Drinking Water Facilities Funding
Application Instructions

Note: This application is for Drinking Water State Revolving Fund Program and Consolidated Water Facilities Construction Program funding. This application is for drinking water projects only.

Application Cover Page (page 1)

Applicant. Name, mailing address and phone number of the entity sponsoring the project. Sub applicant is an organization who is submitting the application on behalf of an entity.

Unique Entity ID from SAM.gov. Unique Entity ID (UEI) is a 12-character alphanumeric ID assigned to an identity by SAM.gov, assigned to each business in the database, having a unique, separate, and distinct operation for the purpose of identifying them. The applicant must submit documentation that the applicant has an active registration on the Federal System for Award Management (SAM) database, prior to loan closing and funds becoming available.

Proposed Funding Package. Include the amount and type of funds requested, the amount of local funds being provided, including direct public or private contributions, loans, federal funds, and water development district grants. Multi-year or phased projects should enter only the costs associated with activities for which assistance is being requested.

Project Title/Description. Provide a one line title for the project and a brief narrative describing the project. Be specific, providing the feet or miles of pipe, treatment process being utilized, capacity of the storage tanks, and so forth. Include the current monthly drinking water rate. If the rate is not a flat rate, compute the monthly rate at 5,000 gallons for municipalities or sanitary districts and at 7,000 gallons for all other water systems.

Certification. An official of the sponsoring entity, who has been authorized by resolution of the governing body to submit the application, must read and sign the application.

Professional Consultants (page 2)

Application Prepared By: Identify the entity, the individual that helped prepare the application, and the other contact information requested in case questions arise about the application.

Consulting Engineering Firm: Identify the engineering firm retained by the sponsor, the engineer's name, and the other contact information requested in case questions arise about the application.

Legal Counsel's Firm: Identify the law firm retained by the sponsor, the attorney's name, and the other contact information requested in case questions arise about the application.

Bond Counsel's Firm: This section is required only if the applicant is a political subdivision. Identify the bond counsel firm retained by the sponsor, the attorney's name, and the other contact information requested in case questions arise about the application.

Budget Sheet (page 3)

Note: Multi-year projects should enter only budget costs associated with activities for which financial assistance is being requested.

Line 1.A - Amount needed for personal services related to loan management and clerical duties.

Line 1.B - Amount needed for travel including vehicle rental.

Line 1.C - All legal fees associated with this project including bond counsel fees.

Line 1.D - Amount needed for other administration expenses, including an independent financial audit, publishing, meetings, and any other expenses expected for project administration, including planning district contracts.

Line 2 - Amounts directly associated with the acquisition of land, existing structures, and related rights-of-way.

Line 3.A - Fees for engineering bidding and design services.

Line 3.B - Fees for engineering construction inspection and audit of construction and related programs.

Line 3.C - Amounts for other technical services, such as surveys, O&M manual preparation, tests, and borings not included in Line 3.A or 3.B.

Line 4 - Amounts for the actual construction of, addition to, or restoration of a facility. Also include in this category the amounts of project improvements, such as roads, access restrictions, new trenches, landscaping, and run-off control measures.

Line 5 - Amount needed for purchase or rent equipment required for the project.

Line 6 - Amount of contracts (excluding legal, engineering, and construction) associated with the project, including sampling and laboratory services.

Lines 7 & 8 - Identify amounts for items not specifically mentioned above.

Line 9 - Sum of Lines 1 through 8.

Line 10 - Estimated amount for contingencies. Contingencies may not exceed 10% of the amount on Line 9.

Line 11 - Sum of Lines 9 and 10.

Proposed Method of Financing (page 4)

Indicate the source of the secured/unsecured share of funding. If funds have been secured, indicate the amount in the "secured" column. If funds are unsecured at time of application, indicate the amount of the unsecured funds and the date funds are anticipated to be secured in the "unsecured" column. Include any remarks regarding funding in a separate narrative. Total the secured and unsecured funding amounts at the bottom of the table.

Other Funds to be Borrowed (page 4)

Provide the amount, rate, and term of other funds to be borrowed to help finance the project. Include the amount of the annual debt service and security pledged towards loan repayment. For “other,” explain the source of funds along with the above mentioned items. Please attach copies of commitment letters that contain specific terms and conditions for each source of financing.

General Information (page 5)

The following information will be used to evaluate the applicant's capacity to provide local funds for the project and the continuing operation, maintenance, and replacement of the system.

Fiscal Year - The month and day your fiscal year begins.

Population Served - Fill in population data. Estimate current year if necessary.

List the top three employers in a 30 mile radius of your service area. Also list the number of employees at the facility and the type of business.

Repayment Information (page 5)

Identify the specific rate and term of the loan for which the sponsor is applying. If the applicant is a political subdivision, specify the security pledged to repay the loan.

The current loan interest rate table and specific project loan rates and terms are found in the Drinking Water SRF Intended Use Plan on the Project Priority List which can be found at https://danr.sd.gov/Funding/EnviromentalFunding/default.aspx.

Documents That Must Be Submitted With The Application (page 5)

Provide copies of the two most recent years audited or unaudited financial statements to include specific accounting for the utility affected by the project. If certain funds are reported in separate documents, include all reports concerning fiscal operations of the entity. If different funds are accounted for by differing fiscal years, make this notation. If the audit for the most recent year is not available, list the reason.

Provide a copy of the current year's budget, if approved by the governing board. Also include amortization schedules for all existing debt secured by proposed revenue pledged, which should match the information presented on page 6 of the application.

Provide a copy of the existing or any rate schedules, proposed user charge ordinance or resolution currently governing the utility department.

Provide a copy of the resolution of authorized signatory for the person or persons signing the application and payment requests. The resolution must also include the maximum loan amount requested and description of proposed project.

Submit a Draft Facilities Plan and Capacity Assessment Worksheets.

For Non-profit entities submit a copy of the organization's By-laws, Articles of Incorporation, and Certificate of Good Standing from the Secretary of State.

Drinking Water Fund Debt Information (page 6)

Provide the information requested in the table for each obligation pledged towards repayment. Include all required debt information requested in the table to assure an appropriate review of the applicant's finances. Add additional pages if required to list all debt.

Drinking Water Fund Cash Flow Information (page 7)

Complete the Utility Cash Flow table. The values input on this form should be for actual cash only. Depreciation, assets value, and grant and loan revenue and expenses that are directly related to the project construction should not be included on this form. Obtain prior years information from the Statement of Cash Flows found in previous utility audits or unaudited financial statements. The Current Year column should contain information from the system's current year budget and expenditures. The Future Year columns should contain anticipated cash flow information for the utility's next three full fiscal years of operation. Future years should be based on prior year's revenue adjusted for any rate increases, operation and maintenance costs, the current budget (if not understated), and any known operational or personnel changes that are anticipated to increase or decrease during the time period.

Operating Revenues:

Base Fees - include all revenue generated from the base and usage charges. If the rate structure includes separate charges for operation and maintenance, repair and replacement funds, or other similar items, these revenues should also be included in the base fee revenue. If there has been a fee increase, or if one is planned, the additional revenue should be shown in the future years. If revenues are being pledged for repayment of the forthcoming loan, there should be an increase in future years' revenue such that revenues equal 110 percent of the utility expenses and debt.

Surcharge Fees - include only fees identified as dedicated surcharge for debt security on a loan. No other fees being charged should be reported here if there is not an associated debt security pledge. If a surcharge is being pledged for repayment of the forthcoming loan, there should be an increase in future years' surcharge fees corresponding to 110 percent of the full requested funding amount.

Other (Explain) - include any other revenues associated with operation of the utility. This may include tapping or connection fees, late payment charges, or other revenue of a similar nature. Do not include proceeds from a grant or loan. **Please use the explanation box at the bottom of the form to fully explain the source of the funds**.

Operating Expenses:

Personnel Services - include all personnel services for operation and maintenance of the utility to include costs for administration if appropriate. Any travel or training costs for utility personnel should be included on this line.

Chemical, Material & Supplies - include all chemical, material, and supply costs associated with operation and maintenance of the utility.

Electric & Other Utilities - include electrical costs associated with operating the utility, purchase of water from another supplier, and any other utility costs as appropriate.

Other (Explain) - this may include unplanned repairs and replacements, prior year engineering fees either related to the funding application or for other purposes, or other unanticipated expenses. Do not include capital improvements expenses, expenses associated with a previous, ongoing, or future improvement projects being funded by a grant or loan, or depreciation. Please use the explanation box at the bottom of the form to clearly explain all current and future years' expenses identified on this line.

Non-Operating Cash Flow:

Interest Revenue - revenue from interest bearing accounts or investments may be included here.

Transfer In (Explain) - include any funds being transferred into the water account from a different account. Examples could include transfers to make up a shortfall in funds or to help pay for a capital improvement expense. **Please use the explanation box at the bottom of the form to clearly explain all current and future year's expenses identified on this line.**

Fixed Asset Purchase - include any past or upcoming fixed asset purchase or capital improvement outlay was or will be paid from existing utility revenue. Do not include capital improvement project costs associated with a previous, ongoing, or future project being funded by a grant or loan.

Transfer Out (Explain) - include any funds being transferred out to other accounts. **Please use the explanation box at the bottom of the form to clearly explain all current and future year's transfers identified on this line.**

Principal Debt Payments - amount of the principal paid during each year for any debts the utility has pledged to revenue or surcharge. Debt payments pledged to sales tax, property tax, or other security pledges should not be included.

Interest Debt Payments - amount of the interest paid during each year for any debts the utility has pledged to revenue or surcharge. Debt payments pledged to sales tax, property tax, or other security pledges should not be included. The combination of interest and principal debt payments for the current year should equal the current debt listed on page 6.

Other (Explain) - include any other miscellaneous revenue or expenses that do not fit in other areas should be entered here. **Please use the explanation box at the bottom of the form to clearly explain all current and future year's expenses for this line.**

Provide the total balance for each restricted account or activity. If funds are listed as restricted there must be an ordinance or other legal instrument used to formally restrict those funds (see page 8 for more details). Existing SRF loans do not have a restricted amount and should not be included.

If you need more room than the explanation box offers, feel free to include additional pages.

(page 8)

Restricted Funds Breakdown: Provide the balances for each restricted account or activity, identify the activity to be completed with the funding, and specify the method used to restrict the funds (*i.e.* governing board resolution, board motion, by-laws, etc.).

Drinking Water Fees: Check whether the sponsor is an incorporated municipality, sanitary district or other system. Municipalities and Sanitary Districts provide rate information based on 5,000 gallons (670 cubic feet) per month. All Other Systems provide rates based on 7,000 gallons (935 cubic feet) per month.

Fill in the current monthly rate being charged to domestic and business users to include individual households and farmsteads. If fees are billed quarterly, calculate the monthly rate. Include any proposed new monthly rate. Complete the information for the total number of domestic,business, and other hookups which will be served system wide. Provide the current average monthly usage by business, domestic, and other customers and specify either gallons or cubic feet. If there is a special rate being charged for users other than business and domestic hookups, provide information about that rate, the number of customers for which the rate applies, and the user's average usage.

Indicate whether fees are calculated on usage or on a flat rate.

Furnish dates for when the current rate was adopted, when the proposed fee schedule will take effect, and what the rate was prior to the current rate.

Provide the four largest customers, the type of business, and the percentage of system revenues.

Property Tax Information (page 9)

Note: Fill out this section only if a general obligation bond is being pledged towards repayment of the loan.

The property tax information will be used to evaluate the applicant's ability to repay the loan. The purpose of this section is to evaluate a borrower's tax base and customers in order to assess the condition of the community.

Provide the assessed valuation and full and true valuation for the current and last two years.

Provide the amount levied and collected for the most recent three years for which data is available. Indicate any penalties, interest charged, or late payments.

List the five largest taxpayers within the system's service area and describe the type of property involved and the assessed valuation.

General Fund Debt Information (page 10)

Note: Fill out this section only if a general obligation bond is being pledged towards repayment of the loan.

Provide the information requested in the table for each obligation pledged towards repayment. Include all required debt information requested in the table to assure an appropriate review of the applicant's finances.

Sales Tax Information (page 11)

Note: Fill out this section only if a sales tax is being pledged towards repayment of the loan.

The sales tax information will be used to evaluate the applicant's ability to repay the loan. Provide the amount of sales tax collections by month for each of the last fifteen months.

Sales Tax Debt Information (page 12)

Note: Fill out this section only if a sales tax is being pledged towards repayment of the loan.

Provide the information requested in the table for each obligation to which sales tax has been pledged towards repayment.

Facilities Plan Checklist (page 13)

The Facilities Plan Checklist is provided for your convenience. Please review the checklist and make sure that the required steps have been taken or will be taken to ensure that an adequate Facilities Plan will be prepared.

Drinking Water Facilities Plan document can be found at **https://danr.sd.gov/Funding/docs/DWFacilitiesPlan.pdf**

Certification of Drinking Water Needs Categories (page 14)

Instructions are provided on the form. If you have questions regarding the applicable category or categories for a project, contact the applicant's consulting engineer or DANR staff.

Certification Regarding Debarment, Suspension, and Other Responsibility Matters (page 15)

Under Executive Order 12549, an individual or organization debarred or excluded from participation in federal assistance or benefit programs may not receive any assistance award under a federal program, or a sub-agreement thereunder for $25,000 or more.

Accordingly, each prospective recipient of an EPA grant, loan, or cooperative agreement and any contract or sub-agreement participant thereunder must certify to or provide an explanation why they cannot. For further details, see 40 CFR 32.510, Participants' responsibilities.

Water Supply Assessment Certification Form (page 16)

Section 2108, Subsection (b) of the Water Infrastructure Improvements for the Nation Act of 2017, requires drinking water systems serving 500 or fewer persons and not served by a publicly owned source must certify that consideration has been given to alternative publicly owned drinking water supply sources to include (1) individual wells; (2) shared wells; and (3) community wells.

Capacity Assessment Worksheets (pages 1-24)

All applicants must complete the Capacity Assessment for the Drinking Water Program to determine the applicant's technical, managerial, and financial capacity to operate its system.

For more information please contact the Drinking Water Program at (605) 773-3754.

CLEAR ALL

2026 VERSION

Drinking Water Facilities Funding Application

Drinking Water State Revolving Fund Program (DWSRF)
Consolidated Water Facilities Construction Program (CWFCP)

Applicant: Mailing Address: Subapplicant: Unique Entity ID:	Proposed Funding Package Requested Funding _____ Local Cash _____ Other:_____ _____ Other:_____ _____ Other:_____ _____ TOTAL $ 0

Project Title:

Description:

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Name & Title of Authorized Signatory (Typed)	Signature	Date

Professional Consultants

Application Prepared By: _____

Contact Person: _____

Mailing Address: _____

City, State, and Zip: _____

Telephone Number: _____ Fax: _____

Email address: _____

Consulting Engineering Firm: _____

Contact Person: _____

Mailing Address: _____

City, State, and Zip: _____

Telephone Number: _____ Fax: _____

Email address: _____

Legal Counsel's Firm: _____

Contact Person: _____

Mailing Address: _____

City, State, and Zip: _____

Telephone Number: _____ Fax: _____

Email address: _____

Bond Counsel's Firm: _____

Contact Person: _____

Mailing Address: _____

City, State, and Zip: _____

Telephone Number: _____ Fax: _____

Email address: _____

Budget Sheet

Cost Classification	A DWSRF/ CWFCP	B	C	D	E	Total Funds
1. Administrative Expenses						
A. Personnel Services						$ 0
B. Travel						$ 0
C. Legal & Bond Counsel						$ 0
D. Other						$ 0
2. Land, Structure, Right-of-Way						$ 0
3. Engineering						
A. Bidding and Design Fees						$ 0
B. Project Inspection Fees						$ 0
C. Other						$ 0
4. Construction & Improvements						$ 0
5. Equipment						$ 0
6. Contractual Services						$ 0
7. Other						$ 0
8. Other						$ 0
9. Subtotal (Lines 1-8)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
10. Contingencies						$ 0
11. Total (Lines 9 and 10)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

Proposed Method of Financing

	Secured Funds	Unsecured Funds	Date Unsecured Funds Anticipated
Local Cash(Identify Source)			
Other (Explain)			
Other (Explain)			
Other (Explain)			
Total	$ 0	$ 0	

Other Funds to be Borrowed

	Amount	Rate	Term	Annual Debt Service	Security or Collateral Pledged
Other		0.000%			
Other		0.000%			
Other		0.000%			

Please attach copies of commitment letters that contain specific terms and conditions for each source of financing.

General Information

The month and day your fiscal year begins: _____

Population Served Current: _____ 2020 _____ 2010 _____

Top three employers within 30 miles	Number of Employees	Type of Business
_____	_____	_____
_____	_____	_____
_____	_____	_____

Repayment Information

Interest rate you are applying for: 0.000% Term: _____

What security is being pledged toward the repayment of this loan?
(Political Subdivisions Only)

- ☐ 1. General Obligation Bond (Requires Bond Election)
- ☐ 2. Revenue Bond
- ☐ 3. Project Surcharge Revenue Bond
- ☐ 4. Sales Tax Revenue Bond

Documents That Must Be Submitted With The Application

Financial Documents

1. Two years of the most recent audited or unaudited financial statements to include specific accounting for the drinking water fund.
2. Current year's budget for the drinking water fund.
3. Amortization schedules for all existing debt secured by proposed revenue pledged.

Planning and Legal Documents

1. Documentation of the current user rates and surcharges and the effective date.
2. Resolution of authorized signatory for submission of the Drinking Water Facilities Funding application and signing of payment requests. This resolution must also include the maximum amount requested and description of proposed project.
3. Documentation that the applicant has an active registration on the Federal System for Award Management (SAM) database, prior to loan closing. (https://www.sam.gov)
4. Draft Facilities Plan.
5. Capacity Assessment Worksheets.
6. Certification of Debarment.
7. Water Supply Assessment Certification Form.
8. Certification of Drinking Water Needs Categories.

Items 9-11 apply to Non-profit Entities only

9. By-Laws.
10. Articles of Incorporation.
11. Certificate of Good Standing from Secretary of State.

Drinking Water Fund Debt Information

Year						
Purpose						
Security Pledged						
Amount						
Maturity Date						
Debt Holder						
Debt Coverage Requirement						
Avg. Annual Required Payment						
Outstanding Balance						

Comments:

Drinking Water Fund Cash Flow Information

Negative cash should be in (Decrease) format	Prior Year	Prior Year	Current Year	Future Year	Future Year	Future Year
Fiscal Year						
Operating Revenue						
Base Fees						
Surcharge Fees						
Other (Explain)						
Operating Expenses						
Personnel Services						
Chemical, Material & Supplies						
Electric & Other Utilities						
Other (Explain)						
Operating Net Cash	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Nonoperating Cash Flow						
Interest Revenue						
Transfers In (Explain)						
Fixed Asset Purchases						
Transfers Out (Explain)						
Principal Debt Payments						
Interest Debt Payments						
Other (Explain)						
Nonoperating Net Cash	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Increase (Decrease) Cash	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Beginning Cash Balance		$ 0	$ 0	$ 0	$ 0	$ 0
Ending Cash Balance	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Restricted Balance						
Unrestricted Balance	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

Explanations

Restricted Funds Breakdown:

Amount	Anticipated Expense	Method Used to Encumber

Drinking Water Fees:

** Attach current and proposed rate ordinances or resolutions and rate schedules.

Municipal or Sanitary District - monthly rates at 5,000 gallons (670 cubic feet)

Other Community System - monthly rates at 7,000 gallons (935 cubic feet)

Check one: ☐ Incorporated Municipality or Sanitary District

or

☐ Other Community System

Monthly	Current Rate	Proposed Rate	# of Accounts	Average use Gallons/Cubic Feet
Domestic				
Business				
Other:				
Other:				

Are fees based on usage or flat rate? _____

When is proposed fee scheduled to take effect? _____

When did the current fee take effect? _____

What was the fee prior to the current rate? _____

Four Largest Customers	Type of Business	% of System Revenue

Property Tax Information

(Complete section only if General Obligation bond is pledged to repay your loan.)

Three year valuation trend:

Year	_____	_____	_____
Assessed Valuation	_____	_____	_____

Three year levies and collection trend:

Year	_____	_____	_____
Amount Levied	_____	_____	_____
Collected	_____	_____	_____

Five Largest Taxpayers	Description	Assessed Valuation
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Comments:

General Fund Debt Information

Year						
Purpose						
Security Pledged						
Amount						
Maturity Date						
Debt Holder						
Debt Coverage Requirement						
Avg. Annual Required Payment						
Outstanding Balance						

Comments:

Sales Tax Information

(Complete section only if sales tax is pledged to repay your loan.)

Sales tax revenue history for the most current fifteen months:

Month/Year	Amount Collected

Comments:

Sales Tax Debt Information

Year						
Purpose						
Security Pledged						
Amount						
Maturity Date (mm/yyyy)						
Debt Holder						
Debt Coverage Requirement						
Avg. Annual Required Payment						
Outstanding Balance						

Comments:

Facilities Plan Checklist

Before submitting the application, please take a few moments to complete the following checklist. Addressing these items prior to submitting the application will expedite the review process. These items are not required for the draft facility plan, but will be required to complete the environmental review and allow construction.

Drinking Water Facilities Plan document can be found at https://danr.sd.gov/Funding/docs/DWFacilitiesPlan.pdf

Checklist of SRF Facilities Plan Requirements

Have the following items been addressed?

- Submission of a Draft Facilities Plan to the department that addresses those items found in the Water Facilities Plan document. ☐
- A public hearing held discussing the project and the use of an SRF loan to finance the project. ☐
- Minutes of the public hearing prepared and submitted to the department's engineer for inclusion into the final Facilities Plan. ☐
- The affidavit of publication of the public hearing received and submitted to the department's engineer for inclusion into the final Facilities Plan. ☐
- The four review agencies contacted and responses received for inclusion into the final Facilities Plan. ☐
- The Cultural Resources Effects Assessment Summary and supporting documentation, such as an archaeological survey or Historic Register database search. ☐

Certification of Drinking Water Needs Categories

Identify the loan amount associated with the needs category or categories described below. If the loan addresses needs in more than one category, please break down the total amount into estimated amounts for each category.

Definition	Loan Amount
Transmission/Distribution	_____
Treatment	_____
Storage	_____
Source	_____
System Purchase	_____
Restructuring	_____
1452(k) Loan Activities	
1. To acquire land or a conservation easement for source water protection.	_____
2. To implement voluntary, incentive-based source water quality protection measures.	_____
Total	$ 0

_____

Name & Title of Authorized Representative

_____ _____

Signature of Authorized Representative Date

Certification Regarding Debarment, Suspension, and Other Responsibility Matters

The prospective participant certifies to the best of its knowledge and belief that it and its principals:

(a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency;

(b) Have not within a three year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forger, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(c) Are not presently indicted for or otherwise criminally or civilly charged by a government entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (b) of this certification; and

(d) Have not within a three year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.

I understand that a false statement on this certification may be grounds for rejection of this proposal or termination of the award. In addition, under 18 U.S.C. § 1001, a false statement may result in a fine of up to $10,000 or imprisonment for up to 5 years, or both.

_____

Name & Title of Authorized Representative

_____ _____

Signature of Authorized Representative Date

☐ I am unable to certify to the above statements. Attached is my explanation

Water Supply Assessment Certification Form

This is to certify compliance with Section 2108, Subsection (b) of the Water Infrastructure Improvements for the Nation Act of 2017. Drinking water systems serving 500 or fewer persons and not served by a publicly owned source must certify that consideration has been given to alternative publicly owned drinking water supply sources to include (1) individual wells; (2) shared wells; and (3) community wells.

Please select only one option from below:

☐ The existing system is already served by a publicly-owned water source or privately-owned water source for a public water system (e.g. a rural water system).

☐ The existing system is currently served by a privately-owned water source and alternatives have been considered to provide a publicly-owned water source or privately-owned water source for a public water system.

☐ Not applicable, the system serves greater than 500 persons.

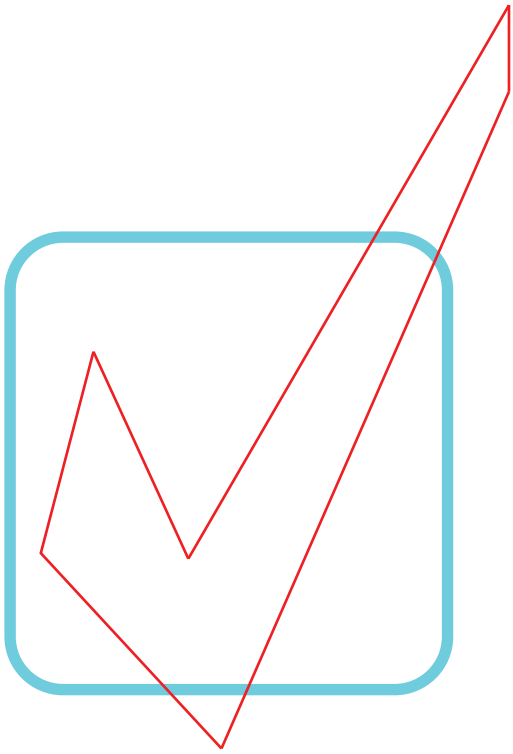
Applicant Name: _____

Project Name: _____

We certify that the proposed project is in compliance as described above. **(Project engineer signature required only if the second box above is selected)**

Applicant's Authorized Signatory	Project Engineer
Signature: _____	Signature: _____
Printed Name: _____	Printed Name: _____
Title: _____	Title: _____
Date:	Date:

Capacity Assessment Worksheets for Public Water Systems



Department of Agriculture and Natural Resources

Revised October 2026

Introduction

Because you are in the process of applying for a Drinking Water State Revolving Fund (DWSRF) loan, it is necessary for you to complete the following worksheets. The Safe Drinking Water Act requires that a system applying for a DWSRF loan must demonstrate that it has financial, managerial, and technical capacity. What exactly does that mean?

- ***Technical capacity*** - the physical infrastructure of the water system, including but not limited to the source water adequacy, infrastructure adequacy, and technical knowledge. In other words, does your treatment system work the way it is supposed to? Are you providing the safest and cleanest water possible and required by law to your customers right now, and will you be able to in the future?

- ***Managerial capacity*** - the management structure of the water system, including but not limited to ownership accountability, staffing and organization, and effective linkages. In simpler terms, do you have a capable and trained staff? Do you have an effective management structure?

- ***Financial capacity*** - the financial resources of the water system, including but not limited to the revenue sufficiency, credit worthiness, and fiscal controls. Basically, does your system have a budget and enough revenue coming in to cover costs, repairs, and replacements?

If it is determined that your system does NOT have the required capacity, you may still qualify for a DWSRF loan if it is going to be used to ensure that your system will have the necessary capacity. If you have questions while completing the following worksheets, please call our office at **(605) 773-3754** and we will be happy to help.

After DANR receives these worksheets, we will review them and other information located in our files to make a determination whether or not your public water system has the technical, financial, and managerial capacity to be eligible to apply for a DWSRF loan. A final report will be available upon completion of the analysis.

Applicant: _____

Prepared by: _____

_____

_____

Phone #: _____

Date: _____

Glossary of Terms

Contaminant: Any physical, chemical, biological, or radiological substance or matter in water;

Disinfectant: Any oxidant, including chlorine, chlorine dioxide, chloramine, and ozone, that is added to water in any part of the treatment or distribution process and that is intended to kill or inactivate pathogenic microorganisms;

Disinfectant contact time: The time in minutes that it takes for water to move from the point of disinfectant application or the previous point of disinfectant residual measurement to a point before or at the point where residual disinfectant concentration is measured;

Filtration: A process for removing particulate matter from the water by passing the water through porous media;

Ground Water: The supply of fresh water found beneath the surface of the ground, usually in aquifers, which is often used for supplying wells and springs;

Ground Water Under the Direct Influence of Surface Water: Any water beneath the surface of the ground with a significant occurrence of insects, macroorganisms, algae, or large-diameter pathogens such a *Giardia lamblia* or any water with significant and relatively rapid shifts in water quality characteristics such as turbidity, temperature, conductivity, or pH which closely correlate to climatological or surface water conditions;

Maximum Contaminant Level (MCLs): The maximum permissible level of a contaminant in water delivered to any user of a public water system. MCLs are enforceable standards;

mg/L: milligrams per liter - equivalent to parts per million;

µ***g/L:*** micrograms per liter - equivalent to parts per billion;

NTU: nephelometric turbidity unit;

psi: pounds per square inch

Surface Water: All water that is open to the atmosphere and subject to surface runoff;

Turbidity: A cloudy condition in water due to suspended silt or organic matter; and

Waiver: A process used by the Department of Agriculture and Natural Resources that allows a public water system to reduce or eliminate monitoring for a particular chemical.

The Technical Portion of your System

Your Water Supply

Please check the appropriate box: *Yes*, *No*, or *Unknown* for each section. Please try to determine the answer to every question. ***If a section or question does not apply to your system, please check NA for not applicable.***

Water Supply and Existing Demands	**Yes**	**No**	**Unknown**	**NA**
Do you know how much water you pump on an average day? ***Amount:*** _____	☐	☐	☐	☐
Do you know how much water you pump on a peak day? ***Amount:*** _____	☐	☐	☐	☐
Do you know the maximum amount of water you can pump from your source? ***Amount:*** _____	☐	☐	☐	☐
Is your source capacity higher than your peak day demand? ***Percentage higher or lower:*** _____	☐	☐	☐	☐
Can you meet peak demand without pumping at peak capacity for extended periods? ***Longest time pumping at peak demand:*** _____	☐	☐	☐	☐
Have you been able to provide adequate volumes of water during drought cycles?	☐	☐	☐	☐
Have you had to restrict usage at any time for any reason? ***Please specify:*** _____	☐	☐	☐	☐
Does your system have an emergency or supplemental water supply? ***Please specify:*** _____	☐	☐	☐	☐
Do you have an Emergency Response Plan that will allow you to meet system demand during a drought or shortage, such as the loss of the largest source? ***If yes, please attach.***	☐	☐	☐	☐
Water Demand	**Yes**	**No**	**Unknown**	**NA**
Do you know whether your system demands will be growing, declining, or remain stable over the next ten years? ***Please check: ☐ growing, ☐ declining, or ☐ stable.***	☐	☐	☐	☐
Does your source have additional water available for appropriation?	☐	☐	☐	☐
Do you have a water right? ***Water right permit number(s):*** _____ _____	☐	☐	☐	☐
If you have large commercial, industrial, or irrigation users, do you know their long-term plans and understand their needs?	☐	☐	☐	☐
Purchased Water	**Yes**	**No**	**Unknown**	**NA**
If you purchase water from another system or a wholesaler, do you know their long-term plans?	☐	☐	☐	☐
Do you have a contract to purchase water? ***If yes, with whom?*** _____	☐	☐	☐	☐
Are you currently staying within your contract?	☐	☐	☐	☐
Are you knowledgeable about other demands being placed on the same water source that you are using?	☐	☐	☐	☐

Alternative Sources	Yes	No	Unknown	NA
Are alternative water sources possibly available to you?	☐	☐	☐	☐
Are you knowledgeable of the characteristics and costs of using alternative sources?	☐	☐	☐	☐
Water Source	**Yes**	**No**	**Unknown**	**NA**
Do you know the depth of your well? ***Depth*** _____	☐	☐	☐	☐
Do you know the geologic name of the aquifer system from which your water is drawn? ***If yes, geologic name:*** _____	☐	☐	☐	☐
Are all abandoned water sources properly managed and disconnected to prevent accidental contamination or problems with current water system facilities?	☐	☐	☐	☐

Treatment - Microbiological Contamination

Is your system using surface water or ground water under the influence of surface water? ☐ **Yes** ☐ **No**

(If you checked "No", skip to the next section - Ground Water Systems – unless your water system requires treatment other than just disinfection.)

Surface Water Systems

Filtration Plant Condition	Yes	No	Unknown	NA
Is your filter plant in good physical condition (free from spalling concrete, peeling paint)?	☐	☐	☐	☐
If constructed more than 20 years ago, have treatment processes been upgraded to meet current standards?	☐	☐	☐	☐
Are repair parts available?	☐	☐	☐	☐
Do you have redundancy (back-ups/automatic switch-overs) for all major mechanical units? ***If no, list units you do NOT have redundancy for:*** _____	☐	☐	☐	☐
Can your plant achieve a filtered water turbidity of 0.3 NTU?	☐	☐	☐	☐
Do you have on-line continuous turbidimeters on each filter?	☐	☐	☐	☐
Have you adopted a turbidity goal lower than the standard? ***If yes, list goal:*** _____	☐	☐	☐	☐
Do you have the capability to add coagulant before the filter?	☐	☐	☐	☐

Ground Water Systems

Ground Water Under the Influence of Surface Water	Yes	No	Unknown	NA
Is your water free from variations in turbidity and temperature after storm events?	☐	☐	☐	☐

Well Construction and Protection				
Do you know when your well was constructed? ***List year:*** _____	☐	☐	☐	☐
Is your well(s) constructed according to current South Dakota regulations?	☐	☐	☐	☐
Do you have a source water protection plan?	☐	☐	☐	☐
Is your wellhead finished with a pitless adapter that will prevent contamination from surface water?	☐	☐	☐	☐

Disinfection

Do you disinfect? ☐ **Yes** ☐ **No** ***(If "No", skip to the Infrastructure - Pumping section)***

Disinfection	Yes	No	Unknown	NA
Do you regularly inspect and maintain your disinfection / chlorination equipment? ***Type of Equipment:*** _____ ***How often?*** _____ ***Disinfectant used:*** _____	☐	☐	☐	☐
Do you have back-up equipment? ***Type:*** _____	☐	☐	☐	☐
Do you have adequate contact time following disinfection and before the first user in the distribution system (30 minutes for ground water systems)? ***Contact time:*** _____	☐	☐	☐	☐
Can you detect a chlorine residual at taps at the ends of the distribution system? ***Free Chlorine Residual:*** _____ ***Total Chlorine Residual:*** _____ (if using chloramines)	☐	☐	☐	☐

Disinfection By-Products

Treatment for the Control of Disinfection By-Products	Yes	No	Unknown	NA
If you treat surface water, are you already practicing or could you adopt "enhanced coagulation" in your current plant?	☐	☐	☐	☐
If you treat surface water, could you still meet current contact-time requirements if disinfection were not allowed before sedimentation?	☐	☐	☐	☐

Treatment - Security

Treatment Security	Yes	No	Unknown	NA
Has the system implemented procedures to improve security of its facilities? (i.e. limiting access to sensitive sites, protecting computer and control equipment etc.)	☐	☐	☐	☐
Are chemicals used for treatment properly stored and secure?	☐	☐	☐	☐
Does the water system track chemical usage? (i.e. a sudden increase in usage may signal potential contamination or tampering.)	☐	☐	☐	☐

Infrastructure - Pumping

Condition of Pumping Equipment	**Yes**	**No**	**Unknown**	**NA**
Do you routinely inspect for signs of pump or pump motor problems? ***How often:*** _____	☐	☐	☐	☐
Once diagnosed, are problems corrected in a timely enough manner to avoid crisis financing, costly repairs, and unscheduled downtime?	☐	☐	☐	☐
Do you hire a qualified pump contractor to perform an inspection of all pumping equipment, identify potential problems, and perform maintenance, on an annual basis?	☐	☐	☐	☐
Standby/Emergency Power Equipment	**Yes**	**No**	**Unknown**	**NA**
Is there sufficient standby/emergency power capacity to supply 100% of the average daily demand of the system (excluding fire demand)?	☐	☐	☐	☐
Are any existing standby/emergency power equipment, controls and switches tested or exercised routinely under load conditions, for at least 30 minutes at a time?	☐	☐	☐	☐
Has the local electric utility been made aware of the standby/emergency power provisions made by the water system, so that they can reinforce and safeguard the electrical facilities serving the water operations?	☐	☐	☐	☐

Infrastructure - Storage

Storage Capacity	**Yes**	**No**	**Unknown**	**NA**
Does the system have sufficient gravity-flow (non-pumped) or emergency generator-supported pumping capability to ensure adequate distribution storage to provide safe and adequate service for up to 24 hours without power? ***If no, how long:*** _____	☐	☐	☐	☐
Is there reserve capacity in the tank for fire protection support? ***Amount:*** _____	☐	☐	☐	☐
Security Measures	**Yes**	**No**	**Unknown**	**NA**
Are any openings, such as vent pipes, screened to protect against the entrance of small animals, birds, and small insects?	☐	☐	☐	☐
Are access hatches locked?	☐	☐	☐	☐
Is the tank and the immediate surrounding area fenced?	☐	☐	☐	☐
Control Systems				
Is there a high and low water level signal system to control the pumps?	☐	☐	☐	☐
Is there a drain valve or hydrant to allow for draining of the tank?	☐	☐	☐	☐

Tank Maintenance	Yes	No	Unknown	NA
Is the tank inspected at least every three years by a qualified tank contractor for evidence of corrosion or pitting, leakage, and structural weakness?	☐	☐	☐	☐
Is the tank contractor capable of analyzing the coating of paint on the interior and exterior surfaces of the tank to determine if it contains lead or other hazardous materials?	☐	☐	☐	☐

Infrastructure - Distribution

System Maintenance	Yes	No	Unknown	NA
Do you have an accurate map of your distribution system that indicates main sizes and valve locations?	☐	☐	☐	☐
Does the operator routinely flush, test, and maintain the hydrants in the system? ***How often:***	☐	☐	☐	☐
Are the locations of valves in the mains and curb stops on the service lines precisely known?	☐	☐	☐	☐
Does the system keep a log of distribution system breaks to identify weak areas in the system?	☐	☐	☐	☐
Are histories, locations, size, and type of mains and service lines detailed on records in a secure area?	☐	☐	☐	☐
Are all valves exercised and lubricated periodically?	☐	☐	☐	☐
Is the system free of severe "water hammer" problems?	☐	☐	☐	☐
Are meter pits, pressure regulating valves, altitude valves, blow-offs, and other appurtenances maintained on a regular basis?	☐	☐	☐	☐
Unaccounted-for Water	**Yes**	**No**	**Unknown**	**NA**
Is unaccounted-for water in the water system monitored and analyzed each month?	☐	☐	☐	☐
Is the unaccounted-for water less than 15 percent of the total water delivered to the mains? ***List percentage of unaccounted for water:*** _____%	☐	☐	☐	☐
	Yes	**No**	**Unknown**	**NA**
Are the normal operating pressures in the distribution system between 25 psi and 125 psi? ***Normal operating pressure:*** _____psi	☐	☐	☐	☐
Do you have a routine leak detection and repair program?	☐	☐	☐	☐
Are all sources of supply and customers metered?	☐	☐	☐	☐
Are the meters calibrated and tested routinely to ensure their accuracy and reliability?	☐	☐	☐	☐
Water Quality in Distribution System	**Yes**	**No**	**Unknown**	**NA**
Does your system have an active cross-connection control program?	☐	☐	☐	☐

Are any inspections for cross-connections performed?	☐	☐	☐	☐
Is there a program for installing and testing backflow prevention devices where potential contamination is present?	☐	☐	☐	☐
Is there a program to eliminate "dead-ends" in the mains, where feasible?	☐	☐	☐	☐
Construction Standards	**Yes**	**No**	**Unknown**	**NA**
Are the majority of your mains 6 inches in diameter or larger? ***List percentage:*** _____	☐	☐	☐	☐
Is there a program to gradually replace sub-standard sized mains?	☐	☐	☐	☐
Are there suitable rights-of-way and easements provided to the water system for expansion, maintenance, and replacement of mains and services?	☐	☐	☐	☐
Is there sufficient earth cover (six feet) to protect the mains from frost damage or heavy loads, if driven over?	☐	☐	☐	☐
Are materials of mains designed and selected to resist corrosion, electrolysis, and deterioration?	☐	☐	☐	☐
Distribution System Problems	**Yes**	**No**	**Unknown**	**NA**
Do you receive any complaints regarding water quality (taste, odor, color, etc.)? ***List number of complaints/year:*** _____ ***Most common complaint:*** _____	☐	☐	☐	☐
Can you maintain adequate pressure in the distribution system under all conditions of flow?	☐	☐	☐	☐

The Management Portion of your System

Please mark the appropriate box: *Yes*, *No*, or *Unknown* for each section. Please try to determine the answer to every question. ***If a section does not apply to your system, please write NA for not applicable.***

Operation & Maintenance

Operations Staff	**Yes**	**No**	**Unknown**	**NA**
Does the person operating your system have current water treatment plant and water distribution operator certification credentials from DANR? ***If yes, list classification(s):*** _____ _____	☐	☐	☐	☐
Does your operator receive additional training on an ongoing basis to keep current on new developments in the field?	☐	☐	☐	☐
Future Operational Demands	**Yes**	**No**	**Unknown**	**NA**
Does your water system obtain any regular or occasional technical assistance from outside sources, such as DANR, your engineer, other utilities or organizations specifically dedicated to providing technical assistance? ***If yes, who*** _____	☐	☐	☐	☐

Management & Administration

Who's in Charge?	**Yes**	**No**	**Unknown**	**NA**
Is there a clear plan of organization and control among the people responsible for management and operation of the system?	☐	☐	☐	☐
Does your system have written personnel policies and job descriptions signed by the employees?	☐	☐	☐	☐
Are the limits of the operator's authority clearly known?	☐	☐	☐	☐
Does everyone involved in operations know who is responsible for each area?	☐	☐	☐	☐
Is someone responsible for scheduling work?	☐	☐	☐	☐
Security	**Yes**	**No**	**Unknown**	**NA**
Does the system have procedures for handling new and terminated employees (i.e. collecting keys, changing locks and computer passwords)?	☐	☐	☐	☐
Rules and Standards	**Yes**	**No**	**Unknown**	**NA**
Do you have explicit rules and standards for system modifications?	☐	☐	☐	☐
Do you have rules governing new hook-ups?	☐	☐	☐	☐
Do you have a water main extension policy?	☐	☐	☐	☐
Do you have standard construction specifications to be followed?	☐	☐	☐	☐

	Yes	No	Unknown	NA
Do you have measures to assure cross-connection control and backflow prevention?	☐	☐	☐	☐
Do you have policies or rules describing customer rights and responsibilities?	☐	☐	☐	☐
Regulatory Compliance Program	**Yes**	**No**	**Unknown**	**NA**
Do you fully understand monitoring requirements and have a scheduling mechanism to assure compliance?	☐	☐	☐	☐
Do you know how to obtain clarification or explanation of requirements?	☐	☐	☐	☐
Do you have a mechanism to obtain the most recent information on regulatory requirements?	☐	☐	☐	☐
Do you maintain adequate records to document compliance? ***If yes, for how long?*** _____	☐	☐	☐	☐
Did your system have any violations of the primary drinking water standards in the last year?	☐	☐	☐	☐
Did your system have any monitoring or reporting violations in the last year?	☐	☐	☐	☐
Do you know what to do in the event of a violation?	☐	☐	☐	☐
Emergencies	**Yes**	**No**	**Unknown**	**NA**
Do you have an Emergency Response Plan?	☐	☐	☐	☐
Is there a contingency for making emergency interconnections to neighboring systems, and do you know they will work if needed?	☐	☐	☐	☐
Does everyone involved in operations know what they are to do in the event of contamination from a toxic hazardous waste spill in your source water or a main break or a tank failure?	☐	☐	☐	☐
Do you have a clear chain-of-command protocol for emergency action?	☐	☐	☐	☐
Is someone responsible for emergency operations, for communications with state regulators, for customer relations, for media relations? ***If yes, who (title):*** _____	☐	☐	☐	☐
Safety	**Yes**	**No**	**Unknown**	**NA**
Do you have a safety program defining measures to be taken if someone is injured?	☐	☐	☐	☐
Has the entire staff been properly trained in the location and use of safety equipment?	☐	☐	☐	☐
Does everyone understand the risks and safety measures involved in handling water treatment chemicals?	☐	☐	☐	☐
Do you have written operating procedures for both routine and emergency system operations?	☐	☐	☐	☐
Are you fully aware of Occupational Safety and Health Administration (OSHA) confined space (such as trenches/manholes) regulations?	☐	☐	☐	☐
Does the system work with customers to promote their awareness of security?	☐	☐	☐	☐
Does the system have a communication plan to alert customers of a natural or intentional threat to public health?	☐	☐	☐	☐

Maintenance	Yes	No	Unknown	NA
Do you have a planned maintenance management system -- a system for scheduling routine preventive maintenance (line flushing, pumps, meters, storage tanks, etc.)?	☐	☐	☐	☐
Do you have a system for assuring adequate inventory of essential spare parts and back-up equipment?	☐	☐	☐	☐
Do you have relationships with contractors and equipment vendors to assure prompt priority service?	☐	☐	☐	☐
Do you have records and data management systems for system operating and maintenance data, for regulatory compliance data, and for system management and administration?	☐	☐	☐	☐
Management Capability	**Yes**	**No**	**Unknown**	**NA**
Are you getting the outside services and technical assistance you need? Do you have adequate legal counsel, insurance, engineering advice, technical/operations assistance, rate case preparation, and financial advice?	☐	☐	☐	☐

Asset Management Planning

Current Status of Utility's Assets	Yes	No	Unknown	NA
Has your system prepared an asset inventory?	☐	☐	☐	☐
Has your system developed a method a method to assess and prioritize assets based on condition?	☐	☐	☐	☐
Has your system assessed assets' remaining useful life?	☐	☐	☐	☐
Has your system determined assets' value and replacement costs?	☐	☐	☐	☐
Utility's Required Sustainable Level-of Service	**Yes**	**No**	**Unknown**	**NA**
Has your system analyzed current customer demand and satisfaction?	☐	☐	☐	☐
Has your system anticipated costumer demand?	☐	☐	☐	☐
Has your system communicated system performance goals with the public?	☐	☐	☐	☐
Has your system identified standard levels of service and tracked system performance?	☐	☐	☐	☐
Assets Critical to Sustained Performance	**Yes**	**No**	**Unknown**	**NA**
Has your system conducted a failure analysis on all assets?	☐	☐	☐	☐
Has your system determined probability, and risk consequences of failure?	☐	☐	☐	☐
Has your system prioritized system assets based on importance to system operation?	☐	☐	☐	☐
Utility's Best "Minimum Life-Cycle Cost" Capital Improvement Plan and Operations and Maintenance Strategies	**Yes**	**No**	**Unknown**	**NA**
Has your system implemented and appropriate maintenance schedule?	☐	☐	☐	☐
Has your system identified life-cost for all assets?	☐	☐	☐	☐
Has your system identified and compared the cost of rehabilitation versus replacement?	☐	☐	☐	☐

Asset Management Planning

Utility's Best Long-Term Financing Strategy	Yes	No	Unknown	NA
Does your system regularly review the system budget? ***How often?*** _____	☐	☐	☐	☐
Has your system established and funded a capital improvement account?	☐	☐	☐	☐
Has your system implemented a rate structure to ensure financial stability?	☐	☐	☐	☐

The Financial Portion of your System

Please mark the appropriate box: *Yes*, *No*, or *Unknown* for each section. Please try to determine the answer to every question. ***If a section does not apply to your system, please write NA for not applicable.***

Financial Planning Mechanisms	**Yes**	**No**	**Unknown**	**NA**
Does your system develop and follow an annual budget that is approved by the governing body?	☐	☐	☐	☐
Does the governing body review a monthly summary of revenues and expenses of the utility system?	☐	☐	☐	☐
Do you have within the annual budget separate reserve accounts for equipment replacement, capital improvement, depreciation or security upgrades? ***If so, list accounts:*** _____	☐	☐	☐	☐
Does the system have reserve funds available in the event of an emergency?	☐	☐	☐	☐
Do you have a capital budget or capital improvement plan that projects future capital investment needs some distance (at least five years) into the future?	☐	☐	☐	☐
Do you have a process for scheduling and committing to capital projects?	☐	☐	☐	☐
Does your planning process take account of all the potential capital needs suggested by your answers to the technical questions in these worksheets?	☐	☐	☐	☐
Does your long-term planning incorporate analysis of alternative strategies that might offer cost saving to customers, such as consolidation with other nearby systems or sharing of operations and management expenses with other nearby systems?	☐	☐	☐	☐
Rates/Billing - Are they Adequate?	**Yes**	**No**	**Unknown**	**NA**
Do you regularly review your rates? ***How often?*** _____	☐	☐	☐	☐
Do you have a plan in place for periodic increases in rates?	☐	☐	☐	☐
Is the rate structure based on metered watered use? ***List rates per 1000 gallons:*** _____ (i.e. $22 minimum plus $2.50/1000 gallons)	☐	☐	☐	☐
Does the rate per 1000 gallons change as consumption increases? ***If so, please describe***: _____	☐	☐	☐	☐
Does the rate structure assure proportionality among users?	☐	☐	☐	☐
Do you have procedures for billing and collection?	☐	☐	☐	☐
Is your billing collection rate greater than 95%?	☐	☐	☐	☐
Do you have collection procedures specifically for delinquent accounts?	☐	☐	☐	☐

Financial Planning Mechanisms - Are they Adequate?	Yes	No	Unknown	NA
Does your system have audited financial statements prepared by a certified public accountant (CPA)?	☐	☐	☐	☐
Does your water system income exceed operating expenses (including debt service)?	☐	☐	☐	☐
Does your water utility support other enterprise funds or the general fund?	☐	☐	☐	☐
Does your system require revenues from other enterprise funds or the general fund for normal operations?	☐	☐	☐	☐
Do you employ standardized accounting and tracking systems?	☐	☐	☐	☐
Do you track budget performance?	☐	☐	☐	☐
Do you keep records to substantiate depreciation of fixed assets and accounting for reserve funds?	☐	☐	☐	☐
Are financial management recordkeeping systems organized?	☐	☐	☐	☐
Are controls exercised over expenditures?	☐	☐	☐	☐
Are controls exercised to keep from exceeding your budget?	☐	☐	☐	☐
Are there purchasing procedures?	☐	☐	☐	☐
Did your system's governing body review this assessment before returning it to the South Dakota Department of Agriculture and Natural Resources?	☐	☐	☐	☐

Financial Spreadsheet

Complete the financial spreadsheet on the following page using the guidance presented on the reverse side of the form.

GUIDELINES:

This cash flow projection form provides a systematic method of estimating cash receipts, disbursements and balances. The entries listed on the form will not necessarily apply to every PWS, and some entries may not be included which would be pertinent to each PWS. It is suggested, therefore, that the form be adapted to each particular PWS, with appropriate changes in the entries as may be required.

Procedure: Most of the entries on the form are self-explanatory; however, the following suggestions are offered to simplify the procedure:

(1) First gather the audited financial statements, internally prepared statements or budgets and other information for the current year and the two prior years. Include the most recent audited financial statement with your self-assessment report.

(2) Complete the columns for the prior two years using actual data from your audited financial statements, if available, or your internally prepared financial statements. Keep in mind, for purposes of this analysis, it is important to use **cash** receipts and disbursements. ***Suggestion: Round amounts to the nearest dollar.***

(3) Complete the current year's column using the most recent budget information. Include all expenditures incurred by the utility.

(4) Complete the form using the suggestions in the partial form below for each entry. Be sure to include any expenditures resulting from planned plant improvement and estimate the impact of inflation on all expenditures.

(5) Item #1 (Beginning Cash on Hand) plus Item #4 (Total Cash Available) minus Item #6 (Total Cash Paid Out) should equal Item #7 (Ending Cash Position).

(6) Item #13 (Restricted Cash Balance) plus Item #14 (Unrestricted Cash Balance) should equal Item #7 (Ending Cash Position).

(7) Item #1 (Beginning Cash on Hand) should equal Item #7 (Ending Cash Position) from the prior financial period.

(8) Items #8 & 9 are used together to determine the impact of the rate structure on the equivalent residential user. If industrial or business customers contribute a significant portion of the revenues, these amounts should be looked at separately. Consideration should be given to design a rate structure so that each

category of user pays its proportional share of the costs of operating and maintaining the PWS.

(9) Item #10 is used to determine to what extent a PWS's net operating income is able to cover its debt service requirements.

(10) Item #11 is used to determine to what extent a PWS's rate structure produces revenues sufficient to cover operating expenses.

(11) Item #14 is the Unrestricted cash balance at year end. The Unrestricted cash balance at the end of any financial period should be adequate to meet the cash requirements for a minimum of one month. If there is too little cash, additional cash may have to be injected or expenditures may have to be reduced. If there is excessive cash on hand, the money should be invested or otherwise deposited into interest bearing accounts (e.g., set up reserves for replacement or capital improvements, etc.)

Applicant: _____

Completed By: _____

Date: _____

Clear Form

	Last Year Actual	Current Year 1 Projected	Year 2 Projected	Year 3 Projected	Year 4 Projected
Enter Year:					
1. Beginning Cash on Hand		0	0	0	0
2. Cash Receipts:					
a. Unmetered Water Revenue					
b. Metered Water Revenue					
c. Other Water Revenue					
d. Total Water Revenues (2a through 2c)	0	0	0	0	0
e. Connection Fees					
f. Interest and Dividend Income					
g. Other Income					
h. Total Cash Revenues (2d through 2g)	0	0	0	0	0
i. Transfers in/Additional Revenue					
j. Loans, Grants or other Cash					
Please specify:					
3. Total Cash Receipts (2h through 2j)	0	0	0	0	0
4. Total Cash Available (1+3)	0	0	0	0	0
5. Operating Expenses					
a. Salaries and wages					
b. Employee Pensions and Benefits					
c. Purchased Water					
d. Purchased Power					
e. Fuel for Power Production					
f. Chemicals					
g. Materials and Supplies					
h. Engineering Services					
i. Contractual Services – Other					
j. Equip. Rent/Real Property					
k. Transportation Expenses					
l. Laboratory					
m. Insurance					
n. Regulatory Commission					
o. Advertising					
p. Miscellaneous					
q. Total Cash O&M Expenses (5a through 5p)	0	0	0	0	0
r. Replacement Expenditures					
s. Total OM&R Expenditures (5q+5r)	0	0	0	0	0

Applicant: _____
Completed By: _____
Date: _____

	Last Year Actual	Current Year 1 Projected	Year 2 Projected	Year 3 Projected	Year 4 Projected
t. Loan Principal/Capital Lease Payments					
u. Loan Interest Payments					
v. Transfers Out					
w. Capital Purchases (specify):					
x. Other					
6. Total Cash Paid Out (5s through 5x)	0	0	0	0	0
7. Ending Cash Position (4 - 6)	0	0	0	0	0

8. Number of Customer Accounts					
9. Avg Annual User Charge Account (2d/8)	0	0	0	0	0
10. Coverage Ratio (2h-5s)/(5t+5u)	0.00	0.00	0.00	0.00	0.00
11. Operating Ratio (2d/5s)	0.00	0.00	0.00	0.00	0.00
12. Total Restricted Cash Balances					
a. Debt Service Reserve					
b. Bond Retirement Reserve					
c. Capital Improvement Reserve					
d. Replacement Reserve					
e. Other					
13. Restricted Cash Balance (12a through 12e)	0	0	0	0	0
14. Unrestricted Cash Balance (7 – 13)	0	0	0	0	0

4 Year Projections	Last Year Actual	Current Year Budget	Year 2 Projected	Year 3 Projected	Year 4 Projected
1. Beginning Cash on Hand	For the prior period and the current year budget, use the actual cash balance. For all other years, cash on hand should equal item #14 from previous period.				
2. Cash Receipts:					
a. Unmetered Water Revenue	All cash received/estimated for water supplied to residential, commercial, industrial and public customers where the customer charge is not based on quantity, i.e., its based on diameter of service pipe, room, foot of frontage or other type units.				
b. Metered Water Revenue	All cash received/estimated for water supplied to residential, commercial, industrial and public customers where the charge is based on quantity of water delivered.				
c. Other Water Revenue	Other cash received/estimated from sale of water, e.g., sales for irrigation, sales for resale, inter- municipal sales, ad valorem taxes (OM&R portion) etc.				
d. Total Water Revenues (2a through 2c)	**Self-explanatory**				
e. Connection Fees	All cash received/estimated for connection of customer service during the year.				
f. Interest and Dividend Income	All cash received/estimated on interest income from securities, loans, notes, etc., whether the securities are carried as investments or included in sinking or reserve accounts.				
g. Other Income	Other revenues collected/estimated during the period (e.g., disconnection or change in service fees, profit on materials billed to customers, servicing customer lines, late payment fees, rents, sale of assets, ad valorem taxes (infrastructure portion), etc.				
h. Total Cash Revenues (2d through 2g)	**Self-explanatory**				
i. Transfers in/Additional Rev Needed	Includes transfers from other funds w/i the municipality or can be used as a "plug" figure when determining the additional cash needed to cover cash needs.				
j. Loans, Grants or other Cash Injection	Includes loans or grants from financial institutions, inter-municipal loans, state or federal sources.				
3. Total Cash Receipts (2h through 2j)	**Self-explanatory**				
4. Total Cash Available (1+3)	**Self-explanatory**				
5. Operating Expenses	Use actual amounts paid when completing the prior year. Estimate the amounts for projected years based on prior year amounts, trends and other known variables (including those related to needs identified in the self-assessment.				
a. Salaries and wages	Cash expenditures made/estimated for salaries, bonuses and other consideration for work related to the O&M of the facility, including administration, and compensation for officers, directors, etc.				
b. Employee Pensions and Benefits	Paid vacations, paid sick leave, health insurance, unemployment insurance, pension plan, etc.				
c. Purchased Water	Amounts paid/estimated for cost of water purchased for resale.				
d. Purchased Power	Amounts paid/estimated for all electrical power for the utility.				
e. Fuel for Power Production	Amounts paid/estimated for fuel purchased for the production of power to operate pumps, etc.				
f. Chemicals	Amounts paid/estimated for chemicals used in the treatment and distribution.				
g. Materials and Supplies	Amounts paid/estimated for materials and supplies used for O&M of the PWS other than those under contractual services.				
h. Contractual Services – Engineering	Amounts paid/estimated to outside engineers to perform ongoing engineering work for the facility.				
i. Contractual Services - Other	Amounts paid/estimated for costs of outside accounting, legal, managerial, and other services.				
j. Rental of Equipment/Real Property	Amounts paid/estimated for costs associated w/the rental of equipment, buildings and real property.				
k. Transportation Expenses	Amounts paid/estimated for automobile, truck, equipment, and other vehicle use and maintenance.				
l. Laboratory	Self-explanatory				
m. Insurance	Amounts paid/estimated for vehicle, liability, workers' compensation and other insurance.				
n. Regulatory Commission Expenses	Amounts paid/estimated for rate cases and other activities with a regulatory commission.				
o. Advertising	Amounts paid/estimated for informational, instructional and other advertising.				
p. Miscellaneous	Amounts paid/estimated for all expenses not included elsewhere (e.g. permit fees, training, etc.).				
q. Total Cash O&M Expenses (5a through 5p)	**Total of lines 5a through 5p.**				
r. Replacement Expenditures	Amounts paid/estimated for replacement of equipment to maintain system integrity.				
s. Total OM&R Expenditures (5q+r)					
t. Loan Principal/Capital Lease Payments	Include cash payments made/estimated for principal on all loans, including vehicle and equipment purchases on time payments and capital lease payments.				
u. Loan Interest Payments	Self-explanatory				

v. Transfers Out	Include cash transfers made/estimated to funds or entities outside the PWS.
w. Capital Purchases (specify):	Amount of cash outlays/estimates for items such as equipment, building, vehicle purchases, and leasehold improvements that were not a part of the initial design of the PWS infrastructure.
6. Total Cash Paid Out (5s through 5x)	Self-explanatory
7. Ending Cash Position (4 – 6)	Self-explanatory
8. Number of Customer Accounts	Use most recent system data or expected increases.
9. Ave User Charge per Customer (2d/8)	Self-explanatory
10. Coverage Ratio (2h-5s)/(5t+5u)	Measure of the sufficiency of net operating profit to cover the debt service requirements of the system. A bond covenant might require this to meet or exceed certain limits (e.g. 1.25)
11. Operating Ratio (2d/5s)	Measure of whether operating revenues are sufficient to cover OM&R expenses. An operating ratio of 1.0 is the bare Minimum for a self-supporting facility. With debt service requirements, the operating ratio would have to be higher.
12. Total Restricted Cash Balance	Do not include depreciation as a reserve unless there is actually a "depreciation' reserve that has cash set-aside for future expansion.
a. Debt Service Reserve	Funds specifically set-aside to meet debt service requirements or requirements set forth in a loan Convenant/bond indenture.
b. Bond Retirement Reserve	Funds specifically set aside to retire debt as it is scheduled.
c. Capital Improvement Reserve	Funds specifically set aside to meet long-term objectives for major facility expansion, improvement and/or the construction of a new facility.
d. Replacement Reserve	Funds specifically set aside for the future replacement of equipment needed to maintain the integrity of the facility over its useful life.
e. Other	Other cash set-aside for reserve.
13. Restricted Cash Balance (12a through 12e)	**Total of lines 12a through 12e.**
14. Unrestricted Cash Balance (7-13)	**All non-reserved cash.**

Capacity Requirements for New Drinking Water System

Certificate of Approval: Obtaining a certificate of approval for a new drinking water system is required by law. More importantly, a certificate of approval shows that the drinking water system has gone through the planning process. Planning is critical for all new, as well as existing, water systems. A system that lacks technical, managerial, or financial capacity will have problems complying with all of the requirements of the 1996 Safe Drinking Water Act amendments. Since new water systems are required to complete the planning process, this will help ensure that these systems have adequate capacity and that the public will be provided with safe drinking water.

Who needs a certificate of approval?

All new community and nontransient noncommunity water systems that begin operation after October 1, 1999, are required to obtain a certificate of approval from the Department of Agriculture and Natural Resources (DANR) before beginning operation.

This includes water systems that do not meet the definition of community or nontransient noncommunity water system (NTNC) at start-up, but are designed to one day meet that definition. For example, a developer plats out 30 lots for homes in the development, but when the water system begins operation, there are only four homes connected to the system. Obviously, the intent is for this water system to one day be large enough to qualify as a public water system; therefore, the developer must meet all the new water system requirements.

Any system that has infrastructure in place before October 1, 1999, and then becomes a new community or NTNC water system only by the addition of new users is not required to obtain a certificate of approval.

What is the process for obtaining a certificate of approval?

DANR recommends that you apply as soon as possible to receive approval of the required documents in a timely manner. Approval may be delayed if more information is needed by the department during the review process. The following are minimum guidelines for certificate approval.

- Submit the New Water System Application and business plan no later than *90 days* before you anticipate beginning operation.
- Submit plans and specifications no later than *30 days* before the anticipated bid-letting and contract award date.
- Submit the operations and maintenance manual as soon as practicable before system start-up

Where do I get more information on obtaining a certificate of approval?

A website has been developed for new water systems. Guidance and applications can be downloaded at: https://danr.sd.gov/OfficeOfWater/DrinkingWater/DrinkingWaterRequirementsForNewSystems.aspx

For more information please contact the Drinking Water Program at (605) 773- 3754.