

Virginia Drinking Water State Revolving Fund Program (DWSRF)

**Submitted to:
U.S. Environmental Protection Agency
Office of Infrastructure & Assistance**

**State Fiscal Year 2025
July 1, 2024, through June 30, 2025
Under CFDA 66.468**



**109 Governor Street, 6th Floor
Richmond, VA 23219
(804) 864-7500**



This project is funded wholly or in part by the United States Environmental Protection Agency under assistance agreement 66.468 to VDH. The contents of this document do not necessarily reflect the views and policies of the Environmental Protection Agency, nor does the EPA endorse trade names or recommend the use of commercial products possibly mentioned in this document.

2025 Table of Contents

Table of Contents

Cover Page	1
I. INTRODUCTION	3
A. Highlighted Projects	4
II. GOALS AND ACCOMPLISHMENTS	6
B. Long-Term Goals	6
C. Progress Toward Long-Term Goals	6
D. Short-Term Goals	9
E. Progress Toward Short-Term Goals	10
III. DWSRF PROGRAM SET-ASIDE AND LOAN PROJECTS ACTIVITIES	12
A. Sources of DWSRF Program Funds	12
B. Uses of DWSRF Program Funds	13
1. Allocation of DWSRF Program Funds	13
2. Set-Aside Activity Status	13
3. Construction Project Loan Assistance Status	16
4. Coalfield Water Development Fund	19
IV. FINANCIAL SUMMARY	19
A. Status of Loans	19
B. Loan Disbursements/Cash Draw Proportionality	19
C. Set-Aside Disbursements	19
D. Annual Repayment/Aging of Account	19
E. Financial Statements	19
V. COMPLIANCE WITH AGREEMENTS	19
A. Binding Commitments within One Year	20
B. Deposit State Matching Funds	20
C. Submit Biennial SRF Report and Annual Audit	20
D. Assure That Borrowers Have Dedicated Source of Repayment	20
F. Conduct Environmental Reviews	20
G. Implement Capacity Development Strategy	21

I. APPENDICES AND TABLES

Appendix A: Table 1: Allocation of Funds – DWSRF
 Appendix B: Table 2: Disbursed DWSRF Program Funds by State Fiscal Year
 Appendix C: Financial Status Reports –FFR 425s
 Appendix D: Set Aside Utilization Report
 Appendix E: DWSRF Audited Financial Reports, FY 2025
 Appendix F: Loans Closed during the Reporting Period
 Appendix G: Current FCAP Structure
 Appendix H: Bypassed and Withdrawn Projects

I. INTRODUCTION

This report covers July 1, 2024, through June 30, 2025 (Virginia Fiscal Year 2025). The Virginia Department of Health (VDH) Office of Drinking Water (ODW) activities for this year build on prior success. Virginia received the first Drinking Water State Revolving Fund (DWSRF) loan offer in June 1998 and the U.S. Environmental Protection Agency (EPA) has awarded 28 capitalization grants (excluding the American Recovery and Reinvestment Act of 2009, or “ARRA”) since then. The Commonwealth of Virginia supports the program with the required 20% state matching dollars. This report highlights the status of the DWSRF Program by detailing progress made toward long-term and short-term goals, the sources and uses of funds, financial status of the DWSRF Program, and compliance with federal requirements.

ODW made significant progress with program objectives as approved in the annual Intended Use Plan that funds construction projects and other set-aside activities. ODW closed 83 SRF construction projects totaling \$70.1 million during this reporting period. As of June 30, 2025, Virginia’s program has closed funding/financing agreements for 574 projects, which total \$617,943,291.

Year	State Fiscal Year	# of Binding Commitments	Amount
1	1998	1	\$ 4,000,000
2	1999	3	\$ 8,000,000
3	2000	15	\$ 15,114,517
4	2001	20	\$ 24,584,781
5	2002	30	\$ 33,827,968
6	2003	19	\$ 19,875,065
7	2004	16	\$ 11,667,041
8	2005	17	\$ 10,654,508
9	2006	17	\$ 16,833,000
10	2007	15	\$ 12,124,046
11	2008	12	\$ 6,193,126
12	2009	18	\$ 13,707,176
13	2010	17	\$ 13,503,089
13	2010 (ARRA)	17	\$ 20,138,170
14	2011	16	\$ 15,496,322
15	2012	16	\$ 18,330,972
16	2013	15	\$ 26,077,006
17	2014	19	\$ 28,182,614
18	2015	20	\$ 16,262,052
19	2016	24	\$ 16,912,070
20	2017	20	\$ 17,435,147
21	2018	23	\$ 26,938,449
22	2019	34	\$ 19,256,987
23	2020	20	\$ 12,142,839
24	2021	16	\$ 87,052,223
25	2022	12	\$10,960,861
26	2023	14	\$20,584,189
27	2024	25	\$22,018,981
28	2025	83	\$70,070,019
	Grand Total	574	\$617,943,291

ODW's set aside activities enhance the ability of waterworks in Virginia to provide safe water. ODW contracts with various organizations to provide technical assistance and source water protection. ODW scholarships for operator and management training, professional development seminars, and other training efforts provide knowledge at the local level to increase technical, managerial, and financial capacity to successfully operate waterworks over the long term.

Virginia has reduced the number of waterworks with a health violation to less than 2.72% of all the systems across the Commonwealth, which can be attributed to the proactive work of ODW, and the financial support provided by the DWSRF and Public Water System Supervision grants. Staff continue to use the Enforcement Targeting Tool (ETT) to identify any waterworks in need of capital improvements. The ETT score remains a factor in the scoring and ranking of project reviews for funding. ODW knows to apply additional subsidy, minimum loan amount requirements to grants within one year of the grant award.

ODW continues to address staffing challenges. Three new Environmental Engineers/Project Managers were recruited to replace one retiring staff member, Mr. Anthony Hess's position prior to moving to the Director role last year, and one more staff member that left the program. These staff will be onboard by mid-August 2025 and should be able to be effective right away. The VDH DWSRF program along with the new VDH Grants Office and VDH Office of Financial Management made significant improvements in disbursement and reimbursement submissions in 2025. The EPA removed the VDH DWSRF program from Reimbursement status as of June 30, 2025.

ODW submitted its applications for the FY2025 DWSRF capitalization grant, FY2025 BIL/IIJA General Supplemental Grant, FY2025 BIL/IIJA Emerging Contaminants Grant, and SA-HMW "Hurricane Helene Disaster Recovery" funding all on July 10, 2025. EPA's awards for the FY2025 BIL/IIJA General Supplemental Grant, FY2025 BIL/IIJA Emerging Contaminants Grant, and SA-HMW "Hurricane Helene Disaster Recovery" 2025 grants were provided on August 28, 2025, and the award for the FY2025 DWSRF capitalization grant was provided on September 16, 2025. ODW uses these funds to protect public health by ensuring drinking water provided to consumers by waterworks complies with water quality and quantity standards and is sustainable over the long run. Below are two examples of the public health benefits that Virginia provided:

A. Highlighted Projects

The Virginia Department of Health Office of Drinking Water highlights the Town of Altavista's Sedimentation and Solids Handling Improvements project (an FY 2022 BIL Project), and the City of Norfolk's Lead Service Line Inventory and Replacement project (an FY 2022 BIL Project), both of which closed during the reporting period.

BIL-02S-22 – Town of Altavista's Sedimentation and Solids Handling Improvements Project

The **Town of Altavista** provides essential drinking water services to the residents and businesses within Altavista, Virginia, and they serve two consecutive systems, Grit Road in Pittsylvania County, and the Town of Hurt, Virginia. This publicly owned community waterworks currently serves a total population of 3,850 through 1,541 existing service connections.

This project begins with the public health challenge of eliminating high Disinfection By-Product (DBP) residuals of TTHM and HAA5. The two consecutive systems that the Town of Altavista serves (Town of Hurt and Grit Road) have been under consent order with the VDH-Office of Drinking Water for DBP Maximum Contaminant Level (MCL) exceedances.

These exceedances were identified to be a direct result of the build-up of sludge solids in Altavista's Water Treatment Plant (WTP) sedimentation basins that were originally constructed/installed without a sludge solids removal system. The reaction between the large concentration of solids with sodium hypochlorite disinfection treatment increases the formation of DBP residuals thus resulting in the MCL exceedances for both consecutive systems.

To mitigate these issues, the Town of Altavista applied for DWSRF Construction Funding in April 2022 for an amount of \$3,000,000. The proposed scope of work consists of sedimentation basin concrete repair; brick baffle wall repair; replacement of slide gates, handrails and kickplates; and installation of automated sludge removal systems and upgraded solids holding tank controls for all five (5) existing sedimentation basins.

Benefits expected to emerge from this project include but are not limited to: lowered DBP residuals; continual use without requiring multiple draining of all basins annually; lowered quantity of solids and water pumped to the Wastewater Treatment Plant (WWTP); reduced energy consumption; plant operator safety; and decreased expenditures.

Due to bid prices, the project award was increased to \$3,898,390 in June 2024. The VDH and the Virginia Resources Authority (VRA) successfully completed the loan closing for this project on December 19, 2024. The total funding amount is \$3,898,390. The funding package consists of \$3,225,850 as principal forgiveness and a \$672,540 loan for a term of 30 years.

The contractor had a Notice to Proceed dated March 3, 2025. As such, the project is currently under construction, and it should be complete in the 2nd quarter of 2026. After the project is complete, the Town of Altavista and the consecutive systems it serves should have lowered DBP residuals resulting in safer drinking water.

BIL-05L-22 – City of Norfolk's Lead Service Line Inventory and Replacement Project

The **City of Norfolk** Department of Utilities provides essential drinking water services to the residents and businesses within Norfolk, Virginia. This publicly owned community waterworks currently serves a total population of 233,000 through 71,208 existing service connections.

The compelling story behind this project begins with a critical public health challenge: the high probability of existing lead service lines (LSLs) within the residential distribution system. The City's own crews have encountered these LSLs during routine water main replacements and maintenance activities. To address this proactively, the LSL Replacement Plan, dated October 2024, identified 590 known LSLs and an additional 290 Galvanized Requiring Replacement (GRR) lines. The project's core purpose is clear: to secure funding for the full replacement of LSLs on both the public and private sides to protect public health and mitigate the risk of lead exposure.

In pursuit of this vital work, the City of Norfolk submitted its application for \$26,000,000 in funding on January 14, 2022, through the Bipartisan Infrastructure Law (BIL). The proposed scope includes establishing the LSL Inventory and launching the replacement program, which is projected to address approximately 3,240 homes in phases over five years. The replacement strategy is highly focused, prioritizing areas with disadvantaged consumers, known LSLs, sensitive populations, and licensed childcare centers. Critically, the City has committed to performing the service line replacement at no cost to the customer. The ultimate goal is ambitious: completing all replacements by or before 2029, with the replacement phase scheduled to begin in 2026.

The efforts culminated in a major financial commitment, with the VDH issuing the award letter on November 27, 2023. The total \$26,000,000 funding package was structured to maximize benefit to the community, comprising \$10,400,000 as principal forgiveness and a \$15,600,000 loan.

Bringing the story to its current chapter, the VDH and the Virginia Resources Authority (VRA) successfully completed the loan closing for this project on December 17, 2024. With the financing officially secured, the City of Norfolk has actively moved into the execution phase, having already submitted and processed two reimbursement requests. The project currently continues with the inventory, engineering and testing process; they estimate the replacement process will begin in 2026.

Overall, this project represents a monumental step toward eliminating a significant health risk, promising a healthier and more reliable drinking water system for the residents of Norfolk.

II. GOALS AND ACCOMPLISHMENTS

ODW developed the long-term goals discussed below for the Intended Use Plan (IUP). The long-term goals provide a framework that guide management decisions for the DWSRF Program. The short-term goals support the implementation of the program's long-term goals. The overall goal of ODW in administering the capitalization grant is to provide a comprehensive and integrated technical and financial assistance program to waterworks owners through a balanced approach of using set-aside funding and construction loan funds.

B. Long-Term Goals

- a. Protect the public health and welfare by supporting activities that ensure waterworks provide adequate water quality and quantity to their end users,
- b. Ensure the sustainability of the DWSRF program and related funding to benefit Virginians and establish best management practices to maintain the Fund in perpetuity,
- c. Assist waterworks owners in complying with federal and state mandated drinking water regulations through programmatic, technical, and construction assistance,
- d. Assist waterworks owners to develop long-term strategies for sustainable infrastructure (managerial, technical, and financial capability) to provide safe drinking water,
- e. Assist waterworks owners in the protection of their source waters by supporting source water protection programs, and,
- f. Provide technical and financial assistance to waterworks owners and educate consumers through effective outreach programs.

C. Progress Toward Long-Term Goals

Progress Toward Long-Term Goals 1, 2, and 3: ODW developed a Program that utilizes the capitalization grant in two distinct categories; (i) non-project funds, or set asides, and (ii) project funds to be used for construction of public drinking water systems (waterworks). Set-aside funds were used to enhance the ability of the state and owners of waterworks to ensure a waterworks' long-term capacity to produce safe drinking water and to protect construction loan investments. Specific set-asides are discussed later in this report. Construction funds for waterworks are targeted to address public health problems and to ensure compliance with the provisions of the SDWA.

ODW prioritizes construction projects in accordance with an EPA-reviewed and approved methodology that gives the highest priority in the following order: acute, chronic, public health, then all other eligible projects last. ODW affords the public the opportunity to review and provide meaningful comment on the prioritization methodology and project lists. ODW has noted that the number of applications related to acute and chronic

public health issues have declined over the past few years. This is also coincident with the decline in the number of Virginia systems on the Enforcement Targeting Tool (ETT) list (formerly referred to as the *significant non-compliers* list).

Starting in CY 2018, ODW implemented a Capacity Building Program and Expedited Loan Closing Program. Construction projects may be eligible for an additional interest reduction of up to 0.25% under either program. To qualify for the Capacity Building Program, VDH required a commitment to adjust rates to ensure minimum compound revenue increases of 2%¹ each year for the next five years. To qualify for the Expedited Closing Program, VDH required loan closings completed within 12 months of the award letter. Since starting this Expedited Loan Closing Program only three projects have been able to take advantage of it. However, many others strive for this discount which aligns their priorities with the ODW's Timely and Expeditious Use priorities. ODW believes the Capacity Building Program will help to build financial capacity at waterworks and the Expedited Loan Closing Program will help to speed up the loan closing schedules.

In addition, the SDWA authorized Virginia to establish a special demonstration project to loan funds to a regional endowment to "...finance new drinking water facilities..." in Southwest Virginia. The Coalfield Water Development Fund, Inc. (CWDF) was established for this purpose and a total of \$10 million has been provided to the endowment.

¹ Alternatively owners may commit to using an inflationary linked index such as the Consumer Price Index (CPI) or the Personal Consumption Index (PCE)

Progress Toward Long-Term Goal 2: To ensure the long-term financial sustainability of the Program ODW adopted three initiatives in 2015. These were:

- Increased the admin fee on interest bearing loans from fifty to one hundred fifty basis points. Revised its policy of providing zero-percent interest on all loans to disadvantaged waterworks.
- Zero-percent interest loans will only be provided in extreme situations. The interest rate on the 20-year loan will be set equal to 1.0% below the 20-year market rate in the month before loan closing, and the interest rate shall not be less than 1.0%. The interest rate on the 30-year loan will be set 0.50% below the 30-year market rate in the month before closing, and the interest rate shall not be less than 1.5%.
- Began charging a \$6,000 closing fee on all interest-bearing loans to waterworks that are not considered disadvantaged to help defray the upfront loan costs.

In the long term, these actions reduced the reliance on the 4% set-aside for funds to administer the Program and promote the long-term sustainability of the Program. Through these initiatives, ODW was able to move VRA charges from the 4% Set-Aside funding (subject to the grant amount) to the Admin Fee funding that is longer term and less volatile.

Progress Toward Long-Term Goal 3: ODW Assists waterworks owners in complying with federal and state mandated drinking water regulations through programmatic, technical, and construction assistance. Construction funds for waterworks are targeted to address public health problems and to ensure compliance with the provisions of the SDWA. ODW prioritizes construction projects in accordance with an EPA-reviewed and approved methodology that gives the highest priority in the following order: acute, chronic, public health, then all other eligible projects last. Set-aside funds were used to enhance the ability of the state and owners of waterworks to ensure a waterworks' long-term capacity to produce safe drinking water and to protect construction loan investments.

Progress Toward Long-Term Goal 4: ODW continues to provide technical, managerial, and financial (TMF)

assistance to waterworks owners. This assistance is focused on priority waterworks identified through several tools, such as: EPA Enforcement Targeting Tool (ETT), state violations list, recommendations from Field Offices, new waterworks operations permitting, and the triennial assessment. Capacity Development is primarily delivered to waterworks serving less than 10,000 persons. The Division of Training, Capacity Development, and Outreach (TCDO) works closely with the Financial and Construction Assistance Program (FCAP) Division to assure that all applicants are eligible for funding by either having capacity or utilizing funds to develop capacity. Assistance is provided by the development of Waterworks Business Operation Plans, Small Project Engineering assistance, on-site technical assistance, Planning and Design Funding Agreements, classroom training, and financial assistance provided through TCDO, other Technical Assistance Providers (TAPs) or one of EPA's TAPs. ODW continues to fully implement its Capacity Development Strategy. Please refer to the Annual Capacity Development Report for more detailed information regarding this Goal.

Building Financial Sustainability (Implemented in CY2016). To promote financially sustainable waterworks, ODW recommended waterworks self-evaluate their financial positions using a Building Financial Sustainability/Financial Health Indicators guide developed by ODW to ensure they were able to provide for financial sustainability. As part of the application/offer process, VDH recommended all owners use the guidance information to evaluate the current financial health of their waterworks, to evaluate their ability to accept new debt, and to affect changes needed to grow revenues. The guide is available on our website: <https://www.vdh.virginia.gov/content/uploads/sites/14/2019/01/I-Building-Financial-Sustainability.docx>

Building Financial Sustainability (Implemented CY2018): One of the DWSRF Program Requirements is for waterworks to build long-term financial sustainability and have adequate financial capacity for additional debt for needed projects. As a condition of funding, VDH reserved the right to require the implementation of rate changes including but not limited to annual rate increases in an effort to build long-term financial sustainability at the waterworks. To build waterworks financial capacity, VDH offered reduced interest rates (up to 25 basis points) for recipients that commit to compound annual rate increases of at least 2% a year for five years as long as any additional funds generated are for the use of the waterworks.

Readiness to Proceed and Timely Use of Funds (Implemented CY2018): To promote readiness to proceed and timely use of funds ODW, offered reduced interest rates of up to 25 basis points for recipients that can close loans within 12 months of ODW's award letter date.

Progress Toward Long-Term Goal 5: ODW has the responsibility to conduct assessments of public water sources, which includes: source water protection area delineations, inventories of potential sources of contamination (PSC), and susceptibility determinations. ODW has been refining the GIS database layers and toolset to improve the Source Water Assessment Reports to waterworks.

During this reporting period, the Office of Drinking Water (ODW) continued to manage contracts and grants supporting localities and community water systems in advancing source water protection and related planning activities. ODW also continued to collaborate with state and regional partners to share data and strengthen collective efforts to protect drinking water sources.

ODW participated in various statewide and regional initiatives aimed at improving coordination among water, environmental, and land management programs. These efforts emphasize interagency communication, technical assistance, and the integration of conservation and protection strategies to enhance water quality and system resilience.

ODW continued to provide technical and financial support for activities that promote proactive protection of drinking water sources. This included efforts to assist eligible waterworks with planning, data evaluation, and implementation of protective measures. Staff also engaged in meetings and discussions with partner

organizations to align state-level programs with broader regional and federal goals related to water resource management.

During this period, ODW supported multiple projects through its funding programs, conducted site visits to monitor progress on previously awarded work, and coordinated ongoing studies to better understand and address emerging water quality concerns.

Additionally, ODW continued to participate in interagency environmental review processes to assess potential public health and water quality impacts associated with proposed infrastructure projects. These reviews, conducted in coordination with state and federal partners, are part of Virginia's broader strategy to protect drinking water sources and promote sustainable resource management.

To further outreach and education, ODW also hosted informational sessions to increase awareness of source water protection practices and funding opportunities among community water systems and other stakeholders.

Overall, these combined efforts reflect Virginia's continued commitment to collaborative, multi-barrier approaches that safeguard drinking water quality and public health across the Commonwealth.

Progress Toward Long-Term Goal 6: In addition to the annual postings of applications/application announcement for construction funds and set-aside suggestions, the Planning and Design Funding Agreements and the 1452(K) grants for source water protection applications were posted. All of the Planning District Commissions (PDCs) are provided information concerning the program and other forums (VRA conference, etc.) are used to promote the program. In addition, a publicly available on-line presentation on the agency website explains the eligibilities of the DWSRF and details of applying to the program. This presentation also includes information about Planning and Design Grants, providing information to the regulated community about the options available to them.

ODW field offices provided information on specific waterworks to target for various aspects of the Program. EPA's ETT was also used to identify specific waterworks that may benefit from the program. The FCAP and TCDO staff make additional outreach efforts during conferences and training events to ensure waterworks are aware of the many opportunities available to them under the DWSRF programs.

ODW placed the various applications, checklists, and related items web site:

<https://www.vdh.virginia.gov/drinking-water/fcap/drinking-water-funding-program/>

D. Short-Term Goals

- a. Allocate DWSRF Program funds efficiently so that Virginians may realize a prompt benefit.
- b. Assist waterworks owners through innovative and effective technical assistance programs.
- c. Promote consolidation and regionalization of water supplies and waterworks through both programmatic and construction assistance.
- d. Provide a source of low-cost financing for drinking water needs.
- e. Require that all new Community and Non transient Noncommunity water systems beginning operation after October 1, 1999, demonstrate the technical, financial, and managerial capacity required to operate a waterworks.
- f. Ensure that state operator certification regulations meet EPA national requirements.
- g. Ensure training courses provided meet the needs of classifications of licensed operators at small waterworks.
- h. Demonstrate compliance with the Federal Capacity Development Program, Virginia's Capacity Development Strategy and operator certification program provisions in order to avoid withholdings.

- i. Maintain unliquidated obligations (ULOs) at or below the national average. The ULO is the unexpended balance remaining from the amount of federal funds EPA obligated to an individual state/recipient which has not yet been “drawn down”.
- j. Program pace is a ratio of the dollar value of closed loans/binding commitments to the total dollars available for projects in the Fund. VDH will commit to no less than 90% for a pace target for this fiscal year.
- k. Enter into binding commitments for projects that will proceed to construction or award of construction contracts within twelve months of initial offers of assistance.

E. Progress Toward Short-Term Goals

Progress Toward Short-Term Goals 1 and 8: ODW timely submitted its applications for \$18,568,800 FY2025 DWSRF capitalization grant, \$42,190,801 FY2025 BIL/IIJA General Supplemental Grant, \$11,116,000 FY2025 BIL/IIJA Emerging Contaminants Grant, and \$23,155,000 SA-HMW “Hurricane Helene Disaster Recovery” funding all on July 10, 2025. EPA’s Notices of Award (NOA) for these grants FY2025 BIL/IIJA General Supplemental Grant, FY2025 BIL/IIJA Emerging Contaminants Grant, and SA-HMW “Hurricane Helene Disaster Recovery” 2025 grant was provided on August 28, 2025, and the Notice of Award for the FY2025 DWSRF capitalization grant was provided on September 16, 2025. These applications included the following reallocations of funding to the Virginia DWSRF Program: \$49,000 DWSRF Base 2021 2nd reallocation, \$25,000 DWSRF Base 3rd reallocation, \$26,000 2022 BIL/IIJA Emerging Contaminants reallocation, and \$301,000 2023 BIL/IIJA Emerging Contaminants reallocation. To promote efficient fund utilization ODW reserves the right to bypass any project that has not executed the assistance agreements/initiated construction within 12 months of the original award letter.

Workshop by PowerPoint (Implemented CY 2018): VDH updated the DWSRF informational PowerPoint Presentation on our website in February 2023. ODW staff recorded the presentation for future reference. This allowed waterworks the ability to review the information at their convenience. The workshop was not updated during FY2025 due to the fact that significant changes to the application process did not occur prior to the FY2025 or FY2026 funding application cycles. This presentation will be updated prior to the next funding cycle because BIL/IIJA General Supplemental and Emerging Contaminants funding will not be available in the future.

Progress Toward Short-Term Goal 2: ODW continued the Planning and Design Award Program. The Planning dollars have benefited the small, rural, financially stressed waterworks or waterworks in need of small amounts of grant money (up to \$45,000 per project) to develop preliminary engineering reports, plans and specifications, and source water studies. Many of these grants have allowed them to expedite the preparation of applications for DWSRF Program, USDA Rural Development, and other construction funding programs.

ODW continued our Small Project Engineering Services: ODW solicits for engineering services through consulting engineering firm(s) to provide small scope (each approximately \$20,000 or less) project engineering directly to small water systems that do not have the financial, technical, and or managerial capacity to retain an engineer. These projects address compliance and/or capacity issues of small public community systems serving less than 10,000 persons.

Progress Toward Short-Term Goal 3: The DWSRF Program’s construction assistance was designed to encourage regionalization by providing points for projects that consolidate waterworks. The Waterworks Business Operations Plan encourages waterworks to consider consolidation in the planning process. Preliminary Engineering Reports (PERs) require that feasible alternatives be evaluated to ensure the possibility of consolidation has been considered. Regional waterworks that consolidate to eliminate smaller, failing waterworks are eligible for principal forgiveness and special reduced interest rates, not available to standard

project owners.

Progress Toward Short-Term Goal 4: ODW designed a loan package where the maximum interest rate is 1% below the market rate in the month before loan closing. ODW incorporated affordability criteria into the construction assistance ranking system. Special consideration is given for disadvantaged communities. Under the proposed project priority list, a range of a minimum of 30% of the total DWSRF Base grant will be provided as principal forgiveness to eligible projects serving disadvantaged projects, with a state option to add an additional amount not to exceed a maximum of 49%. Additionally, 49% of the Bipartisan Infrastructure Law General Supplemental and Lead Service Line funding will be provided to projects serving disadvantaged projects. A minimum of 25% of the total of Bipartisan Infrastructure Law Emerging Contaminants funding will be provided to projects serving disadvantaged communities, although 100% of the Bipartisan Infrastructure Law Emerging Contaminants funding will be 100% Principal Forgiveness. The Planning and Design awards will further reduce the municipalities' financial burden for projects proceeding to construction.

Progress Toward Short-Term Goal 5: ODW developed a Capacity Development Strategy originally in May 2000 and subsequently revised in May 2014, later approved by EPA, which described the authority and procedures used to ensure new Community and Nontransient Noncommunity waterworks have TMF capacity prior to beginning operation. New waterworks are required to develop a Waterworks Business Operations Plan to demonstrate full TMF capacity prior to the issuance of an Operation Permit. The Commonwealth of Virginia Capacity Development Strategy is published on the Virginia Department of Health's website at: <http://www.vdh.virginia.gov/drinking-water/capacity-development/>. An updated Capacity Development Strategy dated March 1, 2021 was submitted to EPA pursuant to the AWIA requirements. In January 2022, the EPA approved the revised Strategy.

Progress Toward Goal 6: Virginia's Operator Certification Program (OCP) for 2022 is posted on the ODW Website at the following link: [Virginia-OpCert-Annual-Report_2022_final_bem.pdf](#). VDH continued to successfully implement Virginia's OCP under the SDWA Section 1419(b) guidelines. ODW submits an annual OCP report for EPA's review and approval as required.

Progress Toward Short-Term Goal 7: EPA's review and approvals of ODW's Program/reports confirm compliance with the Federal Capacity Development Program, Virginia's Capacity Development Strategy and operator certification program provisions. Where appropriate ODW has leveraged funding offers with rate adjustments in an effort to build financial capacity for waterworks. Starting in 2018 ODW is recommending asset management plans (AMPs) from all DWSRF construction funding recipients that do not have one. ODW believes the AMPs will help waterworks determine the condition of their assets and a schedule for replacement. This will further advance Virginia's response to the issue of aging infrastructure.

Progress Toward Short-Term Goal 8: ODW has applied for the full amount appropriated for Virginia under the DWSRF Grant in the first year for all recent grant appropriations.

Progress Toward Short-Term Goal 9: An ongoing concern of EPA's has been the national amount of unliquidated obligations (ULOs) under the DWSRF Program. DWSRF ULOs are unspent capitalization grant funds provided by EPA measured as the ratio of funds provided to funds available. These include all project and set-aside funds. As of June 30, 2025, ODW achieved a ULO of 69% for the DWSRF program. This included set-aside funds and project funds. EPA has encouraged states to reduce and maintain their ULOs to as low a level as feasibly possible. The unusually high ULO was due to the influx of unprecedented levels of additional Bipartisan Infrastructure Law funding awarded at the same time the DWSRF program remained on EPA Reimbursement that slowed the drawdown of funding that would reduce the ULOs. Additional project delays leading to unusually high levels of ULOS were pointed out in the Virginia DWSRF Timely and Expeditious Use Report. These delays include: delays for borrowers to obtain financial audits, requirement for some borrowers to increase water user rates to pass a credit review, delays in obtaining necessary permits,

limited supply of construction contractors to handle increased funding available, construction inflation leading to increased bids and a second credit review to approve additional funding, limited supply of design engineers to handle increased funding available, borrowers seeking federal earmark funding as an alternative to DWSRF program, and delays related to parity consent from USDA Rural Development. Additionally, through funding several large projects in the next SFY, ODW believes we will reduce our ULOs significantly.

Progress Toward Short-Term Goal 10: Program Pace data is specific to project funds and is calculated/derived from the OWSRF (formerly DWNIMS) Database. The program calculates pace as a ratio of cumulative binding commitments to total funds available for construction projects. It can be an indication of how well/quickly a program makes funds available for projects. For the reporting period, ODW achieved a program pace (funds provided to funds available) of 69%. On a cumulative basis, ODW closed the dollar value of \$617.9 loans shown in the Introduction, which is 69% of \$895.5 million in DWSRF Funds available for Projects.

ODW believes the following two program revisions will add more flexibility for applicants looking to fund projects.

PER Requirement Revised (Implemented CY 2017): ODW revised the requirement to have a Preliminary Engineering Report (PER) drafted and submitted with the construction application in 2017. The submission (or waiver) of the PER may be made a condition of the award. VDH believes this will allow greater flexibility in the Program and may allow the funding of the PER as part of the construction award. A Field Office Scope Review Meeting is required for all projects. VDH expects waterworks to schedule this meeting at least one month prior to the Application Deadline.

Design Build (Implemented CY 2017): The DWSRF Program has made revisions to accommodate Design-Build and other alternative project delivery methods in an effort to better serve our waterworks owners.

III. DWSRF PROGRAM SET-ASIDE AND LOAN PROJECTS ACTIVITIES

A. Sources of DWSRF Program Funds

As of June 30, 2025, ODW has received capitalization grants totaling \$895,540,367. The 2025 capitalization grant was excluded as a source of funds in this report since it was not received during the reporting period.

ODW is required to provide state matching funds equal to 20% of each SRF capitalization grant. ODW has a cumulative state match appropriation of \$97,540,207 million. Beginning with the 2004 capitalization grant, administrative loan fees are being collected on projects with an interest rate greater than zero. The administrative loan fees are currently one-hundred and fifty basis points (1.50%) per annum and are included as part of the interest rate. This table presents the activity for the reporting period.

Admin Fee Account Activity from Cash Flow Statement		
FY2025 Beginning Balance	\$	3,079,841
FY2025 Admin Fee Cash Collections	\$	1,401,994
FY2025 Interest Earnings	\$	112,656
FY2025 Admin Fee Expensed	\$	(691,144)
FY2025 Ending Balance	\$	3,903,347

Appendix A - Table 1 shows the capitalization grant awards, and other sources of funding received during this reporting period.

B. Uses of DWSRF Program Funds

1. Allocation of DWSRF Program Funds

EPA allocates the capitalization grant between two categories: (1) project loan funds, which are to be used for construction of public drinking water systems, and (2) non-project funds, or set asides. For each capitalization grant award, ODW develops an Intended Use Plan (IUP) which describes how Virginia intends to use the available DWSRF program funds for the year. The IUP also describes the amount of funds that will be used for these various activities. The IUPs were made available to the public for review and comment prior to being submitted to the EPA.

The SDWA established the capitalization grant percentage limits that can be spent for project loans and the four individual set-aside activity areas. The 20% state match is for use in awarding construction project loans. Up to 31% of the capitalization grant can be allocated to the four set-aside activities. The set-aside activities include up to 4% for administrative expenses, up to 10% for state program management, up to 2% for small system technical assistance, and up to 15% for local assistance and other state programs.

Appendix B – Table 2 shows the actual Virginia Fiscal Year 2025 disbursements and cumulative disbursements.

2. Set-Aside Activity Status

4% DWSRF Administration and Technical Assistance

The administrative expense set-aside is used for administration of the DWSRF Program and general technical assistance. ODW has eleven employees, nine full-time and two hourly, to assist in administering the DWSRF Program; however, four of these employees are paid from the 10% set-aside funds.

The administration of the DWSRF Program activities also includes: banking type services of the project loans performed by the Virginia Resources Authority (VRA), annual audits performed by the State Auditor or their agent, and travel/training costs. The State's Auditor of Public Accounts (APA) conducts an annual statewide single audit for the Commonwealth of Virginia in accordance with OMB Circular A-133.

VRA was reimbursed in the amount of \$591,824 for credit evaluation, loan servicing, and loan monitoring in accordance with the VRA-VDH cost allocation agreement. ODW charged VRA funding to the administration fee account. A private CPA firm engaged by the State's APA performs an annual audit of the Construction State Loan Fund. CliftonLarsonAllen, LLP, Certified Public Accountants, conducted an independent audit of VRA's financial records for the year ending June 2025. The audit expressed an unmodified opinion, disclosed no audit findings, no instances of noncompliance, and no significant deficiencies. The auditors continue to view VRA as a low-risk auditee. The VRA Board of Directors accepted the FY2025 Annual Comprehensive Financial Report (ACFR) in September 2025. The Attorney General's Office has provided legal advice on agreements and contracts.

During this reporting period, ODW and VRA have completed the following administrative activities:

- Solicitation of applications, through public announcements and ODW Field Office input,
- Conduct online funding workshops and met with prospective recipients,
- Project evaluation, selection, and prioritization in accordance with the Program Design Manual,
- Development of comprehensive list of projects, and Intended Use Plan,
- Evaluation of waterworks for TMF capacity,
- Establish the terms of the offers and award funding assistance,
- Ensure completion of all required activities required for loan closing and close loans,
- Monitor/Administer project construction,
- Credit Analysis, Loan Servicing (including single audit letters), and Fund Administration, and
- Preparation of Capitalization Grant Application.

2% Small Systems Technical Assistance

ODW used these funds to support one (1) part-time data keying and five (5) full-time inspector positions in field offices.

10% PWSS State Program Management

ODW used 10% SA funds to supplement the State Public Water Supply Supervision (PWSS) Program. A total of sixteen Environmental Inspector positions, two Environmental Health Specialists, three FCAP Project Engineers, one FCAP Project Officer, one Environmental Health/Compliance Coordinator, one ODW Office Director, One FCAP support Technician, and one Assistant District Engineer were supported by the 10% SA during FY 2025.

a. State Program Management: Source Water Protection Program Administration

During the reporting period, the Office of Drinking Water (ODW) continued to coordinate statewide efforts to support and oversee source water protection activities. This included managing contracts and providing technical and programmatic assistance to community water systems in developing and maintaining Source Water Protection Plans (SWPPs).

ODW's contractors continued to work with multiple water systems across the Commonwealth to advance source water protection planning and implementation. These efforts included plan development, updates to existing protection strategies, and collaboration with local partners to strengthen long-term source protection efforts.

Throughout this period, ODW and its partners engaged in discussions with various stakeholders to share information, coordinate activities, and enhance the overall effectiveness of source water protection initiatives. Contractors also assisted water systems with identifying potential risks to their sources and developing practical measures to mitigate those risks.

ODW continued to collect and evaluate data to assess progress toward statewide source water protection goals. This included outreach to eligible systems to gauge current levels of plan development, implementation, and readiness. The information gathered helps guide future technical assistance and program priorities.

b. State Program Management: Public Water Supply Supervision (PWSS) Program

See statistics from the PWSS Semiannual Reports submitted.

c. State Program Management: Capacity Development

ODW completed the following activities in ensuring a successful implementation of the Capacity Development Strategy:

- Completed Field Office Reviews – FY 2026 DWSRF projects

- Completing Capacity (TMF) Reviews – FY2026 DWSRF projects (in-progress)
- Conducting SRF Debarment Searches – FY2026 DWSRF projects (in-progress)
- On-going review of waterworks through sanitary surveys (monthly)
- Reviewing SRF cash flow worksheets – FY2026 DWSRF projects (in-progress)
- Collaborating on SRF Initial Meetings (in-progress)
- A total of 26 eligible staff salaries are funded through the DWSRF 10% set-aside budget. Please refer to the IUP 10% budget and work plan.
- Further details will be addressed in the Commonwealth of Virginia’s Capacity Development Annual Implementation report that will be submitted to the EPA in November 2025.

15% Local Assistance and Other State Programs

ODW used these funds to supplement the State Public Water Supply Supervision (PWSS) Program. During FY 2025, the 15% SA supported one Special Project Engineer, one Statistical Analyst, One Human Services GIS position, one Capacity Development Division Director, one Capacity Development Supervisor, three Sustainability Coordinators, one Operator Certification Training Coordinator, one Security Officer, and one Part-time Office Specialist.

Virginia used funds from its local assistance set-aside for capacity development.

- Local Assistance and Other State Programs - Source Water Delineation and Assessment
ODW continued maintaining and refining the GIS database layers and the VDH ArcGIS toolset to render a better product for waterworks and their consultants. ODW has implemented and maintains a web map application to help the field offices view and analyze source water data in real time.
- Local Assistance and Other State Programs - Operator Certification
Virginia has had a waterworks operator licensure law and regulations since 1971. Licensure is generally accepted as being more stringent than certification. The Department of Professional and Occupational Regulation administers the licensure program for the Board for Waterworks and Wastewater Works Operators and Onsite Sewage System Professionals. The Director of the Office of Drinking Water is a member of this licensure Board. Through the 15% set asides, the Operator Certification and Training Manager continued to be funded this year. For information on Virginia’s Operator Certification Program, VDH’s operator training, and other provider’s trainings, please refer to the current Annual Operator Certification Report submitted to EPA in June 2025.
- Local Assistance and Other State Programs – Capacity Development
ODW continues to offer planning and design funding agreements to private and public owners of community waterworks as part of the general technical assistance. Funding is for up to \$45,000 per project. This program is for small, rural, financially stressed, community waterworks serving fewer than 10,000 persons. Eligible costs may include preliminary engineering reports, design of plans and specifications, performance of source water quality and quantity studies, drilling test wells to determine source feasibility, or other similar technical assistance projects.

For details regarding the Capacity Development Program, please refer to the Annual Capacity Development Report submitted in November 2024. The next Annual Capacity Development Report will be submitted to EPA in November 2025.

Through the funding in the 15% set asides, the Capacity Development Program also accomplished the following:

- Continued funding of a full time Training and Capacity Development Manager position.

- Funding one Capacity Development Supervisor who supervises three Sustainability Coordinator positions, all of whom provide direct technical assistance on Technical, Managerial, and Financial issues with waterworks across the Commonwealth.
 - Funding one Training Capacity Development, and Outreach administrative assistant who provides necessary administrative support for program implementation.
 - Additional staffing support includes funding the ODW Security Officer who provides emergency management assistance and support to waterworks.
 - Fund Planning and Design Grants as described above.
 - Continued to fund and implement the Small Project Engineering Program.
 - In 2025, VDH-ODW and Virginia Tech offered courses in person and virtually in order to reach a wider audience. Please refer to the Annual Operator Certification Report for the Commonwealth of Virginia, submitted to the EPA in June 2025, for additional details on these courses.
- d. Local Assistance and Other State Programs - Land Acquisition for Source Water Protection
No funding from this set-aside was provided for loans to public water systems for the purchase of land or conservation easements and for incentive-based voluntary protection measures.
- e. Local Assistance and Other State Programs – Source Water Protection
Efforts of the source water protection are presented in the current Capacity Development Report. Staffing support for this program is provided through funding for one Special Project Engineer who manages the Source Water Assessment and Protection programs, one Statistical Analyst who evaluates potential impacts to public drinking water sources, and one Human Services Program Consultant who develops, maintains and supports GIS for Source Water Protection.

3. Construction Project Loan Assistance Status

Binding Commitments:

ODW entered into 83 loan agreements (binding commitments) with 78 public water systems totaling \$70,070,019 during this reporting period. The typical loan terms range from 20 to 30 years, with interest rates from 1.00 to 3.75 percent. The loan term may be reduced to match the life of the asset being funded or at the request of the recipient. **Appendix F** lists the new loan agreements for this reporting period and provides a brief description of each project.

SRF – Program Pace

For the report period ODW achieved a program pace (funds provided to funds available) of 69%. On a cumulative basis, ODW closed the dollar value of loans shown in Part I, which is 69% of \$895.5 million in DWSRF Funds available for Projects.

Disbursements for Projects:

For this reporting period, ODW disbursed \$27,825,323.65 for projects in Federal and State funds. A total of \$1,846,525.18 in state matching funds is included in the disbursements. Repayment dollar disbursements totaled \$409,133.53 during this period.

Project By-pass:

In response to our DWSRF FY2025 solicitation which included applications for the Bipartisan Infrastructure Law (BIL) funding, ODW received and evaluated 48 construction projects requesting a total VDH Office of Drinking Water
Report

of \$317,360,450 million. Of these, 4 applications were for small projects less than \$300,000.

ODW completed our preliminary review of these small projects and made the following determination based on project readiness. ODW will not be offering funding to any waterworks owner with more than two open/incomplete DWSRF projects.

ODW requested that the applicants focus their efforts on completing the open DWSRF projects that were already awarded to them. ODW also reminded the applicants that we reserve the right to by-pass any open project that has not executed the assistance agreements/initiated construction within 12 months of the original award date. Finally, ODW urged them to pursue a timely completion of their existing open DWSRF Projects and consider re-applying next year for the by-passed projects.

ODW agreed to award by-passed projects if the applicant took actions to reduce the number of open projects to less than three by completing the open projects or withdrawing already awarded projects to pursue the new application if they consider it a higher priority.

The table in Appendix H indicates projects that were either bypassed or withdrawn during FY2025, including where the funds were reallocated.

Small Systems That Will Benefit:

ODW awarded approximately \$35,554,038 million of the Additional Subsidy project funds from the 2025 IUP to small disadvantaged systems. The status of assistance to disadvantaged waterworks has been provided below:

STATUS OF DISADVANTAGED ASSISTANCE AS OF JUNE 30, 2025					
Fiscal Year	Total Cap Grant Award	Amount of Max Subsidy for Disadvantaged Systems	Percent of Cap Grant for Disadvantaged Systems	Amount of Disadvantaged Subsidy Provided	Percentage of Cap Grant as Additional Subsidization
1997	\$ 29,442,400	\$ 8,832,720	30% Maximum	\$ 8,467,947	28.8%
1998	\$ 13,895,300	\$ 4,168,590	30% Maximum	\$ 4,168,500	30.0%
1999	\$ 14,563,600	\$ 4,369,080	30% Maximum	\$ 4,369,080	30.0%
2000	\$ 15,135,800	\$ 4,540,740	30% Maximum	\$ 4,540,740	30.0%
2001	\$ 15,198,400	\$ 4,559,520	30% Maximum	\$ 4,559,520	30.0%
2002	\$ 11,127,600	\$ 3,338,280	30% Maximum	\$ 3,338,280	30.0%
2003	\$ 11,060,700	\$ 3,318,210	30% Maximum	\$ 3,318,210	30.0%
2004	\$ 11,473,900	\$ 3,442,170	30% Maximum	\$ 3,442,170	30.0%
2005	\$ 11,449,600	\$ 3,434,880	30% Maximum	\$ 2,845,909	24.9%
2006	\$ 8,761,500	\$ 2,628,450	30% Maximum	\$ 2,379,730	27.2%
2007	\$ 9,841,124	\$ 2,952,337	30% Maximum	\$ 2,221,208	22.6%
2008	\$ 8,679,899	\$ 2,603,970	30% Maximum	\$ 2,034,068	23.4%
2009	\$ 8,672,999	\$ 2,601,900	30% Maximum	\$ 2,521,764	29.1%
2010	\$ 23,008,000	\$ 6,902,400	30% Minimum	\$ 11,090,720	48.2%
2011	\$ 15,965,000	\$ 4,789,500	30% Minimum	\$ 7,326,717	45.9%
2012	\$ 15,215,000	\$ 4,564,500	30% Maximum	\$ 3,104,412	20.4%
2013	\$ 14,275,000	\$ 4,282,500	30% Maximum	\$ 3,531,344	24.7%
2014	\$ 14,654,000	\$ 4,396,200	30% Maximum	\$ 3,901,000	26.6%
2015	\$ 14,557,000	\$ 4,367,100	30% Maximum	\$ 3,411,210	23.4%
2016	\$ 13,771,000	\$ 4,131,300	30% Maximum	\$ 2,754,200	20.0%
2017	\$ 13,654,000	\$ 4,096,200	30% Maximum	\$ 3,680,222	27.0%
2018	\$ 18,123,000	\$ 9,061,500	50% Maximum	\$ 8,286,745	45.7%
2019	\$ 17,954,000	\$ 9,874,700	55% Maximum	\$ 7,307,247	40.7%
2020	\$ 17,965,000	\$ 8,802,850	49% Maximum	\$ 7,720,794	43.0%
2021	\$ 18,114,000	\$ 9,962,700	55% Maximum	\$ 4,391,518	32.4%
2022	\$ 99,374,000	\$ 48,693,260	49% Maximum*	\$ 22,222,690	23.1%
2023	\$ 96,376,000	\$ 47,224,240	49% Maximum*	\$ 34,714,546	34.9%
2024	\$ 99,167,000	\$ 48,591,830	49% Maximum*	\$ 34,714,549	35.0%
Total	\$ 661,474,822	\$ 270,531,627		\$ 206,365,095	31.2%

Figures in Table do not include ARRA funding or the FY2025 grant award as it was received after the reporting period.

*FY2022 & FY2023 49% Maximum applies to the DWSRF Base Funding as well as Bipartisan Infrastructure Law (BIL) funding for Lead Service Lines and Supplemental projects. BIL Emerging Contaminants funding is 100% Principal Forgiveness.

4. Coalfield Water Development Fund

The Coalfield Water Development Fund, Inc. (CWDF) is a non-profit charitable organization that provides grant assistance for waterworks construction in Planning Districts 1 and 2 which includes the counties of: Lee, Scott, Wise, Dickenson, Russell, Tazewell, Buchanan, and the City of Norton. Four loans totaling \$10 million have been made to the CWDF to set up a regional endowment using funds from Virginia's DWSRF Program. The loans to CWDF are at an interest rate of 0% for 30 years with a balloon payment of principal due at the end of the period. The loan principal is held in trust to earn dividends and interest and the endowment income is used to make construction grants (principal forgiveness) in Planning Districts 1 and 2 of Southwest Virginia. An independent audit was completed for the fiscal year ending June 30, 2025. The audit report contained unqualified opinions with no audit findings.

ODW performed a review of the CWDF on October 24th, 2024, covering the reporting period ending June 30, 2024. ODW determined the CWDF was operating in compliance with the Program for Implementation for the fiscal year. ODW is scheduled to perform the next on-site review in the Fall of 2025.

IV. FINANCIAL SUMMARY

The following information is provided to delineate the financial health of Virginia's DWSRF program.

A. Status of Loans

ODW closed 83 SRF construction projects in amounts shown in Part I in SRF loans as of June 30, 2025.

B. Loan Disbursements/Cash Draw Proportionality

ODW expended \$1,846,525.18 in state match during this reporting period.

C. Set-Aside Disbursements

ODW disbursed \$7,734,821 million in SRF set-aside funds during this reporting period. **Appendix D** breaks out the disbursements by set-aside activity.

D. Annual Repayment/Aging of Account

The DWSRF program received \$12,944,541 in principal repayments, \$2,487,052 in interest repayments, and \$1,401,994 in administrative fees during this reporting period. The DWSRF program received \$112,656 in investment income, net of fees for the period ended June 30, 2025.

E. Financial Statements

The 2025 audited financial statements of our "State Loan Fund," the Virginia Water Supply Revolving Fund, which is maintained at the Virginia Resources Authority, was issued in September 2025. **Appendix E** illustrates the DWSRF Financial Statements from that audit. The Fiscal Year 2025 VRA CAFR was submitted electronically in September 2025.

V. COMPLIANCE WITH AGREEMENTS

ODW has complied with the conditions in the Grant Agreement, unless noted otherwise. ODW has met and continues to be in compliance with the following conditions:

- Establish and maintain state authority,

- Comply with applicable state laws and procedures,
- Review technical, financial, and managerial capacity of assistance recipients,
- Establish State Loan Fund account, set-aside account, and administration account,
- Deposit all funds in appropriate accounts,
- Follow state accounting and auditing procedures,
- Require loan recipient accounting and auditing procedures,
- Submit IUP and use all funds in accordance with the plan,
- Comply with enforceable requirements of the Act,
- Establish capacity development authority,
- Implement/maintain system to minimize risk of waste, fraud, abuse, and corrective action, and
- Develop and submit project priority ranking system.

A detailed discussion of the following conditions includes:

A. Binding Commitments within One Year

ODW entered into binding commitments within one year of receipt of the Automated Clearing House payments for all four quarters during this reporting period.

B. Deposit State Matching Funds

ODW contributed \$7,807,800 in state match during this reporting period. Cumulative state match appropriation as of June 30, 2025, were \$97,540,207.

C. Submit Biennial SRF Report and Annual Audit

ODW has submitted all required reports. For ease of reporting ODW has elected to submit its report annually. The State's Auditor of Public Accounts conducts an annual statewide single audit for the Commonwealth of Virginia in accordance with OMB Circular A-133. There were no reported findings pertaining to the DWSRF program the audit report issued for the fiscal year ending June 30, 2024. The State's Auditor of Public Accounts has not yet published the single audit for 2025. Those audits can be accessed at the following weblink [Auditor of Public Accounts](#)

D. Assure That Borrowers Have Dedicated Source of Repayment

Detailed financial analyses and credit summaries are performed for each applicant prior to entering into a loan commitment. Each loan recipient must also establish one or more dedicated sources of revenue for repayment of the loan. Dedicated sources of revenue can be water and/or sewer revenue pledges, general tax pledges, or a combined pledge of revenues and full faith and credit.

E. Ensure Recipients Compliance with Applicable Federal Cross-Cutting Authorities

VDH has established monitoring methods to ensure compliance with federal cross-cutting requirements. In addition, administrative/financial reviews are conducted during the course of each project at specified intervals. ODW continues our routine monitoring efforts to ensure compliance.

For the 1998 grant award, the MBE goal was 2% and the WBE goal was 1.5%. Beginning with the 1999 grant award, ODW studied the availability of contractors in this field to establish the MBE and WBE goals. ODW approved goals are in the range from 0.9% to 3.5% for MBE and 0.2% to 1.9% for WBE effective October 1, 2024, through September 30, 2027. The results of ODW performance in this area are captured in our MBE quarterly reports. ODW will reconvene the MBE/WBE state workgroup in January 2027 to update our goals for the next three-year period.

F. Conduct Environmental Reviews

The 20 public water systems receiving assistance during Virginia Fiscal Year 2025 were reviewed and approved using the state's environmental review procedures. It was determined that no Environmental Impact Statements were necessary.

G. Implement Capacity Development Strategy

ODW continues to implement the EPA approved Capacity Development Strategy. This strategy includes requirements for new waterworks, existing waterworks, and potential DWSRF recipients. In accordance with reporting requirements, ODW will submit the 2025 Capacity Development Report to EPA in November 2025. ODW submitted a revised Capacity Development Strategy pursuant to the requirements of the America's Water Infrastructure Act of 2018 (AWIA) on March 2, 2021. In January 2022, the EPA approved the revised Strategy. Details can be found in the triennial report to the Governor: Efficacy of Virginia's Waterworks Capacity Development Strategy. The report covers the period from July 1, 2020, - June 30, 2023. It was sent to the Governor of Virginia with a copy to the EPA in September, 2023.

APPENDIX A

OWSRF #	Table 1: ALLOCATION OF FUNDS - DWSRF			
I. SOURCES OF FUNDS		2025	Previous Cumulative	Current Cumulative
14	Capitalization Grant	\$195,543,000	\$486,212,822	\$681,755,822
29	20% State Match	\$1,846,525	\$82,395,907	\$84,242,432
	State Funds - Deferred Match	\$0	\$5,888,480	\$5,888,480
	Additional State Funds	\$0	\$5,053,720	\$5,053,720
281	Principal Repayments	\$12,944,541	\$136,529,444	\$149,473,985
282	Interest Repayments	\$2,487,052	\$22,417,450	\$24,904,502
296	Interest Earned on Investments	\$5,575,390	\$9,660,561	\$15,235,951
43 & 44	Transfer from Water Facilities Revolving Funds (CWSRF)	\$0	\$1,000,000	\$1,000,000
302	Administrative Loan Fees, Interest & Earnings	\$112,656	\$6,972,066	\$7,084,722
	Total:	\$218,509,164	\$756,130,450	\$974,639,614
	EPA In-Kind Amount:	\$0	\$480,000	\$480,000
	EPA In-Kind Recapture Amount:	\$0	\$8,596	\$8,596
II. USES OF FUNDS				
	A. DWSRF LOAN ACCOUNT BINDING COMMITMENTS			
137, 138, 139 - disadvantaged	Small Systems 1452a (2) Standard	\$27,410,289	\$65,411,651	\$92,821,940
185	Disadvantaged Communities 1452d	\$38,414,987	\$309,661,139	\$348,076,126
	Small Systems Subtotal	\$65,825,276	\$375,072,790	\$440,898,066
140 + 141	Large Systems (Standard & Disadvantaged)	\$42,659,730	\$62,015,771	\$104,675,501
	Endowment - Coalfield Water Development Fund	\$0	\$10,000,000	\$10,000,000
	Subtotal Loan Funds:	\$108,485,006	\$447,088,561	\$555,573,567
III. SET-ASIDE ACCOUNT WORK PLAN COMMITMENTS		2025	Previous Cumulative	Current Cumulative
	1. Administration and Technical Assistance (max 4%) 1452(g)2			
45	Administration	\$1,808,676	\$13,501,924	\$15,310,600
	Technical Assistance	\$0	\$1,869,428	\$1,869,428
48	Administration and Technical Assistance Subtotal:	\$1,808,676	\$15,371,352	\$17,180,028
55	2. Technical Assistance (max 2%) 1452(g) 2	\$878,999	\$6,431,426	\$7,310,425
	3. State Program Management (max 10%) 1452(g)2			
65	PWSS Program	\$6,238,738	\$31,264,286	\$37,503,024
	Source Protection	\$0	\$650,624	\$650,624
	Operator Certification	\$0	\$756,058	\$756,058
	Capacity Development	\$0	\$215,594	\$215,594
	State Program Management Subtotal:	\$6,238,738	\$32,886,562	\$39,125,300
	4. Local Assistance/Other State Programs (max 15%) 1452(k)			
	Source Water Delineation and Assessment	\$0	\$2,944,240	\$2,944,240
	Source Water Land Acquisition	\$0	\$0	\$0
84 - 98	Capacity Development	\$6,403,974	\$27,924,721	\$34,328,695
98	Wellhead Protection	\$61,250	\$3,491,468	\$3,552,718
84	Local Assistance/Other State Programs Subtotal:	\$6,465,224	\$34,360,429	\$40,825,653
111	Set-Asides Subtotal	\$15,391,637	\$89,049,769	\$104,441,406
	Total (S/A subtotal plus Loan Funds subtotal)	\$123,876,643	\$536,138,330	\$660,014,973

APPENDIX B

Table 2: DISBURSED DWSRF PROGRAM FUNDS BY STATE FISC				
OWSRF #		2025	Previous Cumulative	Current Cumulative
USES OF DISBURSED FUNDS				
I. PROJECT LOAN ACCOUNT				
	1. Large Systems			
140	Standard Loans 1452(a)	\$6,632,115	\$40,883,220	\$47,515,335
141	Disadvantaged Communities 1452 (d)	\$36,027,615	\$24,597,866	\$60,625,481
140+141	<i>Large Systems Subtotal:</i>	\$42,659,730	\$65,481,086	\$108,140,816
	2. Small Systems			
	Standard Loans	\$0	\$66,199,124	\$66,199,124
137+138+139	Disadvantaged Communities 1452 (d)	\$27,410,289	\$299,474,799	\$326,885,088
137+138+139	<i>Small Systems Subtotal:</i>	\$27,410,289	\$365,673,923	\$393,084,212
	3. Endowment - Coalfield Water Development Fund	\$0	\$10,000,000	\$10,000,000
142	Project Loan Subtotal:	\$70,070,019	\$441,155,009	\$511,225,028
II. SET-ASIDE ACCOUNT				
	1. Administration and Technical Assistance 1452(g)2			
50	Administration	\$470,067	\$12,509,987	\$12,980,054
51	Technical Assistance	\$0	\$1,631,544	\$1,631,544
52	<i>Administration and Technical Assistance Subtotal:</i>	\$470,067	\$14,141,531	\$14,611,598
	2. State Program Management (max 10%) 1452(g)2			
70	PWSS Program	\$2,264,874	\$30,227,528	\$32,492,402
72	Source Water Protection	\$0	\$379,486	\$379,486
76	Operator Certification	\$0	\$862,796	\$862,796
74	Capacity Development	\$0	\$185,857	\$185,857
78	<i>State Program Management Subtotal:</i>	\$2,264,874	\$31,655,667	\$33,920,541
	3. Local Assistance/Other State Programs (max 15%) 1452(k)			
96	Source Water Delineation and Assessment	\$0	\$2,940,313	\$2,940,313
90	Source Water Land Acquisition	\$0	\$0	\$0
102	Capacity Development	\$2,452,940	\$22,678,012	\$25,130,952
98	Wellhead Protection	\$61,250	\$2,735,617	\$2,796,867
	<i>Local Assistance/Other State Programs Subtotal:</i>	\$2,514,190	\$28,353,942	\$30,868,132
	Set-Asides Subtotal: (may vary slightly due to rounding)	\$5,249,131	\$74,151,140	\$79,400,271
	Grand Total (S/A subtotal + Project Loan Funds subtotal)	\$75,319,150	\$515,306,149	\$590,625,299

APPENDIX C: FINANCIAL STATUS REPORTS

(Federal Financial Reports will be provided separately at a later date,
and can be found at this weblink to the Commonwealth of Virginia

Auditor of Public Accounts when available:

[Auditor of Public Accounts](#)

APPENDIX D: Set Aside Utilization Report

2024 BIL Supplemental GRANT AWARD (4D953A0083)					
	2% Technical Assist. (DE)	4% Program Admin. (DD)	10% Program Man. (DF)	15% Local Assist. (DG)	Total
ALLOCATED	\$429,769	\$980,649	\$3,114,002	\$3,148,589	\$7,673,009
OBLIGATED	\$429,769	\$980,649	\$3,114,002	\$3,148,589	\$7,673,009
% OBLIGATED	100%	100%	100%	100%	100%
EXPENDED	\$0	\$0	\$0	\$0	\$0
% EXPENDED	0%	0%	0%	0%	0%

2023 BIL Supplemental GRANT AWARD (4D95331801)					
	2% Technical Assist. (DE)	4% Program Admin. (DD)	10% Program Man. (DF)	15% Local Assist. (DG)	Total
ALLOCATED	\$449,230	\$828,027	\$0	\$3,316,635	\$4,593,892
OBLIGATED	\$449,230	\$828,027	\$0	\$3,316,635	\$4,593,892
% OBLIGATED	100%	100%	100%	100%	100%
EXPENDED	\$367,288	\$139,007	\$0	\$0	\$506,295
% EXPENDED	81.8%	16.8%	100%	0%	11.02%

2023 DWSRF GRANT AWARD (FS99358323)					
	2% Technical Assist. (DE)	4% Program Admin. (DD)	10% Program Man. (DF)	15% Local Assist. (DG)	Total
ALLOCATED	\$0	\$0	\$3,124,736	\$0	\$3,124,736
OBLIGATED	\$0	\$0	\$3,124,736	\$0	\$3,124,736
% OBLIGATED	100%	100%	100%	100%	100%
EXPENDED	\$0	\$0	\$0	\$0	\$0
% EXPENDED	100%	100%	0%	100%	0%

2022 BIL Supplemental GRANT AWARD (4D95307001)					
	2% Technical Assist. (DE)	4% Program Admin. (DD)	10% Program Man. (DF)	15% Local Assist. (DG)	Total
ALLOCATED	\$422,723	\$785,978	\$2,800,504	\$3,299,069	\$7,308,274
OBLIGATED	\$422,723	\$785,978	\$2,800,504	\$3,299,069	\$7,308,274
% OBLIGATED	100%	100%	100%	100%	100%
EXPENDED	\$422,723	\$785,978	\$2,761,469	\$2,023,391	\$5,993,561
% EXPENDED	100%	100%	98.6%	61.3%	82.01%

2021 GRANT AWARD (FS99358321)					
	2% Technical Assist. (DE)	4% Program Admin. (DD)	10% Program Man. (DF)	15% Local Assist. (DG)	Total
ALLOCATED	\$375,299	\$727,852	\$1,811,400	\$2,717,100	\$5,631,651
OBLIGATED	\$375,299	\$727,852	\$1,811,400	\$2,717,100	\$5,631,651
% OBLIGATED	100%	100%	100%	100%	100%
EXPENDED	\$375,299	\$727,852	\$1,811,400	\$2,717,100	\$5,631,651
% EXPENDED	100%	100%	100%	100%	100%

2020 GRANT AWARD (FS99358320)					
	2% Technical Assist. (DE)	4% Program Admin. (DD)	10% Program Man. (DF)	15% Local Assist. (DG)	Total
	\$359,300	\$718,600	\$1,915,592	\$2,694,750	\$5,688,242
OBLIGATED	\$359,300	\$718,600	\$1,915,592	\$2,694,750	\$5,688,242
% OBLIGATED	100%	100%	100%	100%	100%
EXPENDED	\$359,300	\$718,600	\$1,915,592	\$2,684,750	\$5,688,242
% EXPENDED	100%	100%	100%	100%	100%

2019 GRANT AWARD (FS99358319)					
	2% Technical Assist. (DE)	4% Program Admin. (DD)	10% Program Man. (DF)	15% Local Assist. (DG)	Total
ALLOCATED	\$359,080	\$718,161	\$2,708,279	\$2,499,739	\$6,285,259
OBLIGATED	\$359,080	\$718,161	\$2,708,279	\$2,499,739	\$6,285,259
% OBLIGATED	100%	100%	100%	100%	100%
EXPENDED	\$359,080	\$718,161	\$2,708,279	\$2,499,739	\$6,285,259
% EXPENDED	100%	100%	100%	100%	100%

2018 GRANT AWARD (FS99358318)					
	2% Technical Assist. (DE)	4% Program Admin. (DD)	10% Program Man. (DF)	15% Local Assist. (DG)	Total
ALLOCATED	\$312,515	\$572,023	\$2,329,511	\$2,462,192	\$5,676,241
OBLIGATED	\$312,515	\$572,023	\$2,329,511	\$2,462,192	\$5,676,241
% OBLIGATED	100%	100%	100%	100%	100%
EXPENDED	\$312,515	\$572,023	\$2,329,511	\$2,462,192	\$5,676,241
% EXPENDED	100%	100%	100%	100%	100%

Cumulative (2018 to 2024) Grant Award					
	2% Technical Assist. (DE)	4% Program Admin. (DD)	10% Program Man. (DF)	15% Local Assist. (DG)	Total
ALLOCATED	\$2,707,916	\$5,331,290	\$17,804,024	\$20,138,074	\$45,981,304
OBLIGATED	\$2,707,916	\$5,331,290	\$17,804,024	\$20,138,074	\$45,981,304
% OBLIGATED	100%	100%	100%	100%	100%
EXPENDED	\$2,196,205	\$3,661,621	\$11,526,251	\$12,397,172	\$29,781,249
% EXPENDED	81.1%	68.7%	64.7%	61.6%	64.8%

APPENDIX E: DWSRF FINANCIAL STATEMENTS, FY 2024

Available on Virginia Resources Authority Webpage [Financial Reports - Virginia Resources Authority](#)

Virginia Resources Authority
Combining Schedule of Net Position
Virginia Revolving Loan Fund Accounts - Water Supply
June 30, 2025

	Non-Pledged Accounts	Trust Estate Accounts	State SRF Accounts	Administrative Accounts	Administrative Fee Accounts	Total
Assets						
Current assets						
Cash	\$ 16,954,006	\$ -	\$ 81,632	-	\$ 1,472,415	\$ 18,508,053
Cash equivalents	18,029,620	604,304	116,821	-	2,430,932	21,181,677
Investments	1,255,121	-	-	-	-	1,255,121
Loans receivable - current portion	9,084,918	3,329,781	-	-	-	12,414,699
Receivables:						
Investment interest	919,551	-	-	-	-	919,551
Loan interest	351,023	361,068	-	-	-	712,091
Loan administrative fees	-	-	-	-	438,757	438,757
Federal funds	4,487,393	-	-	-	-	4,487,393
Other	565,619	-	-	-	-	565,619
Total current assets	51,647,251	4,295,153	198,453	-	4,342,104	60,482,961
Noncurrent assets						
Investments - non-current	106,963,845	-	-	-	-	106,963,845
Loans receivable - non-current	141,703,553	75,019,108	-	-	-	216,722,661
Total noncurrent assets	248,667,398	75,019,108	-	-	-	323,686,506
Total assets	\$ 300,314,649	\$ 79,314,261	\$ 198,453	-	\$ 4,342,104	\$ 384,169,467
Liabilities						
Current liabilities						
Bonds payable - current	-	1,729,745	-	-	-	1,729,745
Accrued interest	-	366,298	-	-	-	366,298
Due to (from) other accounts	(1,957,719)	1,329,967	-	-	203,681	(424,071)
Agency funds	107,950	-	-	-	-	107,950
Accounts payable and other liabilities	407,243	-	-	-	-	407,243
Total current liabilities	(1,442,526)	3,426,010	-	-	203,681	2,187,165
Noncurrent liabilities						
Bonds payable - noncurrent	-	45,728,863	-	-	-	45,728,863
Total noncurrent liabilities	-	45,728,863	-	-	-	45,728,863
Total liabilities	(1,442,526)	49,154,873	-	-	203,681	47,916,028
Net position						
Restricted:						
Loan programs	301,757,175	30,159,388	198,453	-	4,138,423	336,253,439
Total net position	301,757,175	30,159,388	198,453	-	4,138,423	336,253,439
Total liabilities and net position	\$ 300,314,649	\$ 79,314,261	\$ 198,453	-	\$ 4,342,104	\$ 384,169,467

Virginia Resources Authority
Combining Schedule of Revenues, Expenses, and Changes in Net Position
Virginia Revolving Loan Fund Accounts - Water Supply
Year Ended June 30, 2025

	Non-Pledged Accounts	Trust Estate Accounts	State SRF Accounts	Administrative Accounts	Administrative Fee Accounts	Total
Operating revenues						
Interest on loans	\$ 1,173,843	\$ 1,243,393	\$ -	-	\$ -	\$ 2,417,236
Investment income	7,086,953	19,016	6,612	-	112,656	7,225,237
Loan administrative fees	-	-	-	-	1,404,604	1,404,604
Other income	-	-	-	-	-	-
Total operating revenues	8,260,796	1,262,409	6,612	-	1,517,260	11,047,077
Operating expenses						
Interest on bonds and loans	-	1,034,906	-	-	-	1,034,906
Principal forgiveness loans to local governments	18,300,886	-	-	-	-	18,300,886
Personnel services	-	-	-	507,647	-	507,647
General operating	75,242	-	1,087	67,752	-	144,081
Contractual services	-	-	-	82,599	-	82,599
Total operating expenses	18,376,128	1,034,906	1,087	657,998	-	20,070,119
Operating income (loss)	(10,115,332)	227,503	5,525	(657,998)	1,517,260	(9,023,042)
Nonoperating revenues						
Contributions from other governments	27,893,362	-	-	-	-	27,893,362
Income (loss) before transfers	17,778,030	227,503	5,525	(657,998)	1,517,260	18,870,320
Operating transfers	3,380,378	(3,380,378)	-	657,998	(657,998)	-
Change in net position	21,158,408	(3,152,875)	5,525	-	859,262	18,870,320
Total net position - beginning	280,598,767	33,312,263	192,928	-	3,279,161	317,383,119
Total net position - ending	\$ 301,757,175	\$ 30,159,388	\$ 198,453	-	\$ 4,138,423	\$ 336,253,439

Virginia Resources Authority
Combining Schedule of Cash Flows
Virginia Revolving Loan Fund Accounts - Water Supply
Year Ended June 30, 2025

	Non-Pledged Accounts	Trust Estate Accounts	State SRF Accounts	Administrative Accounts	Administrative Fee Accounts	Total
Cash flows from operating activities						
Cash payments to localities for loans	\$ (9,933,571)	\$ -	\$ -	\$ -	\$ -	\$ (9,933,571)
Principal repayments from localities on loans	9,641,640	3,302,900	-	-	-	12,944,540
Interest received on loans	1,239,294	1,247,758	-	-	-	2,487,052
Loan administrative fees received	-	-	-	-	1,401,994	1,401,994
Cash payments for salaries and related benefits	-	-	-	(507,647)	-	(507,647)
Cash payments for general operating expenses	(75,243)	-	(1,087)	(67,752)	-	(144,082)
Cash payments for contractual services	-	-	-	(82,599)	-	(82,599)
Cash payments for principal forgiveness loans	(18,300,886)	-	-	-	-	(18,300,886)
Interest paid on bonds and loans	-	(1,499,776)	-	-	-	(1,499,776)
Interfund activity	(1,571,016)	1,329,967	-	-	(33,146)	(274,195)
Net cash provided by (used in) operating activities	(18,999,782)	4,380,849	(1,087)	(657,998)	1,368,848	(13,909,170)
Cash flows from noncapital financing activities						
Principal paid on bonds and loans	-	(725,000)	-	-	-	(725,000)
Contributions from other governments	36,579,831	-	-	-	-	36,579,831
Cash received (paid) from other accounts	3,380,378	(3,380,378)	-	657,998	(657,998)	-
Net cash provided by (used in) noncapital financing activities	39,960,209	(4,105,378)	-	657,998	(657,998)	35,854,831
Cash flows from investing activities						
Purchase of investments	(63,688,485)	-	-	-	-	(63,688,485)
Proceeds from sales or maturities of investments	47,280,208	-	-	-	-	47,280,208
Interest received on investments - net	5,215,576	19,015	6,612	-	112,656	5,353,859
Net cash provided by (used in) investing activities	(11,192,701)	19,015	6,612	-	112,656	(11,054,418)
Net increase (decrease) in cash and cash equivalents	9,767,726	294,486	5,525	-	823,506	10,891,243
Cash and cash equivalents						
Beginning of year	25,215,900	309,818	192,928	-	3,079,841	28,798,487
End of year	\$ 34,983,626	\$ 604,304	\$ 198,453	\$ -	\$ 3,903,347	\$ 39,689,730
Reconciliation to the Statement of Net Position						
Cash	\$ 16,954,006	\$ -	\$ 81,632	\$ -	\$ 1,472,415	\$ 18,508,053
Cash Equivalents	18,029,620	604,304	116,821	-	2,430,932	21,181,677
	\$ 34,983,626	\$ 604,304	\$ 198,453	\$ -	\$ 3,903,347	\$ 39,689,730
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	(10,115,332)	227,503	5,525	(657,998)	1,517,260	\$ (9,023,042)
Interest on investments	(7,086,953)	(19,016)	(6,612)	-	(112,656)	(7,225,237)
Interest, amortization and accretion - net	-	(464,870)	-	-	-	(464,870)
Effect of changes in operating assets and liabilities:						
Loans receivable	(291,931)	3,302,900	-	-	-	3,010,969
Loan interest receivable	65,450	4,365	-	-	-	69,815
Loan administrative fee receivable	-	-	-	-	(2,610)	(2,610)
Due to other funds	(1,571,016)	1,329,967	-	-	(33,146)	(274,195)
Net cash provided by (used in) operating activities	\$ (18,999,782)	\$ 4,380,849	\$ (1,087)	\$ (657,998)	\$ 1,368,848	\$ (13,909,170)
Schedule of non-cash activities						
Change in fair value of assets	\$ 1,406,113	\$ -	\$ -	\$ -	\$ -	\$ 1,406,113

APPENDIX F: LOAN AGREEMENTS FOR REPORTING PERIOD

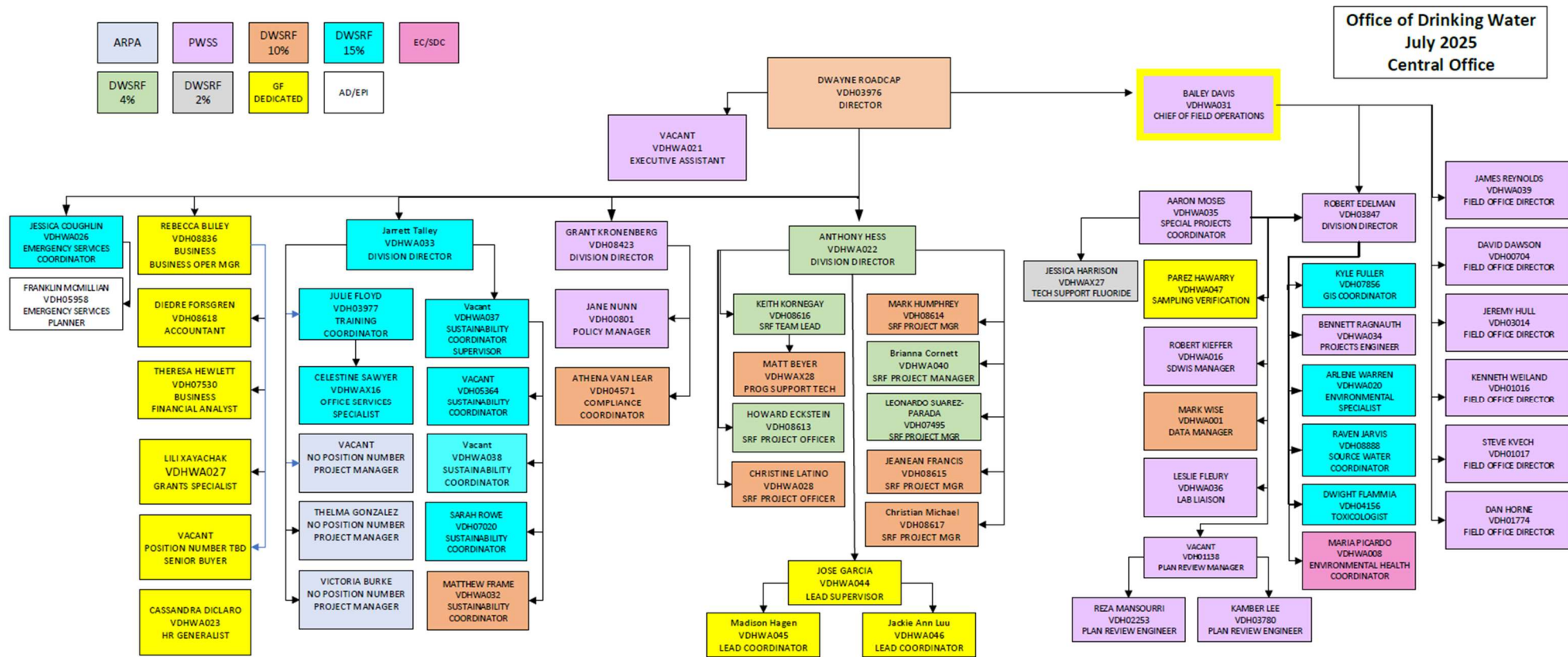
State Tracking Number	Project Description	Binding Commitment Agreement Date	Interest Rate	Repayment Period	Loan Amount	Additional Subsidy Amount	Total Project Cost
BIL-017S-23	Capital Improvements Plan	07/30/2024	2.9	20	\$600,000	\$973,355	\$1,573,355
BIL-01L-23	LSL Inventory	02/14/2025	0	0	\$0	\$103,402	\$103,402
BIL-02L-23	LSL Inventory	08/22/2024	0	0	\$0	\$131,000	\$131,000
BIL-02S-22	Sedimentation and Solids Handling Improvements	12/19/2024	3.75	30	\$672,540	\$3,225,850	\$3,898,390
BIL-03L-23	LSL Inventory	09/11/2024	0	0	\$0	\$250,000	\$250,000
BIL-04L-23	LSL Inventory	11/19/2024	0	0	\$0	\$250,000	\$250,000
BIL-05L-22	LSL Inventory and Replacement	12/17/2024	1	20	\$15,600,000	\$10,400,000	\$26,000,000
BIL-05L-23	LSL Inventory	08/23/2024	0	0	\$0	\$106,000	\$106,000
BIL-07L-23	LSL Inventory	08/12/2024	0	0	\$0	\$250,000	\$250,000
BIL-07S-22	Water System Improvements	06/24/2025	2.95	20	\$4,500,000	\$0	\$4,500,000
BIL-09L-23	LSL Inventory	09/26/2024	0	0	\$0	\$116,000	\$116,000
BIL-09S-22B	Phase 1B of Distribution System Improvements	09/27/2024	2.5	20	\$8,227,698	\$0	\$8,227,698
BIL-10L-23	LSL Inventory	01/06/2025	0	0	\$0	\$142,000	\$142,000
BIL-11L-22	LSL Inventory	09/17/2024	0	0	\$0	\$500,000	\$500,000
BIL-11L-23	LSL Inventory	01/14/2025	0	0	\$0	\$330,110	\$330,110
BIL-12L-22	LSL Inventory	02/14/2025	0	0	\$0	\$150,000	\$150,000
BIL-12L-23	LSL Inventory	11/19/2024	0	0	\$0	\$250,000	\$250,000
BIL-13L-22	LSL Inventory	10/15/2024	0	0	\$0	\$250,000	\$250,000

BIL-13L-23	LSL Inventory	10/04/2024	0	0	\$0	\$32,515	\$32,515
BIL-14L-23	LSL Inventory	08/30/2024	0	0	\$0	\$160,000	\$160,000
BIL-15L-22	LSL Inventory	02/03/2025	0	0	\$0	\$250,000	\$250,000
BIL-15L-23	LSL Inventory	12/04/2024	0	0	\$0	\$250,000	\$250,000
BIL-16L-23	LSL Inventory	01/15/2025	0	0	\$0	\$250,000	\$250,000
BIL-17L-23	LSL Inventory	11/25/2024	0	0	\$0	\$150,000	\$150,000
BIL-18L-23	LSL Inventory	03/18/2025	0	0	\$0	\$90,000	\$90,000
BIL-19L-23	LSL Inventory	08/12/2024	0	0	\$0	\$250,000	\$250,000
BIL-20L-22	LSL Inventory	12/10/2024	0	0	\$0	\$250,000	\$250,000
BIL-20L-23	LSL Inventory	12/04/2024	0	0	\$0	\$250,000	\$250,000
BIL-21L-22	LSL Inventory	12/10/2024	0	0	\$0	\$250,000	\$250,000
BIL-21L-23	LSL Inventory	03/21/2025	0	0	\$0	\$45,000	\$45,000
BIL-22L-23	LSL Inventory	01/22/2025	0	0	\$0	\$56,588	\$56,588
BIL-23L-22	LSL Inventory and Replacement	01/23/2025	0	0	\$0	\$50,000	\$50,000
BIL-23L-23	LSL Inventory	12/10/2024	0	0	\$0	\$100,000	\$100,000
BIL-26L-22	LSL Inventory	01/06/2025	0	0	\$0	\$250,000	\$250,000
BIL-27L-22	LSL Inventory	09/13/2024	0	0	\$0	\$250,000	\$250,000
BIL-27L-23	LSL Inventory	01/14/2025	0	0	\$0	\$338,913	\$338,913
BIL-28L-22	LSL Inventory	02/03/2025	0	0	\$0	\$236,500	\$236,500
BIL-28L-23	LSL Inventory	03/25/2025	0	0	\$0	\$100,000	\$100,000
BIL-29L-22	LSL Inventory	11/19/2024	0	0	\$0	\$250,000	\$250,000
BIL-30L-22	LSL Inventory	07/16/2024	0	0	\$0	\$250,000	\$250,000

BIL-30L-23	LSL Inventory	09/04/2024	0	0	\$0	\$250,000	\$250,000
BIL-31L-22	LSL Inventory	02/10/2025	0	0	\$0	\$150,000	\$150,000
BIL-31L-23	LSL Inventory	03/18/2025	0	0	\$0	\$250,000	\$250,000
BIL-32L-23	LSL Inventory	02/07/2025	0	0	\$0	\$83,000	\$83,000
BIL-33L-22	LSL Inventory	07/23/2024	0	0	\$0	\$242,000	\$242,000
BIL-33L-23	LSL Inventory	02/27/2025	0	0	\$0	\$100,000	\$100,000
BIL-34L-23	LSL Inventory	10/23/2024	0	0	\$0	\$250,000	\$250,000
BIL-35L-22	LSL Inventory	11/19/2024	0	0	\$0	\$250,000	\$250,000
BIL-35L-23	LSL Inventory	10/25/2024	0	0	\$0	\$250,000	\$250,000
BIL-37L-22	LSL Inventory	11/09/2024	0	0	\$0	\$250,000	\$250,000
BIL-37L-23	LSL Inventory	10/25/2024	0	0	\$0	\$250,000	\$250,000
BIL-38L-22	LSL Inventory	10/23/2024	0	0	\$0	\$32,000	\$32,000
BIL-38L-23	LSL Inventory	01/06/2025	0	0	\$0	\$250,000	\$250,000
BIL-39L-22	LSL Inventory	10/23/2024	0	0	\$0	\$244,000	\$244,000
BIL-40L-22	LSL Inventory	10/23/2024	0	0	\$0	\$77,500	\$77,500
BIL-40L-23	LSL Inventory	04/01/2025	0	0	\$0	\$250,000	\$250,000
BIL-41L-22	LSL Inventory	10/31/2024	0	0	\$0	\$77,500	\$77,500
BIL-41L-23	LSL Inventory	03/17/2025	0	0	\$0	\$250,000	\$250,000
BIL-42L-22	LSL Inventory	08/22/2024	0	0	\$0	\$250,000	\$250,000
BIL-43L-22	LSL Inventory	07/23/2024	0	0	\$0	\$250,000	\$250,000
BIL-43L-23	LSL Inventory	04/01/2025	0	0	\$0	\$250,000	\$250,000
BIL-45L-22	LSL Inventory	11/04/2024	0	0	\$0	\$250,000	\$250,000

BIL-46L-22	LSL Inventory	10/23/2024	0	0	\$0	\$250,000	\$250,000
BIL-48L-22	LSL Inventory	09/30/2024	0	0	\$0	\$250,000	\$250,000
BIL-49L-22	LSL Inventory	07/16/2024	0	0	\$0	\$250,000	\$250,000
BIL-49L-23	LSL Inventory	11/13/2024	0	0	\$0	\$250,000	\$250,000
BIL-52L-22	LSL Inventory	09/10/2024	0	0	\$0	\$250,000	\$250,000
BIL-53L-23	LSL Inventory	02/11/2025	0	0	\$0	\$250,000	\$250,000
BIL-54L-23	LSL Inventory	12/09/2024	0	0	\$0	\$250,000	\$250,000
BIL-55L-23	LSL Inventory	05/29/2025	0	0	\$0	\$250,000	\$250,000
BIL-56L-23	LSL Inventory	01/22/2025	0	0	\$0	\$250,000	\$250,000
BIL-57L-23	LSL Inventory and Replacement	02/11/2025	0	0	\$0	\$100,000	\$100,000
BIL-58L-23	LSL Inventory	01/16/2025	0	0	\$0	\$250,000	\$250,000
BIL-59L-23	LSL Inventory and Replacement	12/04/2024	0	0	\$0	\$749,917	\$749,917
BIL-60L-23	LSL Inventory	02/12/2025	0	0	\$0	\$250,000	\$250,000
BIL-61L-23	LSL Inventory	10/04/2024	0	0	\$0	\$250,000	\$250,000
BIL-63L-23	LSL Inventory	11/26/2024	0	0	\$0	\$250,000	\$250,000
BIL-64L-23	LSL Inventory	09/09/2024	0	0	\$0	\$250,000	\$250,000
WSL-001-23E	Water System Improvements	04/26/2025	0	0	\$0	\$3,147,800	\$3,147,800
WSL-005-23E	Water Line Replacement Phases 9 - 18	12/12/2024	2.85	20	\$3,164,123	\$1,054,708	\$4,218,831
WSL-015-21E	Rt. 460 Waterline Replacement	03/28/2025	2.2	30	\$1,300,000	\$1,215,000	\$2,515,000
WSL-016-22	Reservoir Replacement	01/27/2025	0	0	\$0	\$180,000	\$180,000
WSL-041-18B E	Asset Management Plan	04/25/2025	0	0	\$0	\$15,000	\$15,000
Grand Totals					\$34,064,361	\$36,005,658	\$70,070,019

APPENDIX G: FCAP Structure



APPENDIX H: Bypassed and Withdrawn Projects

Funding Available from Withdrawn or Bypassed Projects										
Year	WSL / BIL	FCAP Project No.	Waterworks	Project Name	Total Offer/Award	Loan	Principal Forgiveness	Date Withdrawn	Date Bypassed	Reason
2023	BIL	BIL 016S-23	Town of Troutville	Water System Improvements	\$ 3,250,000.00	\$ 1,072,500.00	\$ 2,177,500.00	4/17/2024	NA	No - response accepting or denying offer.
2022	BIL	BIL 09L-22	Western Virginia Water Authority	Lead Service Line Inventory and Replacement	\$ 465,000.00			3/21/2024	NA	Did not find lead lines and did not need funding.
2023	WSL	WSL-004-23	Qty of Danville	Off Stream Raw Water Conveyance Facilities	\$ 4,964,000.00	\$ 3,474,800.00	\$ 1,489,200.00	5/9/2024	NA	Cost of rehabbing reeservoir exceeds project budget so they withdrew.
		WSL-022-21 & WSL-022b-21								
2021	WSL	WSL-022b-21	Town of Round Hill	South Zone Water Storage Tank	\$ 2,993,000.00	\$ 2,993,000.00	\$ -	5/9/2024	NA	Received grant funding from Loudon County.
2022	BIL	BIL-005S-22	Greene County	Treatment Plant and Reservoir	\$ 1,500,000.00	\$ 1,500,000.00	\$ -	NA	6/27/2024	By-Pass for TMF reasons.
				System DBP Improvements and Water Treatment Plant upgrade						
2021	WSL	WSL-002-21	Town of Richlands		\$ 3,889,000.00	\$ 3,489,300.00	\$ 415,000.00	NA	10/21/2024	Bypassed due to insufficient progress.
										Award Revised - Loan replaced by Principal Forgiveness. Loan now available to be reallocated
2021	WSL	WSL-009-21	Wise County PSA	Town of Pound WTP Improvements		\$ 874,142.00	\$ -	NA	11/13/2024	
				System-Wide District Meter and Downtown PRV Improvements Project						
2021	WSL	WSL-012-21	Bristol Virginia Utilities Authority		\$ 711,780.00	\$ 711,780.00	\$ -	NA	5/29/2025	Removed due to AIS Compliance issues
2022	BIL	BIL-53L-22	Giles County PSA	Joint Lead Service Line Inventory	\$ 667,895.00	\$ 667,895.00		NA	6/18/2025	Owner inaction on funding award
2023	BIL	BIL-62L-23	Bath Couty PSA	LSL Inventory Project	\$ 150,000.00	\$ -	\$ 150,000.00	NA	3/4/2025	Owner inaction on funding award
2023	BIL	BIL-36L-23	Town of Brookneal	LSL Inventory Project	\$ 100,000.00	\$ -	\$ 100,000.00	NA	6/16/2025	Owner inaction on funding award
				Totals	\$ 19,115,117.00	\$ 14,783,417.00	\$ 4,331,700.00			
Funding Reallocated from Withdrawn or Bypassed Projects										
Year	WSL / BIL	FCAP Project No.	Waterworks	Project Name	Total Additional Award	Loan	Principal Forgiveness	Date Award Letter Revised		Reason
2023	WSL	WSL-001-23E	Wise County PSA	Town of Pound & Existing System Improvements	\$ 1,489,200.00	\$ -	\$ 1,489,200.00	5/23/2025		Took over a failing waterworks Project needed Principal Forgiveness to move forward
2023	WSL	WSL-001-23E	Wise County PSA	Town of Pound & Existing System Improvements	\$ 84,800.00	\$ -	\$ 84,800.00	6/27/2024		Took over a failing waterworks Project needed Principal Forgiveness to move forward
										Took over a failing waterworksProject needed principal forgiveness to move forward, \$415,000 PF added, \$874,142 Loan no longer used is now available to reallocate to another project
2021	WSL	WSL-009-21	Wise County PSA	Town of Pound WTP Improvements	\$ 415,000.00	\$ -	\$ 415,000.00	11/13/2024		
2022	BIL	BIL-02S-22	Town of Altavista	Sedimentation and Solids Handling Improvements	\$ 841,390.00	\$ -	\$ 841,390.00	6/25/2024		Received Bids exceeding award
2022	BIL	BIL-01S-22	Town of Hurt	Phase II DBP Remediation and Water Improvements	\$ 250,000.00	\$ -	\$ 250,000.00	8/12/2025		Received Bids exceeding award
2018	WSL	WSL-025-18	Town of Saltville	Water System Improvements (Phase 1)	\$ 1,000,000.00	\$ -	\$ 1,000,000.00	8/21/2025		Received Bids exceeding award
2021	WSL	WSL-021-21E	Town of New Market	Water System Improvements	\$ 2,000,000.00	\$ 2,000,000.00	\$ -	10/1/2024		Received Bids exceeding award
				Totals	\$ 6,080,390.00	\$ 2,000,000.00	\$ 4,080,390.00			
				Remaining funds to reallocate	\$ 13,034,727.00	\$ 12,783,417.00	\$ 251,310.00			