2.25	1,356,408.10	3,051,918.23	
C317992	Randolph		F	275,455.00	25,730.33	1.50	249,724.67	374,587.01	
C317506	Red Cloud	ARRA	F	497,729.00	164,726.35	1.33	207,677.65	276,211.27	
C317073	Rising City		F	350,340.00	216,560.70	2.55	133,779.30	341,137.22	
C317101	Riverton		P	140,442.00	140,442.00	3.00	0.00	0.00	
C317101-03	Riverton		P	14,629.78	14,629.78	3.00	0.00	0.00	
C317188	Rushville		P	1,035,000.00	1,035,000.00	3.00	0.00	0.00	
C317416	Ruskin		F	271,020.00	182,642.40	2.50	88,377.60	220,944.00	

ATTACHMENT 1

SFY 2020

CWSRF LOAN INVESTMENT STATUS REPORT

ANNUAL REPORT

PROJ #	COMMUNITY NAME	PROJ INDENT	STATUS	AMOUNT (LOAN ALLOCATIONS)	REDUCTIONS (PINCIPAL REPAYMENTS)	INTEREST RATE	LOAN BALANCE	EARNING FACTOR	BLENDED LOAN RATE
C317128	Sarpy Cnty SID #101		P	4,783,399.00	4,785,104.84	3.00	0.00	0.00	
C318009	Sarpy County and Sarpy Cities			2,250,434.00	0.00	0.00	2,250,434.00	0.00	
C317195	Schuyler		P	579,336.00	579,336.00	3.00	0.00	0.00	
C317215	Schuyler		P	2,481,856.00	2,481,856.00	3.01	0.00	0.00	
C317989	Scotia	GP18		129,028.00	1,479.91	1.25	63,035.09	78,793.86	
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	3.00	0.00	0.00	
C317219	Scottsbluff	ARRA	F	3,370,000.00	2,392,989.38	1.33	134,510.62	179,347.58	
C317378	Scottsbluff		F	1,004,334.00	821,550.54	3.00	182,783.46	548,350.38	
C317813	Shelby		F	291,974.00	96,828.29	2.25	195,145.71	439,077.85	
C317062	Shelton		P	493,043.00	493,043.00	3.37	0.00	0.00	
C317301	Shelton		F	1,071,763.00	936,281.49	3.00	135,481.51	406,444.53	
C317189	Sidney	ARRA/BASE	F	5,500,000.00	1,929,803.24	1.33	2,195,196.76	2,926,928.28	
C317433	Sidney	LAND	F	819,924.00	704,319.25	2.52	115,604.75	291,323.97	
C317945	Sidney	GO		1,252,429.00	112,872.95	1.25	1,073,352.05	1,341,690.06	
C317508	Silver Creek		F	175,165.00	97,661.74	2.75	77,503.26	213,133.97	
C317360	South Sioux City		F	3,112,135.00	1,432,223.84	3.65	1,679,911.16	6,131,675.73	
C317725	South Sioux City	ARRA	F	2,257,752.00	704,746.13	1.32	978,005.87	1,288,033.73	
C317835	South Sioux City	GP12/FFATA	F	1,444,535.00	429,543.52	2.50	1,014,991.48	2,537,478.70	
C317988	South Sioux City		F	1,403,146.00	179,901.43	1.50	1,223,244.57	1,834,866.86	
C318016	South Sioux City			0.00	0.00	2.00	0.00	0.00	
C317363	Spencer		F	146,292.00	18,539.73	1.50	54,606.27	81,909.41	
C317897	Sprague		F	348,680.00	51,163.79	1.50	197,516.21	296,274.32	
C317027	St. Helena		P	70,695.00	70,695.00	3.50	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	2.50	0.00	0.00	
C317164	Stanton		F	1,053,787.00	985,018.02	3.00	68,768.98	206,306.94	
C317985	Stanton Cnty SID #1 -		F	668,164.00	346,256.91	1.50	321,907.09	482,860.64	
C317011	Sterling		P	177,430.00	177,430.00	3.50	0.00	0.00	
C318012	Stratton			3,320.00	0.00	1.50	2,382.00	3,573.00	
C317048	Stromsburg		P	599,516.00	599,516.00	3.04	0.00	0.00	
C317320	Stromsburg		P	156,000.00	156,000.00	3.30	0.00	0.00	
C317510	Stuart		F	97,712.00	17,268.70	2.00	31,587.30	63,174.60	
C317096	Superior		P	341,898.00	341,898.00	3.00	0.00	0.00	
C317818	Superior		F	200,066.00	11,915.36	1.25	94,659.64	118,324.55	
C318000	Superior		F	375,000.00	0.00	1.50	225,000.00	337,500.00	

ATTACHMENT 1

SFY 2020

CWSRF LOAN INVESTMENT STATUS REPORT

ANNUAL REPORT

PROJ #	COMMUNITY NAME	PROJ INDENT	STATUS	AMOUNT (LOAN ALLOCATIONS)	REDUCTIONS (PINCIPAL REPAYMENTS)	INTEREST RATE	LOAN BALANCE	EARNING FACTOR	BLENDED LOAN RATE
C317364	Sutherland		P	165,880.00	165,880.00	2.50	0.00	0.00	
C317365	Sutherland		F	960,299.00	152,416.87	1.50	807,882.13	1,211,823.20	
C317994	Sutherland		F	291,702.00	18,953.95	1.50	272,748.05	409,122.08	
C317190	Sutton		P	1,505,100.00	1,505,100.00	3.12	0.00	0.00	
C317430	Taylor		F	119,860.00	7,911.01	1.50	52,018.99	78,028.49	
C317231	Tecumseh		P	370,629.00	370,629.00	3.00	0.00	0.00	
C317051	Tekamah		P	1,297,286.00	1,297,286.00	3.00	0.00	0.00	
C317252	Tekamah	ARRA	F	1,171,044.00	346,246.39	1.33	532,893.61	708,748.50	
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	3.00	0.00	0.00	
C317434	Verdigre		F	112,211.00	85,259.82	2.50	26,951.18	67,377.95	
C317460	Verdigre		F	200,000.00	83,947.86	3.00	116,052.14	348,156.42	
C317746	Verdigre		P	1,403,627.00	1,403,627.00	2.00	0.00	0.00	
C318008	Verdigre			37,831.00	0.00	1.25	19,272.00	24,090.00	
C317220	Waco		P	100,300.00	100,300.00	3.00	0.00	0.00	
C317010	Wahoo		P	4,515,601.00	4,515,601.00	3.49	0.00	0.00	
C317222	Wakefield		F	265,070.00	41,207.79	2.00	91,327.21	182,654.42	
C318026	Waterloo			11,840.00	0.00	1.50	11,840.00	17,760.00	
C317423	Wauneta		F	240,267.00	12,925.79	1.50	131,234.21	196,851.32	
C317032	Wayne		F	1,938,650.00	292,070.90	1.50	1,546,579.10	2,319,868.65	
C317369	Wayne		F	5,199,020.00	1,857,511.31	2.00	3,091,508.69	6,183,017.38	
C317040	West Point		P	195,000.00	195,000.00	3.50	0.00	0.00	
C317055	West Point		F	5,116,139.00	3,400,199.98	2.94	1,715,939.02	5,044,860.72	
C317659	Western		F	69,863.00	31,467.99	2.00	38,395.01	76,790.02	
C317129	Wilber		P	570,000.00	570,000.00	3.00	0.00	0.00	
C317827	Winside		F	918,576.00	146,390.62	1.50	772,185.38	1,158,278.07	
C317012	Wisner		P	1,156,786.00	1,156,786.00	3.01	0.00	0.00	
C317426	Wisner	GP11	F	126,642.00	19,963.64	1.75	43,357.36	75,875.38	
C317979	Wisner		F	334,929.00	40,871.42	1.50	194,057.58	291,086.37	
C317723	Wolbach		P	40,999.00	20,500.00	2.25	0.00	0.00	
C317098	Wymore		P	248,700.00	248,700.00	3.00	0.00	0.00	
C317552	Wymore		P	402,800.00	402,800.00	3.00	0.00	0.00	
C317983	York	YR16FFATA	F	23,043,162.00	995,966.67	1.50	22,047,195.33	33,070,793.00	
LOAN TOTALS				585,660,941.54	337,722,315.25		230,247,563.54	366,022,417.17	1.59

ATTACHMENT 1

SFY 2020

CWSRF LOAN INVESTMENT STATUS REPORT

ANNUAL REPORT

PROJ #	COMMUNITY NAME	PROJ INDENT	STATUS	AMOUNT (LOAN ALLOCATIONS)	REDUCTIONS (PINCIPAL REPAYMENTS)	INTEREST RATE	LOAN BALANCE	EARNING FACTOR	BLENDED LOAN RATE
	PROJECT INDENTIFIER 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	GP							
	NONPOINT SOURCE LAND ACQUISITION	LAND							
	STATUS CODES:								
	ACTIVE								
	FINAL		F						
	PAID OFF		P						

**Attachment 2
CWSRF - Binding Commitments**

Community Name	Project #C31	State Fiscal Year 2019				State Fiscal Year 2020			
		1st QTR	2nd QTR	3rd QTR	4th QTR	1st QTR	2nd QTR	3rd QTR	4th QTR
Program Administration									
Bladen	8005	130,000							
York Amd #1	7983	4,645,000							
Benkelman	8002		1,150,000						
Cairo Amd #1	7996		126,000						
Superior	8000			375,000					
Guide Rock	8003				100,000				
Juniata	8011				478,425				
Kearney	8010				1,705,000				
Scotia	7989				135,500				
Stratton	8012				530,905				
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
(1) BINDING COMMITMENT TOTALS		4,775,000	1,276,000	375,000	2,949,830	9,275,000	3,155,450	1,673,800	54,536,950
(2) CUMULATIVE BINDING COMMITMENTS		662,980,516	664,256,516	664,631,516	667,581,346	676,856,346	680,011,796	681,685,596	736,222,546
FY BINDING COMMITMENT TOTALS				FY19:	9,375,830			FY20:	68,641,200
(3) REQUIRED BINDING COMMITMENT*		9,830,400				9,730,800			
(4) CUMULATIVE REQUIRED AMOUNT		257,193,076	257,193,076	257,193,076	257,193,076	266,923,876	266,923,876	266,923,876	266,923,876
(5) BC AS % OF REQ'D BC AMOUNT		258	258	258	260	254	255	255	276
*120% of Federal Cap Grants lagged by a year									

**ATTACHMENT 3
CWSRF SMALL TOWN GRANT HISTORY**

**SFY 2020
ANNUAL REPORT**

								First Half SFY 2021	Second Half SFY 2021	First Half SFY 2022	Second Half SFY 2022
Community Name	Project #C31	SFY Prog Year	Grant Award Date	State Grant %	State Grant Amount	Paid Prior to SFY 2020	Paid During SFY 2020	Estimated 12-31-20	Estimated 6-30-21	Estimated 12-31-21	Estimated 6-30-22
Sterling	7011-01	1990	6/26/1990	50	177,430	177,430					
SFY90 ALLOCATION TOTAL					177,430						
Herman	7019-01	1991	5/31/1991	24	124,864	124,864					
St. Helena	7027-01	1991	5/24/1991	50	70,695	70,695					
SFY91 ALLOCATION TOTAL					195,559						
Cedar Cnty SID #1	7028	1992	2/1/1993	50	72,700	72,700					
SFY92 ALLOCATION TOTAL					72,700						
Polk Cnty SID #1	7035-01	1993	6/4/1993	50	81,453	81,453					
SFY93 ALLOCATION TOTAL					81,453						
Avoca	7025-01	1994	5/23/1994	48	119,360	119,360					
Axtell	7070-01	1994	6/21/1994	13.85	62,150	62,150					
Riverton	7101-01	1994	6/6/1994	50	91,100	91,100					
SFY94 ALLOCATION TOTAL					272,610						
Hay Springs	7053-01	1995	8/23/1994	50	200,971	200,971					
Verdigre	7023-01 & 02	1995	11/16/1994	50	30,410	30,410					
Firth	7049-01	1995	4/13/1995	33	27,200	27,200					
Avoca	7025-02	1995	6/25/1995	48	17,000	17,000					
SFY95 ALLOCATION TOTAL					275,581						
Hay Springs	7053-02	1996	8/25/1995	50	48,500	48,500					
Hay Springs	7053-03	1996	2/15/1996	40	57,500	57,500					
Firth	7049-02	1996	3/14/1996	33	4,800	4,800					
Riverton	7101-02	1996	6/7/1996	50	49,345	49,345					
SFY96 ALLOCATION TOTAL					160,145						
Bassett	7068-01	1997	2/27/1997	50	105,250	105,250					
Alda	7030-01	1997	4/30/1997	42	83,060	83,060					
SFY97 ALLOCATION TOTAL					188,310						

**ATTACHMENT 3
CWSRF SMALL TOWN GRANT HISTORY**

**SFY 2020
ANNUAL REPORT**

								First Half SFY 2021	Second Half SFY 2021	First Half SFY 2022	Second Half SFY 2022
Community Name	Project #C31	SFY Prog Year	Grant Award Date	State Grant %	State Grant Amount	Paid Prior to SFY 2020	Paid During SFY 2020	Estimated 12-31-20	Estimated 6-30-21	Estimated 12-31-21	Estimated 6-30-22
SFY98 ALLOCATION TOTAL					0						
Crab Orchard	7081	1999	11/23/1998	5	1,700	1,700					
SFY99 ALLOCATION TOTAL					1,700						
Crab Orchard Amend	7081	2000	3/13/2000	50	20,291	20,291					
Arnold	7198	2000	4/11/2000	50	92,500	92,500					
Cedar Rapids	7134	2000	6/14/2000	50	105,000	105,000					
Pleasanton	7266	2000	6/27/2000	9.3	12,005	12,005					
SFY00 ALLOCATION TOTAL					229,796						
Cedar Rapids Amend	7134	2001	8/25/2000	50	29,755	29,755					
Arnold Amend	7198	2001	9/18/2000	50	7,451	7,451					
Diller	7196	2001	10/16/2000	24	95,658	95,658					
Ayr	7185	2001	3/14/2001	50	75,989	75,989					
Bellwood	7242	2001	5/7/2001	38	100,000	100,000					
Dannebrog	7139	2002	7/16/2001	50	100,000	100,000					
SFY01 ALLOCATION TOTAL					408,853						
Maywood	7259	2002	11/29/2001	50	67,314	67,314					
Holbrook	7213	2002	12/3/2001	25	100,000	100,000					
Brule	7281	2002	12/11/2001	43	97,029	97,029					
Chambers	7329	2002	3/12/2002	50	67,511	67,511					
McGrew	7331	2002	5/7/2002	50	47,100	47,100					
SFY02 ALLOCATION TOTAL					378,954						
Adams	7238	2003	9/12/2002	42	100,000	100,000					
Lindsay	7204	2003	6/10/2003	39.28	100,000	100,000					
Meadow Grove	7217	2003	6/18/2003	19.8	89,394	89,394					
Jackson	7292	2003	6/23/2003	48.2	50,846	50,846					
Cook	7258	2003	6/25/2003	14.7	100,000	100,000					
Exeter	7338	2003	6/25/2003	41.4	38,833	38,833					
SFY03 ALLOCATION TOTAL					479,073						

**ATTACHMENT 3
CWSRF SMALL TOWN GRANT HISTORY**

**SFY 2020
ANNUAL REPORT**

								First Half SFY 2021	Second Half SFY 2021	First Half SFY 2022	Second Half SFY 2022
Community Name	Project #C31	SFY Prog Year	Grant Award Date	State Grant %	State Grant Amount	Paid Prior to SFY 2020	Paid During SFY 2020	Estimated 12-31-20	Estimated 6-30-21	Estimated 12-31-21	Estimated 6-30-22
Paxton	7353	2004	9/30/2003	5.83	83,717	83,717					
Falls City	7043	2004	2/4/2004	2.44	100,000	100,000					
Madison	7405	2004	2/25/2004	4.68	100,000	100,000					
Ruskin	7416	2004	3/18/2004	48.66	100,000	100,000					
Bertrand	7327	2004	3/22/2004	10	100,000	100,000					
SFY04 ALLOCATION TOTAL					483,717						
Garland	7159	2005	11/30/2004	24.27	100,000	100,000					
Rising City	7073	2005	12/16/2004	22.2	100,000	100,000					
Valley	7367	2005	1/7/2005	2.02	100,000	100,000					
Palmer	7414	2005	1/12/2005	15.04	100,000	100,000					
Oxford	7229	2005	1/28/2005	7.14	100,000	100,000					
SFY05 ALLOCATION TOTAL					500,000						
Murray	7250	2006	9/13/2005	6.93	100,000	100,000					
Dwight	7484	2006	3/31/2006	27.07	93,030	93,030					
Kennard	7118	2006	4/4/2006	12.61	100,000	100,000					
SFY06 ALLOCATION TOTAL					293,030						
Concord	7468	2007	2/26/2007	15.72	58,000	58,000					
Bancroft	7277	2007	3/19/2007	12.6	100,000	100,000					
Chapman	7477	2007	4/4/2007	19.23	100,000	100,000					
Indianola	7343	2007	4/19/2007	9.07	75,481	75,481					
SFY07 ALLOCATION TOTAL					333,481						
Melbeta	7248	2008	6/11/2008	24.1	82,359	82,359					
Guide Rock	7234	2008	6/12/2008	25	100,000	100,000					
Concord Amend	7468	2008	6/24/2008	8.61	42,000	42,000					
SFY08 ALLOCATION TOTAL					224,359						

**ATTACHMENT 3
CWSRF SMALL TOWN GRANT HISTORY**

**SFY 2020
ANNUAL REPORT**

								First Half SFY 2021	Second Half SFY 2021	First Half SFY 2022	Second Half SFY 2022
Community Name	Project #C31	SFY Prog Year	Grant Award Date	State Grant %	State Grant Amount	Paid Prior to SFY 2020	Paid During SFY 2020	Estimated 12-31-20	Estimated 6-30-21	Estimated 12-31-21	Estimated 6-30-22
Verdigre	7460	2009	8/4/2008	50	200,000	200,000					
Dwight Amend	7484	2009	12/1/2008	9.13	6,970	6,970					
Ainsworth	7559	2009	5/13/2009	57.697	200,000	200,000					
Coleridge	7597	2009	6/11/2009	50	56,146	56,146					
SFY09 ALLOCATION TOTAL					463,116						
Western	7659	2010	8/14/2009	50	69,863	69,863					
Filley	7594	2010	4/26/2010	43.02	185,000	185,000					
Leigh	7447	2011	7/9/2010	28.41	250,000	250,000					
SFY10 ALLOCATION TOTAL					504,863						
Cedar Bluffs Amend	7532	2011	1/20/2011	7.26	48,488	48,488					
Hayes Center	7291	2011	1/22/2011	44.96	234,386	234,386					
Platte Center Amend	7745	2011	3/22/2011	3.28	6,213	6,213					
Carroll	7107	2011	4/1/2011	33.33	213,100	213,100					
Dorchester Amend	7565	2011	4/4/2011	0.27	1,718	1,718					
Tekamah Amend	7252	2011	5/11/2011	0.83	1,143	1,143					
Polk Cnty SID #1	7696	2011	6/30/2011	9.11	202,947	202,947					
SFY11 ALLOCATION TOTAL					707,995						
Albion	7103	2012	10/14/2011	7.14	250,000	250,000					
Ansley	7136	2012	1/18/2012	17.02	250,000	250,000					
SFY12 ALLOCATION TOTAL					500,000						
Crawford	7039	2013	6/18/2013	7.57	250,000	250,000					
Jansen	7786	2013	6/21/2013	38.89	168,473	168,473					
SFY13 ALLOCATION TOTAL					418,473						
Mead	7854	2014	11/22/2013	37.2	250,000	250,000					
Winside	7827	2014	6/20/2014	18.48	208,237	208,237					
Sprague	7897	2014	6/26/2014	37.2	30,000	30,000					
SFY14 ALLOCATION TOTAL					488,237						

**ATTACHMENT 3
CWSRF SMALL TOWN GRANT HISTORY**

**SFY 2020
ANNUAL REPORT**

								First Half SFY 2021	Second Half SFY 2021	First Half SFY 2022	Second Half SFY 2022
Community Name	Project #C31	SFY Prog Year	Grant Award Date	State Grant %	State Grant Amount	Paid Prior to SFY 2020	Paid During SFY 2020	Estimated 12-31-20	Estimated 6-30-21	Estimated 12-31-21	Estimated 6-30-22
Chappell	7874	2015	3/24/2015	50	250,000	250,000					
Chester	7875	2015	6/17/2015	50	158,990	158,990					
Jansen Amend	7786	2015	6/17/2015	50	0	0					
Sprague Amend	7897	2015	6/30/2015	18.88	6,675	6,675					
SFY15 ALLOCATION TOTAL					415,665						
Chester Amend	7875	2016	8/5/2015	50	82,753	82,753					
Allen	7838	2016	11/13/2015	50	250,000	250,000					
SFY16 ALLOCATION TOTAL					332,753						
Gilead	7709	2017	9/19/2016	50	78,100	78,100					
Lynch	7993	2017	6/21/2017	50	250,000	3,988	7,203	50,000	50000	70000	68809
SFY17 ALLOCATION TOTAL					328,100						
Gilead Amend	7709	2018	9/11/2017	3.1	15,861	15,861					
DeWeese	7991	2018	1/9/2018	3.6	20,000	19,184	816				
Marquette	7998	2018	2/13/2018	8	44,200	35,217	8,983				
Benkelman	8002	2018	6/1/2018	45.5	250,000	9,216	168,711	40,000	32073		
Haigler	7999	2018	6/29/2018	39.8	154,380	17,498	136,882				
SFY18 ALLOCATION TOTAL					484,441						
Stratton	8012	2019	6/14/2019	100	145,000		907	70,000	74093		
SFY19 ALLOCATION TOTAL					145,000						
Oshkosh	7805	2020	1/15/2020	50	250,000		4,356	75,000	75000	75000	20644
Chambers	8029	2020	6/9/2020	50	245,250			200,000	45250		
SFY20 ALLOCATION TOTAL					495,250						

**ATTACHMENT 3
CWSRF SMALL TOWN GRANT HISTORY**

**SFY 2020
ANNUAL REPORT**

								First Half SFY 2021	Second Half SFY 2021	First Half SFY 2022	Second Half SFY 2022
Community Name	Project #C31	SFY Prog Year	Grant Award Date	State Grant %	State Grant Amount	Paid Prior to SFY 2020	Paid During SFY 2020	Estimated 12-31-20	Estimated 6-30-21	Estimated 12-31-21	Estimated 6-30-22
PRIOR APPROPRIATIONS PLUS TRANSFER					1,655,284						
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					708,005						
FY12 FEE					500,000						
FY13 FEE					418,473						
FY14 FEE					520,000						
FY15 FEE					415,665						
FY16 FEE					341,010						
FY17 FEE					328,100						
FY18 FEE					549,775						
FY19 FEE					145,000						
FY20 FEE					495,250						
PLUS TRANSFERS					10,146,008						
PRIOR DISBURSEMENTS						8,766,917					
CURRENT DISBURSEMENTS							327,858				
PROJECTED DISBURSEMENTS								435,000	276,416	145,000	89,453
JULY 1, 2019 FUND BALANCE PLUS TRANSFERS						1,379,091					
JUNE 30, 2020 FUND BALANCE							1,051,233				
PROJECTED FUND BALANCE								616,233	339,817	194,817	105,364

**Attachment 4
2020 IUP Funding List Reconciliation**

**SFY 2020
ANNUAL REPORT**

Community	F or P	Project #C31	Estimated Project Cost	2020 IUP Estimated SRF Loan	Total Assistance	Actual Forgiveness and/or Small Town Grant	Net Loan Amount	Agreement Date	Comments
Aurora	F		15,650,000	2,300,000	0	0	0		Loan should be signed by Dec or Jan
Fairbury	F		2,630,000	2,630,000	0	0	0		Moving forward with loan
Humboldt	F		3,293,000	3,293,000	0	0	0		On hold until the time is right for them to proceed
Jansen	F		100,000	100,000	0	0	0		Not proceeding with the project
Juniata	F		1,779,410	1,779,410	0	0	0		Signed 4/15/19
Kearney	F	8020	55,773,300	21,500,000	21,500,000	0	21,500,000	4/27/2020	
Ogallala	F	8006	2,080,000	2,080,000	2,080,000	0	2,080,000	12/2/2019	
Omaha	F		162,250,000	31,000,000	0	0	0		Might not come in for SRF loan
O'Neill	F		667,000	667,000	0	0	0		Will be coming in this fiscal year
Oshkosh	F	7805	1,773,800	1,523,800	1,773,800	400,000	1,373,800	1/15/2020	
Plattsmouth	F	8015-E	4,275,000	4,275,000	4,275,000	0	4,275,000	9/17/2019	
Raymond	F		1,026,000	1,026,000	0	0	0		Decided against loan
Sarpy County and Sarpy Cities Wastewater	F	8009	231,000,000	5,000,000	5,000,000	0	5,000,000	7/22/2019	
Scotia	F		385,000	385,000	0	0	0		Signed 4/29/19
Stratton	F		676,000	676,000	0	0	0		Signed 6/14/19
Taylor	F		800,000	800,000	0	0	0		High I & I, waiting to proceed
Verdigre	F	8008	305,750	305,750	305,750	150,000	155,750	11/1/2019	
SFY 2020 Planning List - Bypass Systems									
Central City	P	8013	200,000	200,000	200,000	100,000	100,000	11/1/2019	
Chambers	P	8029	490,500	490,500	490,500	245,250	245,250	6/9/2020	
Crab Orchard	P	8018-E	116,700	116,700	116,700	0	116,700	10/3/2019	
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	
Knox County SID #1-Kohles Acres	P	8017	250,600	250,600	250,600	0	250,600	4/21/2020	
South Sioux City	P	8016	46,150,000	31,591,000	31,591,000	0	31,591,000	5/11/2020	
Waterloo	P	8026	700,000	325,100	325,100	0	325,100	5/6/2020	
Funded Projects, but Not on 2020 Priority List									
Guide Rock	P	8003	100,000	100,000	100,000	50,000	50,000	4/29/2019	
Guide Rock Amd #1	P	8003	100,000	100,000	130,000	65,000	65,000	4/29/2020	
Juniata	P	8011	478,425	478,425	478,425	0	478,425	4/15/2019	
Kearney	P	8010	48,407,000	1,705,000	1,705,000	0	1,705,000	4/29/2019	
Scotia	P	7989	340,000	135,500	135,500	67,750	67,750	4/29/2019	
Stratton	P	8012	600,000	380,905	675,905	295,000	380,905	6/14/2019	
Gothenburg Amd #1	P	7995	625,000	625,000	120,000	0	120,000	6/12/2020	
Gretna Amd #1	P	7986	5,500,000	5,500,000	453,000	0	453,000	11/6/2019	

ATTACHMENT 5

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

JULY 1, 2017 THROUGH JUNE 30, 2018

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

JULY 1, 2018, THROUGH JUNE 30, 2019

**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 April 14, 2020

TABLE OF CONTENTS

	<u>Page</u>
Background Information Section	
Background	1
Key Officials and Department Contact Information	2
Comment Section	
Comment and Recommendation	3 - 4
Financial Section	
Independent Auditor's Report	5 - 6
Management's Discussion and Analysis	7 - 10
Basic Financial Statements:	
Balance Sheet	11
Statement of Revenues, Expenses, and Changes in Net Position	12
Statement of Cash Flows	13
Notes to the Financial Statements	14 - 24
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	25 - 26
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 <i>OMB Compliance Supplement</i>	27 - 28

BACKGROUND

With the passage of LB 302, on July 1, 2019, the Nebraska Department of Environmental Quality and the Nebraska Energy Office merged into the Nebraska Department of Environment and Energy (Department). The 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 LB 766 (1988), the Wastewater Treatment Facilities Construction Assistance Act is set out at Neb. Rev. Stat. § 81-15,147 et seq. (Reissue 2014, Cum. Supp. 2018). 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) by 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, 2019, the EPA had awarded \$224 million in capitalization grants to the State. Of the \$224 million awarded, approximately \$20 million was funded by the American Recovery and Reinvestment Act (ARRA). The \$204 million not funded by ARRA required the State to contribute approximately \$41 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.

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
Dennis Burling	Deputy Director – Administration
Steve Goans	Deputy Director – Water Programs
Ryan Phillips	Accounting & Finance Manager

Nebraska Department of Environment and Energy
1200 N Street, Suite 400
P.O. Box 98922
Lincoln, NE 68509
deq.ne.gov

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:

- Part of the fiscal year 2018 short-term bond process was identified as having not been completed during testing on the fiscal year 2018 Statewide Comprehensive Annual Financial Report (CAFR). The Department performed the required entries in September 2018 to complete the short-term bond process and included the entries on the fiscal year 2018 financial statements through an accrual entry. However, the accrual entry was not reversed on the fiscal year 2019 financial statements. This caused Bond Revenue (Expense) to be understated by \$14,979 and created a balancing issue between the Balance Sheet and the Statement of Revenues, Expenses, and Changes in Net Position.
- Amounts recorded as Reimbursements from Non-Government Sources were not included on the Statement of Revenues, Expenses, and Changes in Net Position. This caused Administrative Costs from Fees to be overstated by \$192 and created a balancing issue between the Balance Sheet and the Statement of Revenues, Expenses, and Changes in Net Position.
- Four documents were identified as not included as expenditures on the Statement of Revenues, Expenditures, and Changes in Net Position. This caused Loan Forgiveness expense to be understated by \$163, Planning Grants expense to be understated by \$37,770, and created a balancing issue between the Statement of Revenues, Expenses, and Changes in Net Position.
- The Department did not accrue an amount for one payment of loan forgiveness and small town grants. This caused Due to Grant Recipients Payable to be understated by \$35,620, Small Town Grants expense to be understated by \$22,267, and Loan Forgiveness to be understated by \$13,353. Additionally, one payment for \$32,544 of loan forgiveness was paid from a Federal fund and did not have an accrual for the Due from Federal Government receivable. This caused Due from Federal Government receivable and Capital Contributions – Federal Grants revenue to be understated by \$32,544.
- Payments for Small Town Grants and Payments for Facility Planning Grants on the Statement of Cash Flows were not correctly revised when the Small Town Grants expense was revised on the Statement of Revenues, Expenses, and Changes in Fund Balances. This caused Payments for Small Town Grants to be overstated by \$22,267 and Payments for Facility Planning Grants to be understated by \$22,267.

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 three audits.

A good internal control plan and sound accounting practices require procedures to ensure 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.

COMMENT AND RECOMMENDATION
(Concluded)

1. Financial Statement Errors (Concluded)

Department Response: The amount of manual processing time required to complete the CWSRF financials led to multiple financial statement errors. The agency has established a checklist to allow for adequate time to prepare the financials. In addition, the agency will purchase accounting software to prevent the majority of the manual errors. The agency will use the EnterpriseOne trial balance while relying on additional software to produce the balance sheet, income statement, and statement of cash flows. Thus, eliminating the need for manual processing.

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, 2019, 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, 2019, 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, 2019, 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 April 10, 2020, 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 April 10, 2020, 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
April 10, 2020

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, 2019. 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, 2019, the Net Position of the Program increased by 4.4%. The increase in Net Position was largely impacted for three reasons. The first is due to the volume of Operating Revenues collected, \$5,109,708, which is loan interest and fees with an additional \$1,862,204 interest earned through the Operating Investment Pool on the fund balance. The second is the Program continued to receive Federal grants and drew down \$7,854,920, 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 \$64,158 in fiscal year 2019 over fiscal year 2018 because fiscal year 2019 had higher amounts payable 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 2018, the Program invested \$56,498 in the Loan and Grant Tracking System (LGTS). In fiscal year 2019, an additional \$80,441 was invested in LGTS software development.

BALANCE SHEET

	2019	2018	% Change
Current Assets	\$ 104,659,612	\$ 85,515,265	22.4%
Non-Current Assets	219,125,665	224,722,754	-2.5%
Total Assets	323,785,277	310,238,019	4.4 %
Current Liabilities	141,817	75,090	88.9 %
Non-Current Liabilities	50,048	63,106	-20.7%
Total Liabilities	191,865	138,196	38.8 %
Net Position:			
Net Investment in Capital Assets	333,679	253,238	31.8 %
Unrestricted	323,259,733	309,846,585	4.3 %
Total Net Position	\$ 323,593,412	\$ 310,099,823	4.4 %

CHANGES IN NET POSITION

	2019	2018	% Change
Loan Fees Administration	\$ 1,600,539	\$ 1,616,503	-1.0 %
Interest on Loans	3,509,169	3,771,694	-7 .0%
Total Operating Revenues	5,109,708	5,388,197	5.2 %
Administration	825,799	871,212	-5.2%
Grant Expense	176,403	182,244	-3.2 %
Loan Forgiveness	415,765	152,018	173.5 %
Total Operating Expenses	1,417,967	1,205,474	17.6 %
Operating Income	3,691,741	4,182,723	-11.7 %
Federal Grants	7,935,361	6,806,178	16.6 %
Interest Revenue	1,862,204	1,504,017	23.8 %
Bond Revenue (Expenses)	4,283	(2,484)	272.4 %
Total Non-Operating Revenue (Expense)	9,801,848	8,307,711	18.0%
Change in Net Position	13,493,589	12,490,434	8.0 %
Beginning Net Position July 1	310,099,823	297,609,389	4.2 %
Ending Net Position June 30	\$ 323,593,412	\$ 310,099,823	4.4 %

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.

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 \$1,100,000, 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 rates 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 providing a quality assurance check of the many transactions that have occurred years ago and often by a number of staff members.

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 2019, 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 have been handled through the existing Northbridge contract with Federal Environmental Protection Agency (EPA) procurement. Therefore, expenditures are withheld as an "in-kind" deduction to the total annual grant, which is awarded to the program each year. Federal EPA staff negotiate, monitor, and manage the Northbridge contract for LGTS.

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

NEBRASKA DEPARTMENT OF ENVIRONMENT AND ENERGY
 CLEAN WATER REVOLVING FUND PROGRAM
BALANCE SHEET
 June 30, 2019

	Enterprise Fund
ASSETS	
CURRENT ASSETS:	
Cash in State Treasury (Note 2)	\$ 90,760,126
Due from Federal Government	35,895
Interest Receivable	180,242
Loans Receivable (Note 3)	13,683,349
TOTAL CURRENT ASSETS	104,659,612
 NON-CURRENT ASSETS	
Loans Receivable (Note 3)	218,791,986
Capital Assets, Net (Note 4)	333,679
TOTAL NON-CURRENT ASSETS	219,125,665
TOTAL ASSETS	\$ 323,785,277
 LIABILITIES	
CURRENT LIABILITIES:	
Accounts Payable & Accrued Liabilities	\$ 50,491
Due to Grant Recipients (Note 1)	86,376
Compensated Absences (Note 6)	4,950
TOTAL CURRENT LIABILITIES	141,817
 NON-CURRENT LIABILITIES:	
Compensated Absences (Note 6)	50,048
TOTAL NON-CURRENT LIABILITIES	50,048
TOTAL LIABILITIES	\$ 191,865
 NET POSITION	
Net Investment in Capital Assets	\$ 333,679
Unrestricted	323,259,733
TOTAL NET POSITION	323,593,412
TOTAL LIABILITIES AND NET POSITION	\$ 323,785,277

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, 2019

	<u>Enterprise Fund</u>
OPERATING REVENUES:	
Loan Fees Administration (Note 8)	\$ 1,600,539
Interest on Loans	3,509,169
TOTAL OPERATING REVENUES	<u>5,109,708</u>
OPERATING EXPENSES:	
Administrative Costs from Fees (Note 10)	598,986
4% Administrative Costs From Grants (Note 10)	226,813
Small Town Grants (Note 10)	129,753
Project Planning Activities and Report Grants (Note 10)	46,650
Loan Forgiveness (Note 10)	415,765
TOTAL OPERATING EXPENSES	<u>1,417,967</u>
OPERATING INCOME	3,691,741
NONOPERATING REVENUE (EXPENSE)	
Capital Contributions - Federal Grants (Note 7)	7,854,920
Capital Contributions - Federal Grants - Capital Assets	80,441
Interest on Fund Balance - State Operating Investment Pool (Note 9)	1,862,204
Bond Revenue (Expense)	4,283
NET NONOPERATING REVENUE (EXPENSE)	<u>9,801,848</u>
CHANGE IN NET POSITION	13,493,589
TOTAL NET POSITION, BEGINNING OF YEAR	<u>310,099,823</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ 323,593,412</u>

NEBRASKA DEPARTMENT OF ENVIRONMENT AND ENERGY
 CLEAN WATER STATE REVOLVING FUND PROGRAM
STATEMENT OF CASH FLOWS
 For the Year Ended June 30, 2019

	<u>Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts From Customers	\$ 22,780,676
Payments for Administration	(836,290)
Payments for Small Town Grants	(105,317)
Payments for Project Planning Activities and Report Grants	(46,650)
Loan Forgiveness	(376,043)
Payments to Borrowers	(12,747,387)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u><u>8,668,989</u></u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Grants Received From the Environmental Protection Agency	7,819,025
Receipts from Bond Issue	1,100,000
Repayment of Bond	(1,100,000)
Bond Receipts (Payments)	4,283
NET CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	<u><u>7,823,308</u></u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:	
Capital Contributions	80,441
Purchase of Capital Assets	(80,441)
NET CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	<u><u>-</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on Investments	1,818,347
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u><u>1,818,347</u></u>
Net Increase in Cash and Cash Equivalents	18,310,644
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	72,449,482
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 90,760,126</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:	
Net Operating Income	\$ 3,691,741
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:	
(Increase)/Decrease in Loans Receivable	4,923,579
Increase/(Decrease) in Compensated Absences	(14,448)
Increase/(Decrease) in Accounts Payable & Accrued Liabilities	3,959
Increase/(Decrease) in Payables to Grant Recipients	64,158
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u><u>\$ 8,668,989</u></u>

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. With the passage of LB 302, on July 1, 2019, the Nebraska Department of Environmental Quality and the Nebraska Energy Office merged into the Nebraska Department of Environment and Energy. 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.

1. Summary of Significant Accounting Policies (Continued)

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 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, 2019, 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.

1. **Summary of Significant Accounting Policies** (Continued)

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 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, 2019, which is collectible in fiscal year 2020. Loans receivable that were paid in full, prior to their due date, as of August 31, 2019, 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.

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. 2018) and the Wastewater Treatment Facilities Construction Assistance Act at Neb. Rev. Stat. § 81-15,150 (Cum. Supp. 2018). 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.

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, 2019. 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 2019. Amounts are allocated on a monthly basis based on average balances of all invested funds.

3. Loans Receivable

As of June 30, 2019, the Program had 186 outstanding community loans that totaled \$232,475,335. The outstanding balances of the 10 communities with the largest loan balances, which represent 75.9% of the total loans, were as follows:

<u>Community</u>	<u>Outstanding Balance</u>
Omaha	\$ 72,467,907
Grand Island	30,044,361
York	23,043,162
Lincoln	18,510,222
Dakota City	6,185,037
Gretna	5,996,442
Kearney	5,727,585
South Sioux City	5,264,341
Wayne	4,959,951
Broken Bow	4,251,749
TOTAL	<u>\$ 176,450,757</u>

4. Capital Assets

The Program’s capital assets activity for the year ended June 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Software Development In-Progress				
Loans and Grants Tracking System (LGTS)	<u>\$ 253,238</u>	<u>\$ 80,441</u>	<u>\$ -</u>	<u>\$ 333,679</u>

5. Bonds Payable

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

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 was pledged to pay off the bonds. During the fiscal year, the Program utilized \$538,400 of administrative cash funds and issued and retired Series 2018B 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 2019 on the short-term bond was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Bonds Payable	\$ -	\$ 1,100,000	\$ 1,100,000	\$ -

6. **Non-Current Liabilities**

Changes in non-current liabilities for the year ended June 30, 2019, were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Compensated Absences	\$ 63,106	\$ -	\$ 13,058	\$ 50,048	\$ 4,950

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, 2019. 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, 2019, and may have been drawn over multiple years.

7. **Capital Contributions** (Continued)

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	8,070,261	-
TOTAL	\$ 223,978,005	\$ 223,978,005	\$ -

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, respectively, as in-kind amounts for use by the EPA for the development of the new LGTS software.

7. **Capital Contributions** (Concluded)

The amount of in-kind contributions utilized for the LGTS software during the fiscal year ending June 30, 2019, was \$80,441. The total amount utilized for LGTS as of June 30, 2019, was \$333,679. 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 receive only interim financing during construction. The fee is applied to all loans in accordance with Title 131 Nebraska Administrative Code (NAC) Chapter 8 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. 2018) and Neb. Rev. Stat. § 81-15,153(11) (Cum. Supp. 2018), 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 2019 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.

10. Operating Expenses (Concluded)

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 \$15,000 per project. These grants are funded through the Administrative Cash Fund.

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 2019 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 \$795,972 (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. § 81-1504(4) (Cum. Supp. 2018) and the Wastewater Treatment Facilities Construction Assistance Act at Neb. Rev. Stat. § 81-15,150 (Cum. Supp. 2018). 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.

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

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.

For the fiscal year ended June 30, 2019, employees contributed \$20,297, and the Department contributed \$31,664. 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 Comprehensive Annual Financial Report (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 \$30,975,000 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, sub-limits, and self-insurance. State agencies have the option to purchase building contents and inland marine coverage.

12. Contingencies and Commitments (Concluded)

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, 2019, 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 April 10, 2020.

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.



Mark Avery, CPA
Assistant Deputy Auditor

Lincoln, Nebraska
April 10, 2020



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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, 2019.

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, 2019.

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
April 10, 2020

ATTACHMENT 6

SUMMARY LOAN LIST - SFY 2019

CW BENEFITS SUMMARY LOAN LIST FOR NEBRASKA - SFY 2019					
	SYSTEM NUMBER	RECEIPIENT	TRACKING NUMBER	ASSISTANCE AMOUNT	INITIAL AGREEMENT
NE	1268	CAIRO	C317996	-64,748	10/25/2019
NE	1308	CENTRAL CITY	C318013	200,000	11/1/2019
NE	1325	CHAMBERS	C318029	245,250	6/9/2020
NE	1300	CRAB ORCHARD	C318018-E	116,700	10/3/2019
NE	362	DAKOTA CITY	C317653	-325,492	8/21/2019
NE	1323	FALLS CITY	C318022	375,000	5/28/2020
NE	1267	GOTHENBURG	C317995	120,000	6/12/2020
NE	1255	GRETNA	C317986	453,000	11/6/2019
NE	1288	GUIDE ROCK	C318003	130,000	4/29/2020
NE	1274	HAIGLER	C317999	-123,095	6/2/2020
NE	1316	HAMPTON	C318023	150,000	3/24/2020
NE	1289	KEARNEY	C318010	-725,992	5/1/2020
NE	1318	KEARNEY	C318020	21,500,000	4/27/2020
NE	1317	KNOX CNTY SID #1	C318017	250,600	4/21/2020
NE	1266	MARQUETTE	C317998	-2	10/25/2019
NE	1310	OGALLALA	C318006	2,080,000	12/2/2019
NE	1312	OSHKOSH	C317805	1,523,800	1/15/2020
NE	1298	PLATTSMOUTH	C318015-E	4,275,000	9/17/2019
NE	1294	SARPY CNTY & SARPY CITIES	C318009	5,000,000	7/22/2019
NE	1322	SOUTH SIOUX CITY	C318016	31,591,000	5/11/2020
NE	1306	VERDIGRE	C318008	305,750	11/1/2019
NE	1321	WATERLOO	C318026	325,100	5/6/2020
		TOTAL FOR ALL 14 LOANS		\$67,401,871	

Nebraska CW Benefits Summary Report for Projects with Water Uses Reported

All LOANS

	LOANS		PROJECTS			BORROWERS		
	ASSISTANCE DOLLARS (MILLIONS)	LOAN COUNT	ASSISTANCE DOLLARS (MILLIONS)	SUBSIDY DOLLARS (MILLIONS)	PROJECT COUNT	FACILITY POPULATION (MILLIONS)	FACILITY FLOW (MGD)	BORROWER COUNT
TOTAL RECORDS	621.9	324	459.2		324	1.5	292	211
RECORDS WITH BENEFITS DATA	348.4	168	375.5	141.0	168	1.3	287	129
IMPACTING HUMAN HEALTH	260.8	100	258.7	97.9	100	1.1	276	79
	75%	60%	69%		60%	4,371 People Served per \$million		61%
WITH IMPAIRED WATERBODY			271.6	104.6	60	1.1	270	46
			72%		36%	4,672 People Served per \$million		36%
WITH WATERBODY MEETING STANDARDS			66.0	21.4	58			

TO IMPROVE WATER	208.7	80.0	76
TO MAINTAIN WATER QUALITY	118.4	41.5	67

TO ACHIEVE COMPLIANCE	219.2	86.4	76
TO MAINTAIN COMPLIANCE	94.3	33.3	68