

**PREPAYMENT POLICY CERTIFICATION**

The grantee must review and certify that the conditions set forth can be met and may be subject to audit review. The following conditions are required:

- The grantee population is 25,000 or less based on the latest census (if for a Sanitary District, the population being served.) Applicable to Water and Wastewater Projects only.
- Without the advancement of funds, financial difficulties relating to cash flow will result.
- Advance funding will be based on a signed contract (if for construction, a notice to proceed, performance and payment bond are required) for 40% of the eligible contract amount. Total payments, however, cannot exceed 40% of the State grant. The request must be on a State payment request form.
- Note: For Soil Conservation Districts that have no capital funding budgets, the prepayment can be for up to 90% of eligible advertising and construction low bid cost. The District must certify that all funds will be utilized within 60 days of receipt, and must, within 90 days, show invoices paid to the contractor.
- Once eligible costs incurred reach the amount of the prepayment, grant funds will then be released on an accrual basis. The grantee must submit an invoice(s) for the amount of grant funds requested showing work in place and must show evidence that previous invoices were paid to the contractor(s).
- Note: For grantees receiving State Revolving Loan funds for the same project, following the initial cash draw for the loan closing, loan funds for eligible costs will be reimbursed in accordance with the approved grant/loan ratio.
- The grant will be monitored for the underrunning of contract costs. All payments (including the prepayment) will not exceed 90% of the State grant award pending submittal of the final claim. Final eligible costs will be released based on a review of the final claim with supporting documents and when all grant conditions have been met. The remaining 10% of the grant will be paid on a reimbursement basis only.
- The investment and any subsequent earnings on any advance payments will be deducted from any eligible grant amounts as shown in the final claim package. The advance funds must be kept in a separate account and not commingled with other fund accounts.

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Authorized Representative

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