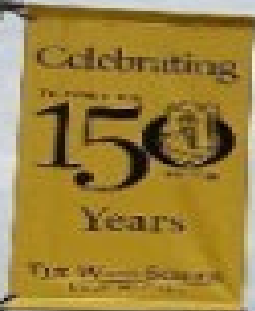




Department of  
**Environment &  
Conservation**



**Drinking Water  
State Revolving Fund**

**Annual Report State Fiscal Year 2022.**

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# Executive Summary

The State of Tennessee, Department of Environment and Conservation (TDEC) developed its Annual Report for State Fiscal Year (SFY) 2022 (July 1, 2021 - June 30, 2022). This report defines how the State of Tennessee met the goals and objectives of its Drinking Water State Revolving Fund (DWSRF) Loan Program identified in the Intended Use Plan (IUP) and assisted public water systems with drinking water infrastructure loans. This report details the actual use of funds, state match and principal forgiveness, amongst other information. A full list of all SFY 2022 loan recipients and the assistance amounts are found in the Appendix of this report.

## Goals and Accomplishments for SFY 2022

The U.S. Congress gives state DWSRF programs flexibility to design a program tailored to meet the needs of the state, local communities, and public water systems. Tennessee’s DWSRF program has developed long and short-term goals as a framework for decisions Tennessee makes in the DWSRF program.

Long- and Short-Term Goals, Objectives, and Results Drinking Water SRF Program for SFY 2022			
	Goals	Objectives	Results
Long Term Goals	Provide local governments and utility districts with low-cost financial assistance and assure drinking water projects are affordable and comply with the Safe Drinking Water Act (SDWA)	Ensure financial stability of loan recipients	Fiscal responsibilities are coordinated with TDEC, the Comptroller’s Office and the Dept. of Finance and Administration to ensure appropriate internal controls and proper accounting procedures.
		Ensure use of generally accepted accounting principles (GAAP)	Revised operating budget, internal audit, and end of year fiscal reporting
		Obligate funds in a timely manner	Ongoing, including development of new database for tracking funds and project progress
	Protect and enhance water quality in TN by ensuring the technical integrity of funded projects	Ensure adequate and efficient project planning, design, and construction	Ongoing, including development of standard operating procedures (SOPs), financial sufficiency process, new database for

			tracking projects, documentation, and integration with other TDEC programs
		Maintain and award high ranking projects on the priority ranking list (PRL)	Ongoing, including updating solicitation process, creating a marketing and outreach campaign, instituting new allocation of principle forgiveness; increase in solicitation response by 60%; All projects reviewed for compliance with federal crosscutting authorities and an approved SERP prior to loan award.
Short Term Goals	Maximize funds available through cooperation with EPA	Apply for capitalization grant and submit intended use plans (IUPs)	Complete, including redesign of the IUP format
		Work with all potential borrowers that have eligible projects	Ongoing including innovative pilot project strategy to strengthen and grow types of effective SRF projects
		Submit Annual Report to EPA	Ongoing, including redesign of Annual Report format
	Manage an effective and efficient DWSRF Loan Program	Prepare and update administrative policies, guidance, and standard operating procedures	Developed new SOPs for technical and financial review process, developed a streamlined contacts database

## ***Financial Summary***

### ***Source and Use of Funds***

The SDWA allows each state flexibility in establishing how much of the Capitalization Grant will be used for infrastructure loans, assistance to financially disadvantaged communities, and set-aside activities. The state, in turn, has the responsibility to best direct the funds to address drinking water infrastructure problems. The state has agreed to direct all monies to compliance-based issues first, and to fund projects that are ready to proceed.

The SRF Loan Program applied for the FFY2021 Capitalization Grant in the amount of \$19,284,000 with state match funds in the amount of \$3,856,800. The total, \$23,140,800 represents the SFY 2022 appropriated funds to be used for drinking water projects and other approved technical assistance activities.

TDEC DWSRF obligated \$26,192,400 in loans during SFY 2022, with \$25,688,650 in total loans and \$503,750 in loan forgiveness to projects. Additionally, the set-aside activities included operator training, compliance inspections to support public water systems and the TDEC Public Water Systems Supervision Program. In SFY 2022, DWSRF expended \$2,829,167 for set-aside activities.

An administrative loan fee of eight basis points (.008%) is charged by the Comptroller's Office to process loan documents and payments associated with SRF loans since October 1, 2009. This state fiscal year, the Comptroller's Office collected fees in the amount of \$69,185. The administrative fee is used to process pay requests, create financial journals, process incoming payments, correspond with borrowers, review deposits and borrower balances for correctness, complete audit confirmations, assist with year-end reports, audits by the state, assist with SRF programmatic administration, and assist with TLDA board meetings.

## ***Financial Overview***

During this fiscal year the DWSRF program awarded twelve loans totaling \$26,192,400 (see Table 1). TDEC DWSRF disbursed \$12,793,402 in loan payments and with each disbursement to loan recipients, the state provided the necessary match.

TDEC SRF beginning balance for SFY 2022 was \$90,717,702. TDEC DWSRF received revenue from principal repayments in the amount of 11,028,373, principal interest in the amount of \$1,210,270, and treasury interest in the amount of \$231,344 for SFY 2022 (See Appendix).

The state has an unobligated ending fund balance of \$97,180,324 for SFY 2022. The DWSRF does not hold an unliquidated obligations balance. Details for the financial summary of DWSRF are found in Table 2. Cumulatively, the state has received approximately \$150,133,708 in principal repayment, loan interest of \$29,181,733, and roughly \$10,305,745 in Treasury interest income since the inception of the DWSRF. Please see the details in Table 1 and Table 2.

Additionally, the DWSRF used a total of \$2,829,167 in set-aside funds, including administrative expenditures in the amount of \$651,539, Public Water Supply Supervision Program (PWSS) in the amount of \$1,440,095, Public Water Supply Supervision Program (PWSS)- Operator Certification Program in the amount of \$142,558, Small Systems Technical Assistance in the amount of \$327,115, Local Assistance – Source Water Protection in the amount of \$192,224 and

Local Assistance – Well Head Protection in the amount of \$75,636 for the implementation of the DWSRF program.

<b>Table 1: Annual Highlights from Drinking Water SRF State Fiscal Year (SFY) 2022 and Federal Fiscal Year (FFY) 2021</b>	
Twelve (12) New Loans Awarded	\$26,192,400
Two (2) Projects Requested Loan Decrease	\$101,555
DWSRF Binding Commitments	\$26,192,400
DWSRF Loans Awarded Small/Disadvantaged Communities (5 Entities)	\$1,253,500
DWSRF Loan Forgiveness (5 Entities)	\$503,750
Four (4) Loans Awarded - SRF Revolving Base	\$21,020,000
Eight (8) Loans Awarded - Capitalization Grant	\$5,172,400
Four (4) Project Start	\$24,002,427
Three (3) Projects Initiated Operations	\$5,776,728

<b>Table 2: Financial Summary for Drinking Water SRF State Fiscal Year (SFY) 2022 and Federal Fiscal Year (FFY) 2021</b>	
Financial Summary	Amount
Carry Over from FY 2021	\$90,717,702
Capitalization Grant Award Available for Projects	16,226,680
State Appropriations	3,856,800
Binding Obligations	-26,192,400
Loan Decrease	101,555
Principal Repayments	11,028,373*
Loan Interest	1,210,270*
Treasury Interest Income	231,344*
Unobligated Balance as of June 30, 2022	\$97,180,324
*Preliminary numbers from unaudited financial statements	

## ***Types of Assistance***

DWSRF provided a variety of assistance based on project needs. There was one project, totaling \$275,000 that provided funding for communities needing improvements to their water supply storage systems. There were five projects, totaling \$21,507,400 to address treatment needs. And there were six projects with needs based on improvements to the transmission and distribution lines, totaling \$4,410,000. Further information on types of assistance and funding amounts can be found in the Appendix.

## ***Financing Rates***

SRF interest rates are based on a community's ability to pay determined through the State of Tennessee Ability to Pay Index (ATPI). Interest rates can vary from zero to 100 percent of the interest rate reported on the 20-year Bond Buyer Index and the Municipal Market Data General Obligation Yields published every Thursday. The SRF program provides an updated interest rate weekly each Monday. The State may also recommend a reduction of the interest rate to incentivize green projects and sustainable & resilient projects, but nothing below zero percent. Disadvantaged communities, as determined by the ATPI, are eligible for a lower interest rate or principal forgiveness. The interest rates for utility districts and water authorities that have service areas in more than one county are evaluated and ranked by utilizing the lowest ATPI for the county or city that directly benefits from the project(s) associated with the loan. The term of the loan is a maximum of 30 years, or the useful life of the project, whichever is shorter.

## ***Use of Drinking Water Set Asides***

The U.S. Congress recognized that not all drinking water problems can be solved through new or improved infrastructure, therefore, amendments to the SDWA provide allowances for states to take a portion of their annual capitalization grant to support water system capacity, operator certification, source water protection, training, and technical assistance to public water systems. Sections 1452(g) and (k) of the SDWA allow States to set aside up to 31% of the Capitalization Grant for specific activities. The eligible DWSRF set-aside types include administration and technical assistance (4%), small systems technical assistance (2%), state program management (10%), and local assistance (15%). TDEC SRF elected to utilize 16% of capitalization grant award for eligible set aside activities, which is equivalent to \$3,057,320. Additionally, TDEC SRF expended set-asides total is \$2,829,167 for SFY 2022. The following table details the use of set-aside funds. Please see the details in Table 3.

**Table 3: Set-Aside Summary for Drinking Water SRF  
State Fiscal Year (SFY) 2022 and Federal Fiscal Year (FFY) 2021**

Activity	Set Aside Amount	Expenditures Amount
Administrative	\$764,320	\$651,539
Small Systems	382,200	142,558
Public Water System Supervision Program	1,600,896	1,440,095
Public Water System Supervision Program - Operator Certification	309,904	327,115
Local Assistance – Source Water Protection (Prior Year's Set Asides)	340,000	192,224
Local Assistance – Well Head Protection (Prior Year's Set Asides)	110,000	75,636
<b>Total DWSRF Program Expenditures for Set-Asides</b>	<b>\$3,507,320</b>	<b>2,829,167</b>

### ***Public Water System Supervision Program***

Tennessee’s Public Water System Supervision Program (PWSS) conducts an array of activities under the Drinking Water Set Aside Funds. The PWSS program reviews drinking water engineering plans, provides data management for drinking water compliance information, provides technical assistance to small systems, conducts laboratory certifications and audits, provides critical evaluation, and compliance inspections to ensure safe and reliable drinking water for the citizens of Tennessee.

The State used 9% of FFY 2021 Capitalization Grant for the PWSS program. A portion of the funding is directed to programmatic positions in the Division of Water Resources (DWR) at TDEC that conduct drinking water related work and to continue the existing level of activity. In addition to continuing existing activities, DWR uses the set-aside money to continue addressing issues raised by the 1996 amendments to the SDWA, the Revised Total Coliform Rule and the Lead and Copper Rule.

The PWSS program goals, objectives, and deliverables for this year included such activities as continued implementation of the Enforcement Tracking Tool in conjunction with formal enforcement efforts; continue to manage and implement the laboratory certification program statewide; record keeping and evaluation of voluminous water quality data; and closely tracking monitoring and reporting requirements for all public water systems. Our work efforts also included incorporating capacity development activities into the technical assistance provided to Tennessee’s public water systems. The set-aside was used to pay for necessary travel and training expenses associated with the PWSS program and laboratory certification program. Additional technical services and assistance to public water systems include addressing challenges



associated with the technical capacity of public water systems and state participation in the Area Wide Optimization Program (AWOP) and technical assistance with challenges associated with the managerial, technical, and financial capacity of public water systems (Capacity Development). The PWSS program will continue to evaluate its success in assisting public water supply systems to achieve compliance with the SDWA. Results of the PWSS program are provided below for the SFY 2022 (July 1, 2021 – June 30, 2022) Annual Report. Please see Table 4 for details.

Table 4: PWSS SET-ASIDE ACTIVITY RESULTS State Fiscal Year (SFY) 2022 and Federal Fiscal Year (FFY) 2021		
ACTIVITY	PROJECTIONS	NUMBER ACHIEVED
Technical Assistance to PWS's	900	~5341 telephone technical assistance
	Telephone Communications	
Technical Assistance Visits (Field Offices)	300	172
Drinking Water - Laboratory Certifications	75	92
		(Including out of state labs)
Drinking Water - Laboratory Audits	40	51
Engineering Plans Reviewed	100%	1157
	(reviewed within 30 days of receipt)	Plans Reviewed
Program Administration	Management of the PWSS Program	Management of the PWSS Program
Enforcement		10
		Director's Orders issued
Compliance	150	376
	Compliance Status Correspondence	Compliance Status Correspondence
Data Management	All reports entered into SDWIS database within 60 days of receipt	Violations, enforcement, site visits (sanitary surveys) and inventory data reports entered into SDWIS database within 60 days of receipt

### ***Public Water System Supervision Program – Operator Certification***

The Fleming Training Center (FTC) in Murfreesboro, Tennessee administers the small system technical assistance set aside. FTC conducts operator training for water and wastewater operators across the state. In FY2022, the small system technical assistance program provided training for 144 water treatment and distribution system operators from systems serving 10,000 people or fewer. A total of 453 student days were provided during the period July 1, 2021, through June 30, 2022. The training center provided 126 assists and 25 hours of technical assistance to water treatment and distribution systems over the same span. The FTC offered 139 water treatment, distribution systems, wastewater treatment, and collection systems operator classes were offered. Beginning in April 2020, most classes also allowed for a

virtual platform option. The summary of results and detail of classes are included in the attachments. A table of classes provided can be found in the Appendix.

### ***Local Assistance – Source Water Protection***

The State utilized local assistance set asides to support the source water protection program in FY22. The new source water staff member, recruited in FY21, reviewed 41 source water/wellhead protection plans since June of 2021. This new staff member supported the source water protection program and the three-component project with the USGS by performing data cleanup of the public water systems sources spatial dataset and creating documentation intended for public water systems to aid in understanding source water/wellhead protection plan requirements. The State executed a new joint funding agreement with the United States Geological Survey (USGS) for the continued implementation of the source water assessment component. This agreement is effective through September 30, 2025, and will allow for refinement of the GIS analysis for the new state-wide source water assessment along with enhancement of the reporting structure. USGS is continuing to work with TDEC on other two components. Three new wells have been added to the groundwater monitoring network during FY22 and sites continue to be evaluated for inclusion. All groundwater recharge areas for public water systems with springs as sources have been ranked and fieldwork is being performed in areas ranked as a priority. TDEC staff continue to work closely with USGS staff in the implementation of this project to plan and collaborate in each phase. The funding for the TDEC Drinking Water Unit staff as well as the source water protection project are planned to continue into future years.

### ***Targeted Technical Assistance and Training for Small and Disadvantaged Communities***

TDEC SRF continued its contract with the Tennessee Association of Utility Districts (TAUD) to provide targeted technical assistance to distressed or disadvantaged communities. This contract focuses on challenges with public water and wastewater systems; managerial, financial, and technical capacities for systems; assistance to reduce occurrence of health-based drinking water violations; optimizing resources and support to small and disadvantaged communities and systems across the state; develop new capacity to make full use of federal capitalization grant set

asides for drinking water; and implement priorities under TNH2O. Technical assistance is provided at no cost to eligible communities.

## Provisions of the Operating Agreement and Conditions of the Capitalization Grant

### **State Match**

TDEC SRF provided the required state match in the amount of \$3,865,800 for the FFY 2021 Capitalization Grant award of \$19,284,000. To date, Tennessee has received \$296,347,900 in capitalization grants from EPA since the inception of the DWSRF. The total amount of state match required for these funds is \$55,234,380.

### **Binding Commitments**

Federal regulations require the State to make binding commitments in an amount equal to 120 percent of each quarterly capitalization grant payment. TDEC SRF made eight binding commitments to provide assistance equal to 120% of the amount of each grant payment within one year after receiving the grant payment.

### **Binding Commitments by Quarter:**

The current DWSRF Operating Agreement requires reporting of loan terms annually for new assistance projects. Please see Table 5 & 6 for the details of the loan terms established in the DWSRF binding commitments from SFY 2022.

<b>Table 5: BINDING COMMITMENTS</b>			
<b>State Fiscal Year (SFY) 2022 and Federal Fiscal Year (FFY) 2021</b>			
<b>QUARTER</b>	<b>TOTAL AMOUNT</b>	<b>FEDERAL AMOUNT</b>	<b>STATE AMOUNT</b>
First Quarter (July 1, - September 30, 2021)	\$1,430,000	\$1,144,000	\$286,000
Second Quarter (October 1, - December 31, 2021)	\$255,000	\$204,000	\$51,000
Third Quarter (January 1, - March 31, 2022)	\$4,418,900	\$3,535,120	\$883,780
Fourth Quarter (April 1, - June 30, 2022)	\$20,088,500	\$16,070,800	\$4,017,700

### **Project Assistance, Subsidy, and Loan Terms**

**Table: 6 Binding Commitments and Loan Terms for Drinking Water SRF**  
**State Fiscal Year (SFY) 2022**  
**Federal Fiscal Year (FFY) 2021**

	Agreement Date	Loan Recipient	Loan Number	Loan Term	Interest Rate	Loan Amount	Base	Loan Forgive
Capitalization Grant	7/22/2021	Carthage	DW7 2021-223	20 yrs	0.86%	\$135,000	\$108,000	\$27,000
	8/23/2021	Etowah Utilities	DG9 2021-241	20 yrs	0.80%	\$1,000,000	\$1,000,000	0
	8/23/2021	Arthur Shawanee Utility District	DW8 2021-243	20 yrs	0.66%	\$275,000	\$220,000	\$55,000
	12/20/2021	Camden	DW7 2021-237	5 yrs	0.10%	\$255,000	\$127,500	\$127,500
	2/23/2022	Hiwassee UD -Bradley Cty	DW7 2021-232A	20 yrs	0.81%	\$1,459,450	\$1,459,450	0
	2/23/2022	Hiwassee UD -McMinn Cty	DW7 2021-232B	20 yrs	0.81%	\$1,459,450	\$1,459,450	0
	3/28/2022	LaFollette	DW8 2022-248	5 yrs	0.12%	\$500,000	\$250,000	\$250,000
	6/15/2022	Trezevant	DW7 2021-235	5 yrs	0.10%	\$88,500	\$44,250	\$44,250
	Total Capitalization Grant						\$5,172,400	\$4,668,650
DWSRF Revolving Fund	7/22/2021	Alexandria	DWF 2021-234	5 yrs	0.17%	\$20,000	\$20,000	0
	2/23/2022	Ocoee UD	DWF 2021-242	20 yrs	0.96%	\$1,000,000	\$1,000,000	0
	4/26/2022	Cookeville	DWF 2022-244	20 yrs	1.07%	\$17,500,000	\$17,500,000	0
	3/22/2021	Smyrna	DWF 2022-246	20 yrs	1.60%	\$2,500,000	\$2,500,000	0
	Total from DWSRF Revolving Fund						\$21,020,000	\$21,020,000

### ***Timely Expenditure of Funds***

The State of Tennessee’s DWSRF program provides timely disbursements of funds for projects. This assists the state in reducing unliquidated obligations. When a loan is executed, the date is set for the first repayment based on the scheduled completion date for project construction. The fixed repayment date is rarely revised to accommodate project delays and serves as incentive for timely construction of the project.

TDEC generally processes disbursement requests within the required timeline, which is 30 calendar days of receipt. This requirement is per C.F.R. § 200.305 (Payment) which states: *reimbursement is the preferred method when the requirements in paragraph (b) cannot be met, when the Federal awarding agency sets a specific condition per § 200.207. Specific conditions, or when the non-Federal entity requests payment by reimbursement. This method may be used on any Federal*

award for construction, or if the major portion of the construction project is accomplished through private market financing or Federal loans, and the Federal award constitutes a minor portion of the project. When the reimbursement method is used, the Federal awarding agency or pass-through entity must make payment within 30 calendar days after receipt of the billing, unless the Federal awarding agency or pass-through entity reasonably believes the request to be improper.

TDEC DWSRF disbursed \$12,793,402 in loan payments and with each disbursement to loan recipients, the state provided the necessary match. The Table below provides details of disbursement totals by project through SFY 2022.

Disbursement Totals from Drinking Water SRF				
State Fiscal Year (SFY) 2022 and Federal Fiscal Year (FFY) 2021				
State Fiscal Year (SFY) 2022 Federal Fiscal Year (FFY) 2021	Loan Number	Federal Funds	State Match	Total
Alexandria	DWF 2021-234	\$10,301.51	\$2,448.49	\$12,750
Arthur-Shawanee UD	DW7 2020-226	\$242,388.47	\$57,611.53	\$300,000
Arthur-Shawanee UD	DW8 2021-243	\$129,672.18	\$30,820.82	\$160,493
Carthage	DW7 2021-223	\$48,359.73	\$11,494.27	\$59,854
Erwin	DG7 2020-222	\$392,445.52	\$93,277.48	\$485,723
Fayetteville	DWF 2021-230	\$313,709.66	\$74,563.34	\$388,273
Hampton Utility District	DW8 2020-227	\$64,911.63	\$15,428.37	\$80,340
1st UD Hawkins Cty	DW8 2021-228	\$767,563.49	\$182,436.51	\$950,000
Lebanon	DW7 2019-217	\$456,415.07	\$108,481.93	\$564,897
Nashville	DG8 2020-223	\$4,039,807.84	\$960,192.16	\$5,000,000
Nashville	DWF 2020-224	\$1,887,246.33	\$448,565.67	\$2,335,812
Ocoee UD	DWF 2019-211	\$423,785.54	\$100,726.46	\$524,512
Smyrna	DG9 2021-231	\$1,198,045.41	\$284,754.59	\$1,482,800
Woodbury	DW7 2020-220	\$361,924.77	\$86,023.23	\$447,948
<b>Total</b>		<b>\$10,336,577</b>	<b>\$2,456,825</b>	<b>\$12,793,402</b>

The State's Drinking Water State Revolving Fund Fiscal Year 2020 Review Program Evaluation Report conducted by EPA indicates SFY 21 our pace was 73 percent, and the national average was 96. The program continues to focus on programmatic and process improvements. DWSRF has seen significant changes in this fiscal year with vacancies of several team members on both

the financial and technical teams. DWSRF anticipates that in the next fiscal year, that the pace rate will improve and will par with the national average.

## ***Assurances of Compliance***

TDEC SRF ensures all activities in the Drinking Water program comply with all state and federal requirements. This includes requiring recipients of funds directly made available by capitalization grants to comply with applicable federal authorities. The State attests adherence to the rules of cash draws. All cash draws for administrative assistance were made after costs had been incurred and in compliance with federal rules. The State attests to complying with state and federal requirements concerning grant payments and expenditures. TDEC SRF certifies state laws regarding commitments and expenditure of revenue is followed. Further, the state attests to accepting grant payments in accordance with the negotiated payment schedule.

TDEC SRF ensures each financial assistance recipient provides assurances of compliance with all applicable federal and state requirements. These assurances include all financial requirements, adhering to generally accepted accounting principles, adhering to government accounting standards, and complying with the federal Single Audit Act. These assurances are incorporated into the loan or bid documents (where applicable) to assure compliance with all state and federal regulations.

## ***State Environmental Review Process***

During SFY 2022 the TDEC SRF program conducted environmental reviews on all funded projects in accordance with the State Environmental Review Process. This supports streamlining the SERP where possible. It was determined that no Environmental Impacts Statements (EIS) were necessary. Instead, an Environmental Assessment (EA) / Finding of No Significant Impact (FNSI) or Categorical Exclusion (CE) were issued for each project.

## ***Additional Requirements***

### ***Disadvantaged Business Requirements***

TDEC negotiated with EPA Region 4 an overall fair share objective of 2.60% for construction and 5.20% for supplies, services, and equipment for Minority Business Enterprise (MBE) and 2.60% for construction and 5.20% for supplies, services, and equipment for Women's Business Enterprise (WBE) participation on DWSRF projects. During SFY 2022, a total of \$26,614,496 in prime contractor's total procurement amounts was reported. The table

below provides the details.

SFY 2022 SRF Fair Share Goal	
EPA Requirements	SRF Total Numbers for SFY 2022
MBE Construction 2.6%	MBE Construction 0.00%
WBE Construction 2.6%	WBE Construction 0.00%
MBE Supplies, Services, Equipment	MBE Supplies, Services, Equipment 0.04%
WBE Supplies, Services, Equipment	WBE Supplies, Services, Equipment 0.01%
Total fair share goal percentage FY 2022	Total fair share goal percentage FY 2022 0.05%

SFY 2022 SRF Fair Share Goal		
Total MBE Construction	-	-
Total WBE Construction	-	-
Total MBE Supplies	\$ 11,130.00	0.04%
Total WBE Supplies	\$ 2,533.00	0.01%
Total MBE Services	-	-
Total WBE Services	-	-
Total MBE Equipment	-	-
Total WBE Equipment	-	-
Grand Totals MBE	\$ 11,130.00	0.04%
Grand Totals WBE	\$ 2,533.00	0.01%

The DWSRF program informs and works with the loan recipients and their consulting engineering firms to contact the Office of Minority Business for additional MBE/WBE guidance and assistance. The DWSRF Loan Application contain the DWSRF Loan recipient's responsibilities for DBE participation.

### ***Davis Bacon Wage Rate***

The FFY 2021 DWSRF Capitalization Grant requires the Davis-Bacon Act wage rules to apply to all assistance agreements made in whole or in part with funds appropriated under the FFY 2021 Capitalization Grant. The SRF Loan Program along with the Department of Labor provides all pertinent information related to compliance with labor standards, including prevailing wage rates, and reporting requirements.

### ***American Iron, Steel, and Manufactured Goods***

TDEC SRF attests to the adherence of projects by loan recipients for the requirements of the American Iron and Steel (AIS) provision. The AIS provision requires DWSRF assistance recipients to use iron and steel products that are produced in the United States. This requirement applies to projects for the construction, alteration, maintenance, or repair of a public water system if the project is funded through an assistance agreement executed on or after January 17, 2014.

The AIS provision is a permanent requirement for all DWSRF projects. The America's Water Infrastructure Act of 2018 extends the AIS provision for DWSRF projects through Fiscal Year 2023.

### ***Green Project Reserve***

The FFY2021 DWSRF Capitalization Grant provides a portion of the funds to be allocated towards subsidy. The amount of subsidization TDEC SRF provided for Green Reserve Projects was \$20,000, or .12% of the grant award towards projects that will address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities.

### ***Additional Subsidization (Principal Forgiveness)***

The state is required, by section 1452(a)(2) of the SDWA, to use 20 percent of the FFY2021 Project Funds to provide loan assistance to systems serving fewer than 10,000 persons to the extent that there are a sufficient number of eligible projects to fund. Tennessee struggles to meet these requirements. The State provided five projects with principal forgiveness totaling \$503,750. This amount equals approximately 2.6% of the DWSRF Capitalization Grant for FFY 2021. The state is working to develop a marketing and outreach strategy to assist and provide funding to more small and disadvantaged communities in future years.

Tennessee's DWSRF Loan Program developed a new initiative in SFY 2020 to distribute principal forgiveness. The small and disadvantaged community principal forgiveness initiative is a process that apportions funds for disadvantaged communities with an ability to pay of 50% or less. These communities are eligible for a range of subsidy from a portion of the project through the total project receiving principal forgiveness.

### ***Environmental Results***

Projects are entered into the Public Water Benefits Reporting System database quarterly. This database is current for all projects funded in Tennessee during SFY 2022. Reports are electronically available to the USEPA for all Drinking Water SRF loans.



# Performance Evaluation Reports (PER) Recommendations and Findings

The USEPA Region 4 SRF program conducted a Financial and Compliance Audit Report in August 2022. The audit resulted in no findings. There were two items identified by USEPA that require action to improve efficiencies in the DWSRF program. See Table below for highlights of the recommendations by the USEAP and actions taken by DWSRF.

Recommendations from USEPA Annual Review		
Item	Action Needed	Status
It is recommended that the State increase the pace of the program. As of June 30, 2021, the pace of the program was 73 percent. The national average for the DWSRF is 96 percent. The State also has three large loans expected to close during FY2023. The EPA Region 4 will continue to provide technical assistance.	Increase number of loans awarded by increasing demand through education, outreach, technical assistance, and other actions.	Continue to increase community engagement; improve PRL solicitation method with greater response in PRLs; improve internal communication and monitoring of PRLs; developed a strategy for small and disadvantaged communities.
Continue to ensure borrowers follow DBE affirmative steps	Ensure borrowers follow the six affirmative steps to maximize DBE participation	SRF loan documents have been revised to include the six DBE affirmative steps; SRF reviews borrowers' submittals to ensure compliance; and ensures borrowers have made a good faith effort to incorporate DBE participation

# Spotlight on Community Projects

## ***Metro-Nashville Davidson County***

**Nashville**, located in Davidson County, is the capital city of Tennessee. With a population of 689,447 at the 2020 U.S Census, Nashville is the most populous city in the state and the 21st most-populous city in the U.S. The city is one of the fastest growing in the nation. Metro Water Services (MWS) owns and operates two water treatment plants within the Metropolitan Nashville service area to provide water to its customers. The proposed project includes improvements to the 8th Avenue Water Reservoir; replace the 38th Avenue Water Storage Tank; and replace water mains in the 12th Avenue South Area. The total estimated project cost is \$32,493,000.

This project consists of constructing two new cast-in-place concrete tanks inside the existing 8th Avenue Reservoir. The new tanks will be supported on micropiles supported by solid bedrock. This will allow the continued use of the existing infrastructure and continued use of City owned land. A new elevated storage tank will be constructed to replace the existing 38th Avenue Storage Tank. The new elevated tank will have approximately the same overflow elevation as the 8th Avenue Reservoir which will provide surge protection for the system. The existing aging, unlined cast iron water mains serving the 12th Avenue South Area will be replaced with new 8-inch ductile iron pipe.

The major storage facility in the City Low pressure zone is the 8th Avenue Reservoir, which has a 51-million-gallon (MG) capacity. This is a limestone block reservoir constructed in 1889. The reservoir is elliptical in shape and is divided down the minor axis by a middle divider wall to form two storage basins. MWS currently operates one basin of the reservoir, providing roughly 25.5 MG of storage. This reservoir is 31 feet high and sits atop Kirkpatrick Hill, providing the highest storage elevation in the City Low pressure zone at 676 feet above MSL when full. A majority of the storage tanks in the City Low pressure zone are submerged under the hydraulic grade line provided by the 8th Avenue Reservoir and the high service pumps at the Omohundro and K.R. Harrington WTPs. The submerged tanks primarily serve as emergency storage for the City Low pressure



zone. Because the tanks are primarily submerged, the added benefit of surge protection is limited, making the major transmission main network within the City Low pressure zone more vulnerable to

pressure fluctuations, potentially resulting in additional main breaks. In addition to vulnerability to high pressure fluctuations and lack of surge protection, another potential issue is increased water age. On an average day, water age is not a problem in the area around these tanks because they are submerged; thus, the aging water does not flow back into the distribution system. However, SCADA has shown that water occasionally flows from the tanks on higher demand days. This means limited areas being serviced by these tanks may be receiving older water.

The 38th Avenue water storage tank was constructed in 1949 using reinforced concrete and has a capacity of 3 MG. The tank is showing signs of leaking and deterioration. The tank elevation is too low to provide hydraulic pressure to the City Low pressure zone, thus not being able to provide emergency storage or fire flow protection to the nearby hospital corridor and creating the potential for water age issues. The existing water main structure serving the 12th Avenue South area was generally installed between 1909 and 1960. The majority of the water mains installed in this area were installed in the middle 1920's and consist of cast iron pipe with no interior lining material and utilizing lead joints. The mains, which range in size from 2-inches to 8-inches in diameter, have reached their useful life expectancy. The substandard sizes, pipe and joint material, and age limit the main's effectiveness. These



mains are not able to adequately supply flow to the area's customers. Therefore, the proposed facilities are needed to alleviate the above-mentioned deficiencies and continue to provide a reliable source of drinking water to MWS customers. The proposed facilities will also result in a reduction in water loss, less raw water having to be withdrawn, and less energy used to treat the raw water.

### ***Project Highlights***

- Replacement of aging infrastructure
- Improved reliability
- Reduction in water loss
- Energy savings
- Provision of safe, adequate, and dependable supply of water



## ***Arthur-Shawanee Utility District***

**Arthur-Shawanee Utility District** (ASUD) is located in Claiborne County, in eastern Tennessee, and provides potable water to approximately 3,600 customers. ASUD owns and operates a 1.6 million gallons per day Water Treatment Plant located in Harrogate, Tennessee. ASUD's distribution system consists of approximately 127 miles of 2-inch through 10-inch diameter ductile iron, polyvinyl chloride, and asbestos-cement water lines; eight pump stations; and four water storage tanks with a total storage capacity of approximately 1.6 MG.

Claiborne County has experienced steady population growth over the last several decades, particularly in the northern part of the county around Harrogate. With this growth comes the need for a safe and dependable drinking water source. ASUD has attempted to meet these needs with continued extension of their potable water treatment and distribution system. However, the need for additional storage facilities has also become apparent because the remote portions of the service area began to experience hydraulic deficiencies and numerous service interruptions when maintenance and repairs are required. The Powell Valley/Speedwell Area of the ASUD's Service Area currently serves around 600 customers, including 2 public schools and was experiencing issues such as if the 10-inch water transmission main breaks, it would have required a complete service interruption to the entire pressure zone. Depending on the severity of the repair, this can require dismissal of school due to lack of water supply.



The project consisted of the construction of a 400,000-gallon water storage tank (WST) on Flatwoods Road and the installation of a SCADA system for the WST; and the installation of approximately 7,500 linear feet of 10-inch diameter polyvinyl chloride water lines from the intersection of Red Hill Circle Road and Back Valley Road to the new WST. The total project cost is \$1,075,000. The project was funded with a \$240,000 SRF loan and \$60,000 in principal forgiveness with the remainder of the project cost funded by a \$500,000 Appalachian Regional Commission Grant.

### ***Project Highlights***

- Replacement of aging infrastructure
- Improved reliability and efficiency
- Principle forgiveness for a small and disadvantage community
- Provision of safe, adequate, and dependable supply of water
- Co-funding with Appalachian Regional Commission

# Appendix

PROJECT NAME & NUMBER	EDISON NUMBER	LAST PYMT DATE	Disbursements			Repayment begins
			Principal Repaid	Interest Paid	Disbursements	
25 Utility DW3 14-141	BF80830400	08/2035	20,304.00 x	2,652.00 x		
Alexandria DWF 21-234	BF012401		37.00 x	2.04 x	12,750.00	
Arthur-Shawnee UD DW7 20-226	BF80731400	03/2042	2,820.00	596.68	240,000.00	Alexandria is making small principal payments - even though we haven't asked for them
Arthur-Shawnee UD DW8-21-243	BF80731401		0.00	152.76		Amortization begins April 2022
Athens DG0 11-113	BF80034004	01/2035	71,640.00 x	36,888.00 x	128,394.40	32,098.60
Athens DW0 14-149	BF80034401	07/2037	90,852.00 x	27,432.00 x		
Bell Buckle DW1 12-117	BF70067400	10/2032	13,812.00	2,028.00		
Bell Buckle DW6 18-200	BF80067401	09/2038	6,438.00	192.00		
Bell Buckle DW6 18-207	BF80067402	01/2040	11,508.00	576.00		
Bell Buckle DW7 19-218 PF (100% PF)	BF067403	none	0.00	0.00		all funds used FY2020 - interest rate 0%
Bell Buckle DW8 20-221 PF (100% PF)	BF067404	none	0.00	0.00		all funds used FY2021 - interest rate 0%
Big Creek UD DW2 13-135	BF80072400	11/2036	84,833.00	0.00		
Big Creek UD DW2 17-188	BF80072401	01/2023	47,931.00	48.00		
Big Creek UD DWF 17-189	BF072402	06/2023	25,908.00	36.00		
Bloomingtondale UD DGA 09-096	BF36074400;BFARRA0074	03/2031	90,728.40 x	16,204.80 x		
Bloomingtondale UD DG2 14-152 (15-152)	BF65074401	10/2036	68,580.00 x	9,900.00 x		
Bloomingtondale UD DWF 16-171	BF071402	02/2037	15,816.00 x	2,256.00 x		
Bon Aqua DWF 06-070	BF087400	12/2029	177,840.00	18,156.00		
Bon Aqua DWF 06-071	BF087401	05/2029	86,232.00	8,016.00		
Brighton DG3 16-180	BF20098400	05/2038	3,612.00	360.00		
Brighton DW6 18-201	BF80098401	01/2040	25,908.00	1,896.00		Revise final schedule - change July 2021
Brownsville DWF 21-229	BF103400		0.00	0.00		Closed - no funds used
Camden DW7 21-237	BF1N50090501		0.00	0.00		no activity
Carthage DG3 16-169	BF75127400	08/2037	12,564.00	3,192.00		
Carthage DW4 16-170	BF75127401	04/2038	53,232.00	14,148.00		
Carthage DWF 18-199	BF127402	09/2038	2,988.00	684.00		
Carthage DW7 21-223	BF80127403		0.00	15.08	47,883.20	11,970.80
Castalian Springs Bethpage Water UD DW5 17-190	BF75120400	11/2038	45,060.00	4,248.00		
Castalian Springs Bethpage Water UD DWF 16-174	BF120401	08/2038	17,052.00	1,632.00		
Cleveland DG2 14-151	BF80167400	11/2035	93,948.00	21,864.00		
Cleveland DWF 16-172	BF167401	11/2037	133,800.00	25,920.00		
Cleveland DW6 17-192	BF80167402	03/2039	35,508.00	11,235.00		Revise final schedule - change April 2022
Cleveland DWF 17-193	BF167403	02/2039	8,652.00	2,748.00		
Cleveland DWF 18-205	BF167404	02/2039	19,524.00	4,932.00		
Cookeville DWF 22-244	BF190400		0.00	0.00		no activity
Cordell Hull UD DW2 14-138	BF80197400	04/2035	17,784.00	2,316.00		
Cross Anchor UD DG1 12-122	BF701944000	08/2035	35,628.00	3,732.00		
Cumberland UD DWF 01-043	BF221400	09/2023	21,096.00	192.00		
Cumberland UD DG1 13-132	BF70221401	12/2035	87,504.00	0.00		
Cumberland UD DWF 13-133	BF221402	01/2037	118,248.00	0.00		
DeKalb UD DWF 01-041	BF236400	09/2023	59,076.00	2,268.00		
DeKalb UD DW3 14-142	BF80236402	01/2036	97,512.00	8,628.00		
DeKalb UD DWF 14-143	BF236401	08/2037	260,160.00	25,704.00		
Elizabethton DW0 11-112	BF80274401	10/2034	40,380.00	11,772.00		
Elizabethton DG1 12-120	BF70274402	10/2035	22,068.00	2,484.00		
Englewood DG1 15-160	BF70282400	02/2037	29,185.00 x	897.00 x		
Erwin DW0 11-114	BF80288400	03/2033	26,904.00 x	8,448.00 x		
Erwin DG5 17-186	BF75288401	07/2038	51,708.00 x	11,832.00 x		
Erwin DWF 17-187	BF288402	11/2038	22,884.00 x	5,352.00 x		
Erwin DW6 18-206	BF80288403	03/2039	27,648.00 x	5,784.00 x		
Erwin DG7 20-222	BF288404		0.00	593.68 x	485,723.00	
Etowah DG9 21-241	BF293400		0.00	0.00		no activity
Fayetteville DWF 16-175	BF302400	12/2038	232,980.00 x	48,972.00 x		
Fayetteville DWF 21-230	BF302401		0.00	332.46 x	388,273.00	
Franklin DWA 09-097	BF36316400;BFARRA031A	12/2030	76,135.20	22,078.80		
Gainesboro DG5 16-183	BF75340400	11/2039	21,540.00	2,844.00		
Griffith Creek UD DW0 10-107	BF80381400	04/2034	27,610.00	0.00		
Halls DG3 14-145	BF80387400	04/2035	27,852.00	2,484.00		
Hampton Utility District DW8 20-227	BF80385400		0.00	183.96	64,272.00	16,068.00
Harriman DW0 11-109	BF80386400	12/2035	67,632.00	14,112.00		
1st UD Hawkins Cty DG5 16-181	BF75370400	10/2037	36,336.00	3,192.00		
1st UD Hawkins Cty DWF 16-184	BF370401	01/2038	19,776.00	1,764.00		
1st UD Hawkins Cty DW8 21-228	BF370402	03/2042	14,900.00	3,480.92	950,000.00	Amortization begins April 2022
Hiwassee Utilities Commission - Bradley Cty	BF750400		0.00	0.00		no activity
Hiwassee Utilities Commission - McMinn County	BF751400		0.00	0.00		no activity
Hohenwald DWA 16-167	BF75409400	11/2036	9,444.00	1,056.00		
Humboldt DW6 19-213	BF80421400	07/2041	32,560.00	9,555.89		Amortization begins August 2021
Humboldt DW7 19-214	BF80421401	11/2040	35,784.00	9,312.00		
Humboldt DWF 19-215	BF421402	11/2040	178,956.00	46,536.00		
Humboldt DWF 19-215-01	BF421403		0.00	1,579.72		
Huntingdon DWF 20-255	BF424401	04/2026	29,952.00	120.00		
Jefferson City DWF 04-060	BF448400	03/2031	251,220.00	19,128.00		
Jellico DWA 09-084	BF36451400;BFARRA0451	04/2031	40,658.40 x	2,797.20 x		
Jellico DWF 10-103	BF451401	03/2033	15,012.00 x	1,212.00 x		
Jellico DG2 13-134	BF80451402	10/2036	20,460.00 x	720.00 x		
Kingsport DWF 14-140	BF466401	08/2037	609,900.00	196,584.00		
LaFollette DWF 03-052	BF481400	01/2026	55,224.00	1,644.00		
LaFollette DW8 22-248	BF1N50481401		0.00	0.00		no activity
Lebanon DW0 12-126	BF80505403	05/2035	137,748.00	36,792.00		
Lebanon DWF 12-127	BF505404	12/2035	61,380.00	17,196.00		
Lebanon DW1 12-128	BF70505405	08/2036	78,180.00	16,332.00		
Lebanon DWF 12-129	BF505406	10/2036	54,432.00	11,508.00		
Lebanon DW2 15-161	BF65505407	06/2037	26,616.00	8,100.00		
Lebanon DWF 15-162	BF505408	07/2038	42,492.00	13,968.00		
Lebanon DW6 18-202	BF80505409	12/2039	34,416.00	13,284.00		

Lebanon DWF 18-203	BF505410		0.00	2,369.04			
Lebanon DW7 19-217	BF505411	10/2041	41,000.00	16,461.34	564,897.00	Option 1 amortization Nov 2021	
Lenoir City DWF 00-035	BF508400	03/2023	27,708.00	732.00			
Livingston DWF 04-055	BF523400	07/2026	78,804.00 x	7,464.00 x			
Livingston DWF 04-059	BF523401	11/2028	290,652.00 x	32,184.00 x			
Livingston DWO 14-144	BF65523402	09/2035	24,444.00 x	6,168.00 x			
Livingston DWF 14-146	BF523403	02/2036	20,760.00 x	5,388.00 x			
Lynchburg DWF 00-026	BF541400	12/2024	54,612.00	5,100.00			
McMinnville DWF 03-053	BF577402	02/2026	140,112.00	10,380.00			
McMinnville DWF 09-082	BF577403	12/2031	109,380.00	22,176.00			
McMinnville DWA 09-085	BF36577404;BFARRA0577	10/2030	18,283.20	3,164.40			
Maynardville DWF 06-066	BF565400	03/2031	88,932.00	6,768.00			
Minor Hill UD DG2 13-136	BF80603400	12/2036	39,237.00	3,443.00			
Minor Hill UD DWF 16-176	BF603401	02/2037	26,510.00	2,967.00			
Morristown DWF 01-042	BF622400	04/2026	3,069,624.00	12,176.00		Paid in full	
Morristown DGA 09-100	BF36622401;BFARRA0622	06/2032	742,596.00	3,380.00		Paid in full	
Mosheim DG0 12-121	BF575640400	10/2034	32,376.00	3,276.00			
Nashville DG8 20-223	BF649401		0.00	5,315.48 x	5,000,000.00		
Nashville DWF 20-224	BF649402		0.00	3,240.79 x	2,335,812.00		
Newport DWF 06-067	BF664400	05/2029	25,080.00	4,368.00			
Oakland DG5 16-179	BF75692401	07/2037	35,112.00	6,708.00			
Ocoee Utility District DW6 19-210	BF80691406	06/2040	35,172.00	11,088.00			
Ocoee Utility District DWF 19-211	BF691407	02/2042	25,836.00	23,067.28	524,512.00	Option 1 amortization March 2022	
Ocoee Utility District DWF 21-242	BF691408		0.00	0.00		no activity	
Paris DW4 15-163	BF75701400	08/2037	86,904.00	19,512.00			
Paris DWF 15-164	BF701401	04/2037	44,220.00	9,696.00			
Paris DWF 16-178	BF701402	11/2039	23,436.00	3,744.00			
Paris DWF 17-195	BF701403	03/2038	34,752.00	7,368.00			
Parsons DG6 17-185	BF80710400	10/2038	37,476.00	6,444.00			
Parsons DWF 17-191	BF710401	10/2038	58,524.00	10,056.00			
Parsons DWF 18-204	BF710402	01/2039	27,672.00	4,164.00			
Reelfoot UD DWF 05-063	BF764400	11/2027	59,544.00	0.00			
Ridgely DWF 14-137	BF770400	08/2034	42,132.00	44.00 x			
Ripley DGA 09-089	BF36775400;BFARRA0775	05/2031	30,024.33	4,416.60			
Rogersville DWF 05-064	BF787400	01/2028	146,884.00	23,130.00			
Sewanee UD DWF 07-073	BF821400	11/2030	168,768.00	19,476.00			
Smith UD DGA 09-094	BF36837400;BFARRA0837	10/2030	9,124.80	1,243.20			
Smith UD DW5 16-182	BF75837401	11/2037	53,196.00	4,692.00			
Smith UD DWF 17-194	BF837402	02/2038	7,656.00	1,008.00			
Smith UD DW6 19-212	BF80837403	02/2040	34,944.00	5,412.00			
Smith UD DWF 19-219	BF837404	03/2040	4,080.00	384.00			
Smyrna DW4 15-154	BF75841400	02/2038	3,918.00 x	684.00 x			
Smyrna DG9 21-231	BF841402	03/2042	35,040.00 x	10,960.75 x	1,482,800.00 x	Option 1 amortization April 2022	
Smyrna DW 22-246	BF841403		0.00	0.00		no activity	
South Elizabethton UD DG5 16-177	BF75100400	02/2038	25,260.00	792.00			
Sweetwater DG3 14-148	BF75891400	06/2036	87,516.00	13,548.00			
1st UD Tipton Cty DW3 15-165	BF75900400	08/2036	30,338.00	3,432.00			
1st UD Tipton Cty DWF 15-166	BF900401	04/2037	20,028.00	2,388.00			
Tezevant DW7 21-235	BF LN50915400		0.00	0.00		no activity	
Troy DG3 14-150	BF75922401	05/2036	76,956.00	5,652.00			
Troy DW1 15-155	BF70922402	01/2036	9,456.00	588.00			
Troy DWF 16-156	BF922403	10/2036	47,928.00	3,468.00			
Troy DWF 16-168	BF922404	10/2036	5,772.00	420.00			
Troy DW4 17-198	BF75922405	06/2039	24,372.00	1,728.00			
Warren Cty UD DW4 15-158	BF75890400	03/2040	84,360.00	16,008.00			
Watauga River DWA 09-092	BF36950401;BFARRA0950	06/2033	148,428.00	11,568.00			
Waverly DG6 18-208	BF80958400	10/2039	9,864.00 x	2,556.00			
West Overton UD DWF 00-023	BF963400	06/2022	26,230.00 x	169.00 x		Paid in full - end of schedule	
West Overton UD DWF 02-049	BF963401	10/2024	39,804.00 x	984.00 x			
West Overton UD DG5 16-173	BF75963402	02/2037	31,404.00 x	1,716.00 x			
West Warren Viola UD DWF 02-048	BF964400	03/2025	102,024.00	0.00			
Woodbury DW7 20-220	BF80976400		0.00	551.67	358,358.40	89,589.60	
TOTALS			11,028,373.33	1,210,269.54	12,583,675.00	209,727.00	

## FUND 36

FY 2022

FY 2021

**Statement of Net Position****ASSETS**

## Current assets:

Cash	118,692,758.72	106,226,351.53
Receivables		
Loans receivable	7,657,874.80	7,753,888.00
Interest receivable on loans	0.30	0.30

Total current assets	<u>126,350,633.82</u>	<u>113,980,239.83</u>
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## Noncurrent assets:

Loans receivable	<u>100,840,929.95</u>	<u>99,189,615.08</u>
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Total noncurrent assets	<u>100,840,929.95</u>	<u>99,189,615.08</u>
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Total assets	<u>227,191,563.77</u>	<u>213,169,854.91</u>
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**LIABILITIES**

## Current liabilities:

Payable to borrowers	<u>6,898.86</u>	<u>3,042.94</u>
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Total current liabilities	<u>6,898.86</u>	<u>3,042.94</u>
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## Noncurrent liabilities:

Borrower deposits payable	<u>3,335,082.00</u>	<u>3,270,629.00</u>
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Total noncurrent liabilities	<u>3,335,082.00</u>	<u>3,270,629.00</u>
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Total liabilities	<u>3,341,980.86</u>	<u>3,273,671.94</u>
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**NET POSITION**

Unrestricted	<u>223,849,582.91</u>	<u>209,896,182.97</u>
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Total net position	<u><u>223,849,582.91</u></u>	<u><u>209,896,182.97</u></u>
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FUND 36

FY 2022

FY 2021

**Statement of Revenues, Expenses, and Changes in Net Position**

**OPERATING REVENUES**

Revenue from loans	1,210,269.54	1,482,396.79
Interest income	<u>231,344.04</u>	<u>60,994.03</u>
Total operating revenues	<u>1,441,613.58</u>	<u>1,543,390.82</u>

**OPERATING EXPENSE**

Administrative expense	<u>641,789.48</u>	<u>737,534.44</u>
Total operating expense	<u>641,789.48</u>	<u>737,534.44</u>
Operating income	<u>799,824.10</u>	<u>805,856.38</u>

**NONOPERATING REVENUE**

Capitalization grant	<u>10,928,902.84</u>	<u>4,894,242.13</u>
Total nonoperating revenue	<u>10,928,902.84</u>	<u>4,894,242.13</u>

**NONOPERATING EXPENSE**

Forgiveness of loan principal	209,727.00	920,179.40
Total nonoperating expense	<u>209,727.00</u>	<u>920,179.40</u>
Income before transfers	11,518,999.94	4,779,919.11
Transfers in	<u>2,434,400.00</u>	<u>4,594,334.44</u>

Change in net position	13,953,399.94	9,374,253.55
Net position, July 1	<u>209,896,182.97</u>	<u>200,521,929.42</u>
Net position, June 30	<u><u>223,849,582.91</u></u>	<u><u>209,896,182.97</u></u>



FUND 36

FY 2022

FY 2021

**Statement of Cash Flows**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Payments to service providers	<u>(641,789.48)</u>	<u>(737,534.44)</u>
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Net cash used by operating activities	<u>(641,789.48)</u>	<u>(737,534.44)</u>
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**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Operating grants received	10,928,902.84	4,894,242.13
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Transfers in	<u>2,434,400.00</u>	<u>4,594,334.44</u>
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Net cash provided by noncapital financing activities	<u>13,363,302.84</u>	<u>9,488,576.57</u>
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**CASH FLOWS FROM INVESTING ACTIVITIES**

Loans issued and other disbursements to borrowers	(12,793,402.00)	(6,813,966.00)
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Collections of loan principal	11,028,373.33	26,668,432.99
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Security deposits from borrowers	64,453.00	406,077.95
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Interest received on loans	1,217,167.32	1,482,396.79
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Interest received on investments	231,344.04	64,036.97
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Amounts repaid to borrowers	<u>(3,041.86)</u>	<u>(780,647.24)</u>
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Net cash provided by investing activities	<u>(255,106.17)</u>	<u>21,026,331.46</u>
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Net increase in cash	<u>12,466,407.19</u>	<u>29,777,373.59</u>
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Cash, July 1	106,226,351.53	76,448,977.94
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Cash, June 30	<u>118,692,758.72</u>	<u>106,226,351.53</u>
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Reconciliation of operating income to net cash used by operating activities:

Operating income	<u>799,824.10</u>	<u>805,856.38</u>
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Adjustments to reconcile operating income to net cash provided by operating activities:

Revenue from loans	(1,210,269.54)	(1,482,396.79)
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Interest income	<u>(231,344.04)</u>	<u>(60,994.03)</u>
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Total adjustments	<u>(1,441,613.58)</u>	<u>(1,543,390.82)</u>
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Net cash used by operating activities	<u><u>(641,789.48)</u></u>	<u><u>(737,534.44)</u></u>
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STATE OF TENNESSEE  
DEPARTMENT OF ENVIRONMENT AND CONSERVATION  
NASHVILLE, TENNESSEE 37243-0435

DAVID W. SALYERS, P.E.  
COMMISSIONER

BILL LEE  
GOVERNOR

MEMORANDUM

TO: Michelle Earhart, Deputy Chief of Accounts  
Department of Finance and Administration

FROM: Benny Romero, Department Controller

DATE: 10-Aug-22 *Benny Romero*  
Benny Romero (Aug 10, 2022 11:35 CDT)

SUBJECT: Department of Environment and Conservation 327  
Drinking Water State Revolving Fund 33  
Administrative Cost

Shown below is a detailed listing by Account of the Administrative Costs of the Drinking Water State Revolving Fund Program for Fiscal Year 2022 (July 1 - June 30)

PERIOD 991

70100	Salaries	\$ 294,935.05
70200	Benefits	\$ 128,342.93
	Total Payroll Expenditures	\$ 423,277.98
70300	Travel	\$ 1,622.47
70600	Communication and Shipping	\$ 7.32
70800	Professional Services -Third Party	\$ 111,333.34
71000	Rent and Insurance	\$ 155.80
72100	Training	\$ 955.00
72500	Professional Services-State	\$ 9,763.82
89040	Indirect Costs	\$ 94,673.75
	Total Other Expenditures	\$ 218,511.50
	Grand Total Expenditures	\$ 641,789.48
680001	Direct - Federal Revenue - Drinking Water	(\$547,115.73)
680001	Indirect -Federal Revenue - Drinking Water	(\$94,673.75)
	Grand Total Revenue	(\$641,789.48)

Variance \$ -

