

**DRINKING WATER STATE REVOLVING FUND LOAN PROGRAM
STATE OF MISSISSIPPI**

**ANNUAL REPORT
FOR
FEDERAL FISCAL YEAR 2008
(10/01/07 through 09/30/08)**



Prepared for U.S. Environmental Protection Agency, Region IV

by



MISSISSIPPI STATE DEPARTMENT OF HEALTH

and the

Local Governments and Rural Water Systems

Improvements Board

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Table of Contents

I.	INTRODUCTION	1 -
II.	GOALS AND ACCOMPLISHMENTS	1 -
	A. BASIC PROGRAM GOALS	1 -
	B. LONG-TERM GOALS	3 -
	C. SHORT-TERM GOALS	4 -
III.	DWSIRLF LOAN AND SET-ASIDE ACTIVITIES	5 -
	A. SOURCES OF DWSIRLF FUNDING	5 -
	<i>i. Capitalization Grant</i>	6 -
	<i>ii. State Match</i>	6 -
	<i>iii. Interest Earnings</i>	6 -
	<i>iv. Repayments</i>	6 -
	<i>v. Administrative Fees Received and Disbursed</i>	6 -
	B. USES OF DWSIRLF FUNDS	6 -
	<i>i. Loan Assistance Status</i>	9 -
	<i>ii. Set-Aside Activity Status</i>	12 -
IV.	FINANCIAL SUMMARY	15 -
	A. LOAN COMPLETION STATUS	15 -
	B. LOAN DISBURSEMENTS/CASH DRAW PROPORTIONALITY	15 -
	C. ADMINISTRATIVE DISBURSEMENTS	15 -
	D. ANNUAL REPAYMENTS	15 -
	E. INVESTMENTS	15 -
	F. AUDITS/FINANCIAL STATEMENTS	15 -
V.	PROGRAM CHANGES	16 -
	A. COMPARISON WITH THE INTENDED USE PLAN (IUP)	16 -
	B. MODIFICATION OF GOALS AND OBJECTIVES	16 -
	C. MODIFICATIONS OF THE PROGRAM	16 -
	D. LONG AND SHORT-TERM GOALS FOR FUTURE IUP'S	16 -
VI.	COMPLIANCE WITH OPERATING AGREEMENT AND GRANT CONDITIONS	17 -

TABLES

TABLE 1: SOURCES OF DWSIRLF FUNDS.....- 8 -
TABLE 2: ACTUAL USES OF DWSIRLF FUNDING- 9 -
TABLE 3: FY 2008 BINDING COMMITMENTS- 10 -

EXHIBITS

EXHIBIT 1 PROJECTS RECEIVING DWSIRLF FINANCIAL ASSISTANCE IN FY-2006.....- 23 -
EXHIBIT 2 FY-2008 BINDING COMMITMENTS BY QUARTER- 25 -
EXHIBIT 3 SOURCE OF DWSIRLF FUNDS BY QUARTER DURING FY-2008.....- 26 -
EXHIBIT 4 BINDING COMMITMENTS BY QTR W/RESPECT TO SCHED ACH PAYMENTS- 27 -
EXHIBIT 5 FEDERAL & STATE DISBURSEMENTS- 28 -
EXHIBIT 7 DWSIRLF PROJECT FINANCIAL REPORT (AS OF 9/30/2008).....- 30 -
EXHIBIT 8 COMPARISON OF PROJECTED VERSUS ACTUAL DISBURSEMENTS*- 42 -
EXHIBIT 9 REPORT OF ANNUAL LOAN REPAYMENTS- 44 -
EXHIBIT 10 COMPLETED PROJECTS- 45 -
EXHIBIT 11 STATE OF MISSISSIPPI DWSIRLF CASH FLOWS- 53 -
EXHIBIT 12 DWSIRLF LOAN PAYMENTS DISBURSEMENT RECORD- 54 -
EXHIBIT 13 FUNDING USES FOR THE DWSIRLF IN MILLIONS- 55 -

ATTACHMENTS

ATTACHMENT 1 ANNUAL AUDIT REPORT- 58 -

I. Introduction

The State of Mississippi is pleased to submit the Annual Report on the Drinking Water Systems Improvements Revolving Loan Fund (DWSIRLF) for the Fiscal Year 2008. The report outlines the operation of the DWSIRLF during the time period from October 1, 2007, through September 30, 2008.

This report outlines the accomplishments of the DWSIRLF as related to the goals and objectives set forth in the FY 2008 Intended Use Plan (IUP). Provided herein are details regarding the short-term and long-term goals of the program, funding sources, financial stability, and compliance with federal Drinking Water State Revolving Fund requirements.

II. Goals and Accomplishments

In the FY 2008 IUP, the State of Mississippi set forth several goals, including both long-term and short-term goals. Some of the long-term goals are considered basic, unchanging goals due to their necessity, and are detailed separately below.

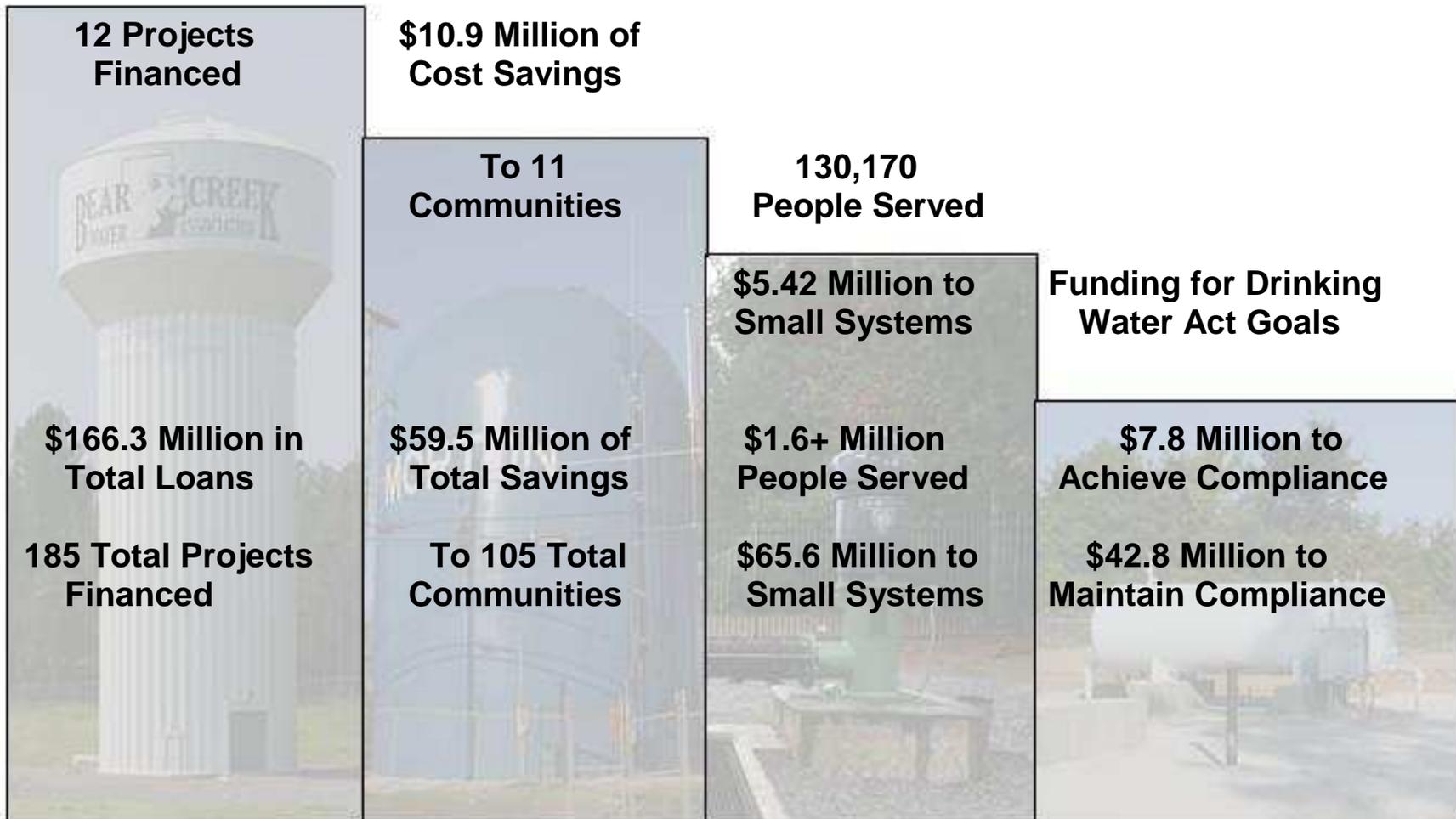
A. Basic Program Goals

- 1. Maintain a financially sound DWSIRLF in perpetuity.*
- 2. Meet a portion of the drinking water needs in the State within a reasonable period of time.*
- 3. Fund projects in order of public health importance.*
- 4. Determine the interest rate and loan repayment term which will generate sufficient fund income to meet the State's needs within a reasonable period of time*

Progress Toward Basic Goals 1, 2, 3 & 4: The State of Mississippi again met these goals by continuing to operate the program with the same basic approach as has proven successful in previous years. Interest rates were reviewed and adjusted as necessary to assure both the competitiveness and long-term financial stability of the Fund. Standard financial reports were produced, reviewed for accuracy, and reconciled on a monthly basis. During preparation of the annual IUP, a determination was made that adequate and timely funds would be available from the federal payment schedule, state match, scheduled repayments, and projected interest earnings for all projects on the fundable portion of the priority list. Each community's financial capability summary and user charge system were reviewed and approved prior to loan award (to insure that adequate funds are collected to repay the loan, operate/maintain the project, and to insure that the community can afford the project). The pro-active public information program was continued to assure public awareness of the DWSIRLF. The Priority System, which was utilized to assure the most urgent needs were met first, was designed to give priority to projects that: (1) address the most serious risks to public health, (2) are necessary to bring existing drinking water facilities into compliance with national primary drinking water standards, and (3) assist systems most in need on a per household affordability basis. The Priority System may be updated each year as needed to account for needs that have been

Mississippi Drinking Water Project Financing in 2008 to Protect the Public Health \$34,723,646 in Available Funds

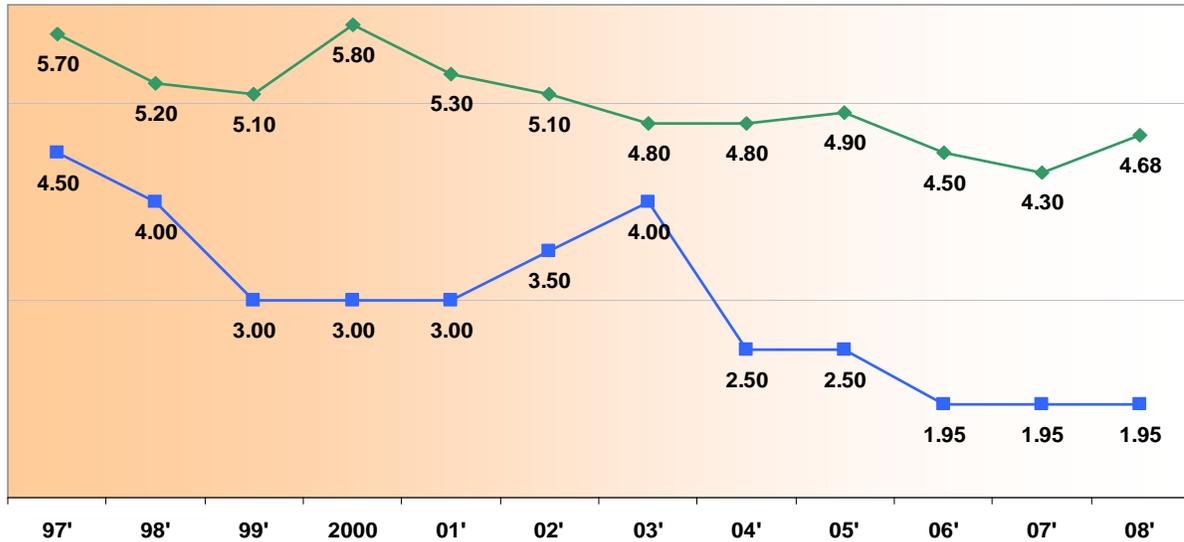
**\$33.6 Million in
DWSIRLF Loans**



met and for new public health concerns. During FY-2008 all projects ready to proceed were funded.

The interest rate for all FY 2008 loans was 1.95%. This low interest rate combined with the removal of the statutorily set loan limit in 2007 has kept the demand high to the point where funds may be limited during FY-2008.

Figure 1: Market Rates vs. Mississippi DWSIRLF Rates



B. Long-Term Goals

1. Streamline Program Requirements/Procedures

Progress Towards Long-Term Goal #1: Since the last annual report the transition of project management from the Mississippi Department of Environmental Quality (MDEQ) to the Mississippi State Department of Health has been completed. The contract MSDH had with MDEQ to assist in administering the program concluded June 30, 2008. MSDH staff are now fully up to speed on all aspects of the program's administrative and project management. More attention will be able to be directed to this goal of systematically evaluating the existing program requirements and procedures to make them more streamlined and thus more attractive to consumers. It is anticipated that much progress will be made on this goal in the coming year.

2. Maintain Cooperative Agreements with Other Lending Agencies

Progress Towards Long-Term Goal #2: The progress towards this goal has been slow in creating a universal web-based ranking form for all lending agencies. However through the Local Governments and Rural Water Systems Improvements Board, many members of the other lending agencies are in contact with the DWSIRLF. Every year with the publication of the "News and Notes" the DWSIRLF advertises a list of all water supply funding agencies along with a brief description of loan/grant conditions for their programs. This "Funding Matrix" helps potential funding recipients find which funding source will be ideal for their project.

3. *Use Set-Aside to Fund Planning Grants*

Progress Towards Long-Term Goal #3: Little progress has been made towards this goal. This is due in part to the current economic conditions of the country. Additional information will need to be gathered to ensure that the system receiving this special assistance will continue on to construct the needed infrastructure.

C. Short-Term Goals

1. *Complete the transition of DWSIRLF Program Administration from MDEQ to MSDH.*

Progress Towards Short-Term Goal #1: As stated previously this goal has been completed. The DWSIRLF program located within the offices of MSDH Bureau of Public Water Supply is fully staffed. All technical reviews of various DWSIRLF-related items are now performed by the MSDH project management staff. Additionally, all the appropriate administrative staff are in place to ensure that all administrative tasks are prepared and processed efficiently. Furthermore, the process of upgrading and enhancing the Loan Information Control System (LICS), an Oracle based software application for the DWSIRLF, has begun. These future enhancements will allow staff to operate more effectively with less effort. The enhancements will be made during the FY-2009 and FY-2010.

2. *Continue to refine the DWSIRLF Loan Program to make the loan program more attractive to the public water systems in the state through customer outreach of public water systems and their consulting engineers.*

Progress Towards Short-Term Goal #2: Throughout the year, the program's staff attend various conferences to exhibit the program. At the conferences, the staff have opportunities to speak with municipal officials, water operators, consulting engineers, county officials, and other interested parties one-on-one about the benefits of the program. Additionally, attendance at these conferences has provided valuable insight to staff members as to potential problems the various consumers may be having with the loan program. Information gained from these visits is integrated, where feasible, to streamline program processes, which will benefit the loan recipients, the consulting engineers, and the MSDH staff. For example based on input from the Board, consulting engineers, and loan recipient, the administrative fee historically added to all loan since the program inception will be removed for loans made during FY-2009

3. *Complete revamping of all standard operating procedures, checklists, forms, and letters to reflect MSDH staff in full control of the DWSIRLF Program both administratively and programmatically. Additionally, the DWSIRLF staff is exploring the possibility of web-based checklists and forms to electronically store and process project management information.*

Progress Toward Short-Term Goal #3: The process of revamping all appropriate program documents has been completed both administratively and programmatically.

Moving towards web-based checklist and forms has taken longer than anticipated due to limited availability of data management staff to assist DWSIRLF in implementing the web-based forms and checklists. We feel that once project managers become comfortable in normal day to day operations that the remainder of the goal can be implemented.

4. *Complete development of a web-based system for tracking both DWSIRLF projects and Bureau of Public Water Supply projects that will allow access to consulting engineers, contractors, and loan recipients to check approval/comment status.*

Progress Towards Short-Term Goal #4: Progress has continued, though it has been slowed greatly due to the Bureau of Public Water Supply using one computer contractor to develop both the DWSIRLF's project tracking program as well as the environmental laboratory's computerized sample tracking program. Once the laboratory's tracking system is in place, the contractor will be freed up to perform this goal as he is able.

5. *Assist applicants in addressing capacity assessment deficiencies found during annual inspections through solutions afforded by the use of the technical assistance set-aside contracts.*

Progress Towards Short-Term Goal #5: Progress continues to be made on this short-term goal. DWSIRLF loan applicants are required to address capacity assessment deficiencies during the facilities planning phase of the project. Also, free assistance available to applicants through technical assistance contracts funded with the capitalization grant set-asides (as described in the "Set-Aside Activity Status" section on page 10). Applicants are encouraged to use the available technical assistance, by receiving additional priority ranking points for participation in the technical assistance program, and even more additional points for implementing any resulting recommendations.

6. *Train new staff members using available training sessions offered and provided by EPA.*

Progress Toward Short-Term Goal #6: This has been done as trainings and/or conference calls have been made available by the EPA and other training providers such as the Council for Infrastructure Funding Authorities (CIFA).

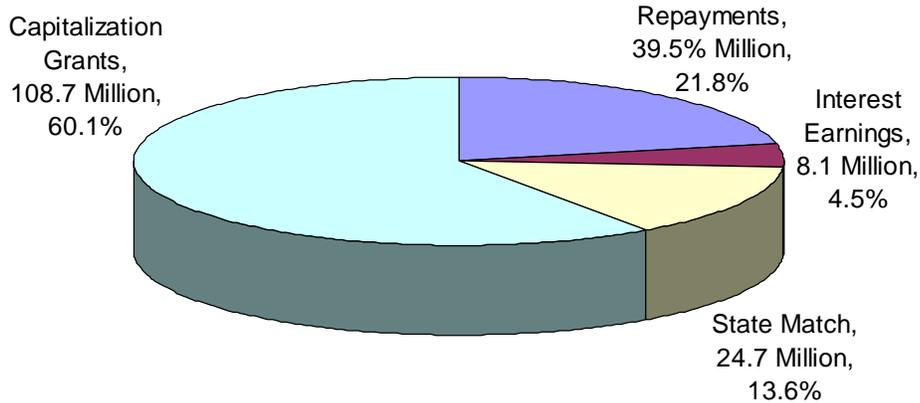
III. DWSIRLF Loan and Set-Aside Activities

This section includes details concerning the sources of DWSIRLF Funding and the use of these funds both within the loan program and the state set-asides. Table 1 provides a breakdown of FY 2008 DWSIRLF funding sources and related uses.

A. Sources of DWSIRLF Funding

Available funding since the DWSIRLF inception totals \$181.7 Million. Figure 2 illustrates the various sources of that funding (capitalization grants, state match, interest on deposits and repayments), and their respective contribution to the total. The State of

Figure 2: Available Funding Since Program's Inception



Mississippi does not utilize leveraging in funding the program. Further details of these funding sources are provided below and in Exhibit 3.

i. Capitalization Grant

Each year, the State of Mississippi applies for a Capitalization Grant from the Environmental Protection Agency (EPA) in accordance with Section 1452 of the Federal Safe Drinking Water Act. The annual allotment is based on the EPA Drinking Water Needs Survey that is performed every four years. Since the program's inception, capitalization grants totaling \$108,722,400 have been received. The FY 2008 capitalization grant in the amount of \$8,146,000 was received in the 4th-quarter of FY 2008.

ii. State Match

Since the program's inception, the State of Mississippi has provided the required 20% match through the sale of state general obligation bonds totaling \$24,743,000. Further state match details are outlined in Exhibits 3 and 11. Additional 1:1 match was provided toward the State Program Management Set-aside through the MSDH Bureau of Public Water Supply's laboratory fee charges.

iii. Interest Earnings

Since the program's inception, the DWSIRLF has received interest on deposits totaling \$8,103,652. During FY 2008, interest on deposits totaled \$1,665,022. Further interest income details are outlined in Exhibit 11.

iv. Repayments

Since the program's inception, the DWSIRLF has received repayments totaling \$39,522,588. During the FY-2008, the repayments received totaled \$7,291,214. Further repayment details are outlined in Exhibit 11.

v. Administrative Fees Received and Disbursed

During FY 2008 the administrative fee fund receipts totaled \$675,581 and disbursements were \$312,116.

B. Uses of DWSIRLF Funds

As illustrated in Figure 3, \$34.7 Million was available in FY 2008 for loans to public water systems after \$0.977 Million was set-aside for small system technical assistance and state program management, and \$0.325 Million was set-aside for program administration.

Figure 3: Allocation of Available Funds

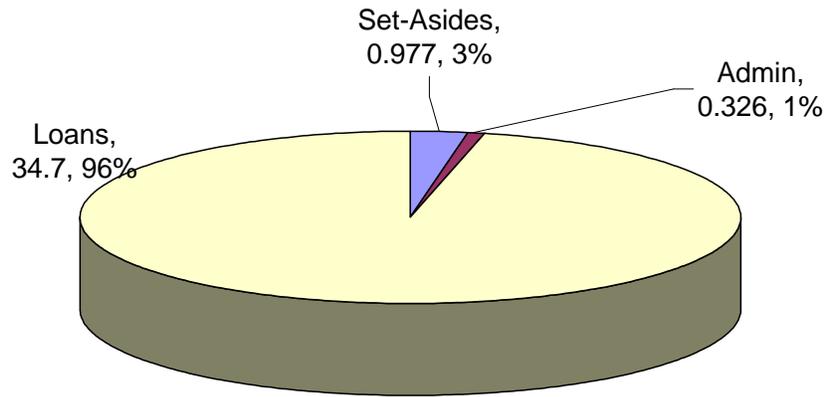


Table 1: Sources of DWSIRLF Funds

Sources of Funds	2008	
Capitalization Grant	\$	8,146,000
State Match	\$	1,629,200
Investment Interest Earnings	\$	1,665,022
Principal Repayments	\$	7,291,214
Funds Carried Over from Previous Year(s)	\$	14,973,200
Additional State Match Provided	\$	2,996,391
Net Amendments & Loan Increase/Decreases	\$	(674,021)
Total	\$	36,027,006

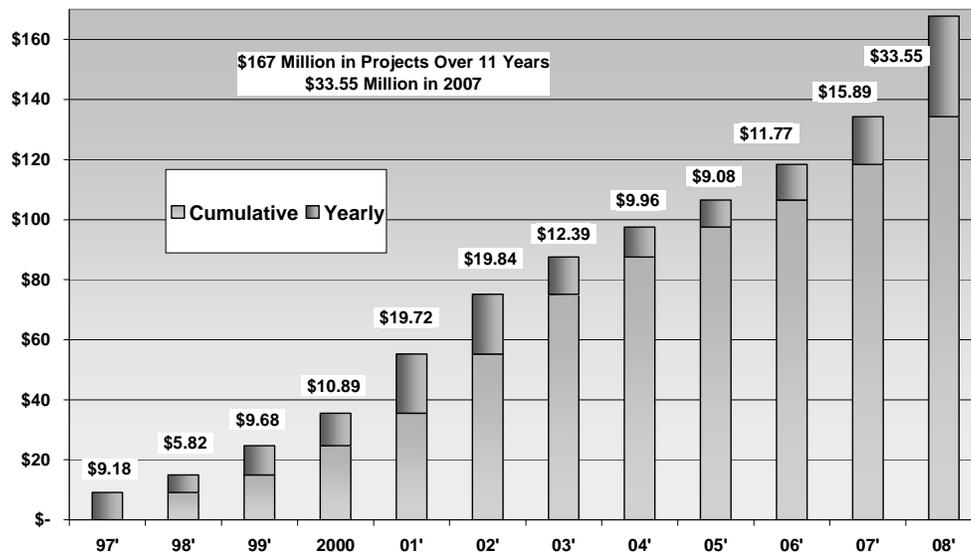
Projected Uses of Funds		
Uses of Committed Funds		
DWSIRLF Loan Account Binding Commitments		
Standard Loan 1452(a)	\$	28,173,265
Small Systems 1452(a)(2)	\$	5,493,787
Subtotal:	\$	33,667,052
Set-Aside Account Workplan Commitments		
Technical Assistance (max 2%) 1452(g)(2)		
Contract 1: Small System Technical Assistance	\$	80,000
Contract 2: Board Management Training	\$	48,000
Contract 3: Hands-On Operator Training	\$	37,000
Technical Assistance Subtotals	\$	162,920
State Program Management (max 10%) 1452(g)(2)	\$	814,600
Local Assistance/Other State Program (max 15%) 1452(k)	\$	-
Subtotal:	\$	977,520
DWSIRLF Administration Account Commitments		
Administrative Set-Aside (max 4%) 1452(g)(2)	\$	325,840
Administrative Fees from Loans	\$	650,000
Subtotal:	\$	975,840
Grand Total	\$	35,620,412

Table 2: Actual Uses of DWSIRLF Funding

Uses of Committed Funds	
DWSIRLF Loan Account Binding Commitments	
Standard Loan 1452(a)	\$ 28,154,372
Small Systems 1452(a)(2)	\$ 5,415,331
Subtotal:	\$ 33,569,703
Set-Aside Account Workplan Commitments	
Technical Assistance (max 2%) 1452(g)(2)	
Contract 1: Small System Technical Assistance	\$ 80,000
Contract 2: Board Management Training	\$ 42,641
Contract 3: Hands On Operator Training	\$ 25,677
Technical Assistance Subtotals	\$ 148,318
State Program Management (max 10%) 1452(g)(2)	\$ 458,995
Local Assistance/Other State Program (max 15%) 1452(k)	\$ -
Subtotal:	\$ 607,313
DWSIRLF Administration Account Commitments	
Administrative Set-Aside (max 4%) 1452(g)(2)	\$ 416,122
Administrative Fees from Loans	\$ 675,581
Subtotal:	\$ 1,091,703
Grand Total	\$ 35,268,719

i. Loan Assistance Status

During the Fiscal Year 2008 the State of Mississippi awarded loans totaling \$33.6 million. The individual loan amounts ranged in size from \$217,035 to \$19,351,500. The terms for all FY 2008 loans included an interest rate of 1.95% and a 20-year repayment period. A combined population of 130,170 received the benefit of these loans. Individual populations affected by each loan ranged from 2,400 to 38,400.



1. *Binding Commitments*

As outlined in Exhibit 4, the State of Mississippi entered into binding commitments to provide assistance from the DWSIRLF in amounts substantially greater than the required 120% of each quarterly grant payment within one year after receipt.

Additional FY 2008 binding commitment details are provided in Exhibit 1, Part 1 and Exhibit 2 and Table 3 (below), which also includes a brief project description. Details of FY-2008 loan amendments are provided in Exhibit 1, Part 3.

Table 3: FY 2008 Binding Commitments

Priority Ranking	Priority Points	Loan Recipient	PWS ID#	Amount	Project Description	Pop. Served	Small System
2 Priority	4670	City of Brandon	MS	\$2,205,000	Elevated Storage Tank	24,000	No
2 Priority	3315	Sunrise Utility Association	MS	\$584,481	Elevated Storage Tank and Distribution Improvements	4,350	Yes
2 Priority	1347	Southwest Jones W/A	MS	\$1,941,451	Well, Tank, & Distribution	6,276	Yes
2 Planning	1775	Billy's Creek Water Assoc	MS	\$498,645	Well, Pumps, & Controls	2,650	Yes
3 Priority	5518	New Hope Water Assoc.	MS	\$217,035	Well	2,863	Yes
3 Priority	537	Days Water Assoc.	MS	\$1,492,050	Well & Treatment Plant	2,400	Yes
3 Planning	1533	Mooreville Richmond W/A	MS	\$1,496,397	Wells, Tank, Gen, & Dist.	10,200	No
4 Priority	6944	City of Ridgeland	MS	\$1,500,000	Well & Elevated Tank	20781	No
4 Priority	1257	Langford Water Assoc.	MS	\$681,669	Tank, Well, Dist., Gen, Tank Rehab	4050	Yes
7 Priority	812	City of Southaven	MS	\$1,477,613	Distribution Improvements	38400	No
7 Priority	419	City of Southaven	MS	\$2,123,862	Distribution Improvements	38400	No
11 Priority	2651	City of Corinth	MS	\$19,351,500	Surface Water Treatment Plant	14200	Yes

2. *Bypassed Projects*

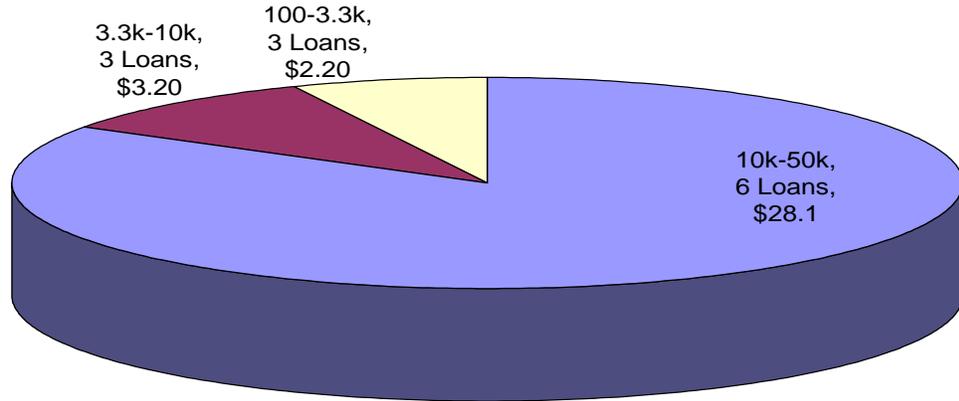
During FY-2008, 3 projects on the adopted priority list chose not to proceed to loan award. Additionally, 2 other projects consolidated into one project at the time of loan award. In accordance with the approved Priority System the funds reserved for those projects were released to any projects ready to proceed, including those on the 2009 and After Planning List. Of those on that list, commonly referred to as “catch-up projects”, 2 proceeded and were awarded FY 2008 loans.

3. *Small Systems*

During FY-2008 approximately \$5.4 million in DWSIRLF loans were awarded to small water systems, serving populations of 10,000 or less. Approximately \$3.5

million were awarded to “extra small” water systems, serving populations of 5,000 or less. The State also tracks the funding of these extra small systems due to the smaller size of most water systems throughout rural Mississippi. Loans to small systems (10,000 or less) accounted for 16.1% of the FY 2008 funds awarded and loans to extra small systems (5,000 or less) accounted for 10.3%. Historically, such projects have accounted for 40.8% and 29.4% of the funds awarded, respectively.

Figure 5: Distribution of Dollars by Population



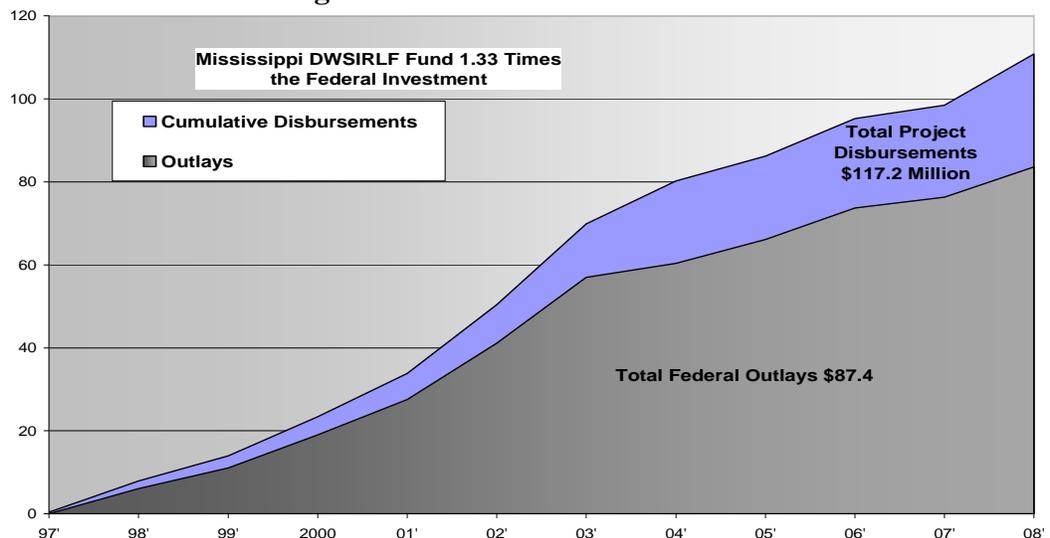
4. *Disadvantaged Community Systems*

As outlined in the FY 2008 IUP, the Board has not implemented a complete disadvantaged communities program.

5. *Disbursements*

During FY 2008, disbursements from the DWSIRLF to the various loan recipients totaled \$12,458,165 (See Exhibit 5 for a detailed breakdown of loan disbursements.) Of these disbursements, \$5,116,113 was made from State funds and \$7,342,052 was made from federal funds. Disbursements from the DWSIRLF administrative set-aside for program administration costs during FY 2008 totaled \$104,006. Administrative Fees disbursed for DWSIRLF program administration costs during FY 2008 totaled \$312,116.

Figure 6: Historical Disbursements



6. *Loan Amounts by Credit Rating*

The State of Mississippi does not perform a credit rating of Drinking Water SRF loan projects at this time. We do check to confirm that municipalities generate enough sales tax revenue to cover the amount of estimated monthly and semi-annual repayments which will be withheld by the State Tax Commission. Also, a financial capability analysis is performed on every project during the facilities planning phase. Loans are not made to systems who do not meet the State's criteria.

ii. *Set-Aside Activity Status*

During the FY-2008, the DWSIRLF program utilized the available set asides as outlined below to provide funds or services needed to help maintain safe drinking water for the citizens of the State of Mississippi.

1. *Administration*

DWSIRLF Administrative Expenses - An amount totaling \$325,840 (4% of the FY-2008 capitalization grant) was set aside to cover the costs of administering the DWSIRLF program. Additional administrative funds were provided by the 5% administrative fee assessed on each loan, which is included as principle. During FY-2008, \$416,122 was disbursed for program administration. Further information concerning program administration is provided in Exhibit 1, Part 2.

2. *Small Systems Technical Assistance*

This set-aside activity provides, through contractual agreements, specific targeted technical assistance to the state's public water systems. During FY 2008, The Local Governments and Rural Water System Improvement Board (Board) approved the type of assistance for small water systems at its current scope of comprehensive and intermediate technical assistance. Continuing from July 1, 2007, the small system operator training program or "Hands On Operator Training" was renewed by the Board. "Hands-On" training sessions have been held throughout the state and have been well received. The workplan objectives for FY-08 and actual accomplishments are summarized below by program activities as defined in the revised workplan.

a. *Special Assistance to Referred Systems.*

Objectives: For the period October 1, 2007, through September 30, 2008, the objective was to provide on-site technical support to systems that were referred by MSDH to resolve problems and deficiencies. This contract follows the state fiscal year and therefore the information shown here will span two different state fiscal years. Because of this fact, the information listed will be separated into two different time periods. For the period of October 1, 2007 through June 30, 2008 (which ended one contract period), an equivalent of a least 16 long-term assistance projects must be performed with a minimum of at least 8 long-term assistance projects being performed, all chosen from a provided list of 20 small water systems. The contractor may elect to substitute intermediate projects for long-term assistance projects at a ratio of 2 intermediate projects to 1 long-term project. For the period July 1, 2008, through September 30, 2008, (the beginning period of a new contract year with the same contractor), an

equivalent of a least 16 long-term assistance projects must be performed with a minimum of at least 8 long-term assistance projects being performed, all chosen from a list of 24 small water systems. The contractor may elect to substitute intermediate projects for long-term assistance projects at a ratio of 2 intermediate projects to 1 long-term project. Short-term or unplanned projects were still performed as needed.

Accomplishments: From October 1, 2007 to June 30, 2008, long term technical assistance was provided under contract by Community Resources Group, Inc. (CRG) to 12 small community public water systems referred by MSDH. Intermediate assistance was provided to 8 public water systems. During the period of July 1, 2008, through September 30, 2008, long term assistance was begun to some of the 12 systems selected for long term assistance with one system selected for intermediate assistance. Monthly reports submitted by the contractor were used by MSDH to evaluate contractor activity and monitor progress made in attaining and maintaining essential technical capabilities of referred systems.

b. Board Management Training for Water System Officials.

Objectives: The objective for the period of October 1, 2007, through September 30, 2008, was for the contractor to attend a minimum of two training sessions per training provider to ensure that basic water system operation and management for governing boards and managers of small community water systems is provide according to the MSDH's approved training manual. The training sessions must be conducted by approved organizations using training materials approved by the MSDH. This contract follows the state fiscal year and therefore the information shown here will span two different state fiscal years. Because of this fact, the information listed will be separated into two different time periods.

Accomplishments: Accomplishments during the period between October 1, 2007, and June 30, 2008, include the successful completion of 19 sessions to train 351 board members and managers in various technical and management skills necessary to effectively fulfill their duties. The accomplishments during the period between July 1, 2008, and September 30, 2008, include the completion of 4 sessions to train 70 board members and managers. Additional accomplishments included but were not limited to related activities such as: the establishment, distribution, and maintenance of a master calendar of training dates; preparation and delivery of training material and notebooks in a timely manner to the training organization(s); preparation of meeting facilities; providing qualified instructors and instruction as needed; preparation and distribution of evaluation forms by attendees; random attendance at meetings to evaluate instructor(s) and material presented; establishment of a computerized database that tracks the attendance of each board member attending any board member training session(s); preparation and distribution of reports for each training event and quarterly reports to both the MSDH and Drinking Water SRF Board members; and other related duties.

c. Hands-On Operator Training for Small Systems.

Objectives: The Hands-On Operator Training Program is designed to train existing certified operators for small systems through “hands-on” instruction of equipment and real water supply examples. A minimum of 12 “Hands-On Operator Training” session per calendar year using training materials approved by MSDH are to be performed. At a minimum one training session should be conducted each month. This contract follows the state fiscal year and therefore the information shown here will span two different state fiscal years. Because of this fact, the information listed will be separated into two different time periods.

Accomplishments: The Hands-On Operator Training program for the period between October 1, 2007, and June 30, 2008, provided 13 training sessions attended by 207 licensed water operators representing 161 different water supplies. From July 1, 2008, to September 30, 2008, were that no training sessions occurred during that time.

The State set aside \$162,920 from the FY-08 capitalization grant for small systems technical assistance activities. A total of \$160,828 was disbursed during FY-08 for small systems technical assistance activities.

3. *State Program Management*

The State of Mississippi set aside \$814,600 of its FY-08 capitalization grant to support the State Program Management activities of the MSDH Bureau of Public Water Supply. These activities include but are not limited to the Public Water Supply Supervision (PWSS) and Capacity Assessment Programs, which are further detailed below. During FY 2008, no disbursements were made from this set aside. The entire amount of the set-aside will be expended in FY-09. The workplan outlining the proposed expenditure of these funds in FY-09 was previously approved by EPA, Region 4 during the 1st Quarter of FY-08. During FY-08, \$458,995 was disbursed for State Program Management activities from other sources including the FY 2007 set-aside.

a. Public Water Supply Supervision (PWSS) Program

As stated in the FY-08 IUP, activities supported by this program include 1) State Primacy Requirements, 2) Non-primacy Requirements, and 3) Auxiliary Services. The State Program Management set-aside funded 7.6 FTEs including salary, fringe, and indirect costs associated with the operation of this program.

b. Capacity Assessment

The capacity assessment program began July 1, 2000. It took the form of an assessment of the technical, managerial, and financial capacities performed during the water supply’s annual inspection. Each year, the program undergoes a review by stakeholders and departmental staff to determine its effectiveness and whether changes are needed. Costs associated with the annual report preparation, mailout to the general public, and program planning are funded through the State Program Management set-aside.

4. *Local Assistance and Other State Programs*

The State of Mississippi elected to not take this set-aside from the FY-08 capitalization grant. Consequently, there were no disbursements for this set-aside during FY-08.

IV. Financial Summary

A. Loan Completion Status

Since the Program's inception, 154 DWSIRLF projects totaling \$117.0 million have been completed. During FY-08, 13 projects totaling \$10.9 million have been completed. Exhibit 10 lists the projects completed to date. Information listed in the exhibit includes: award date, interest rate, construction start and end dates, final inspection date, first repayment, estimated final repayment date, and initial loan amount.

B. Loan Disbursements/Cash Draw Proportionality

During FY 2008, disbursements from the DWSIRLF to the various loan recipients were approximately \$12.5 million (See Exhibit 5 and 12 for a quarterly breakdown of FY-2008 loan disbursements.) Of these disbursements, \$5,116,113 was made from State funds and \$7,342,052 was made from Federal funds. The State of Mississippi has disbursed \$117,252,488 million since the program's inception. Exhibit 5 outlines each loan-related federal Automated Clearing House (ACH) cash draw, and the cumulative federal/state proportionality ratio resulting from cash draw activities.

C. Administrative Disbursements

The Administrative set-aside amount (\$325,840) was taken from the FY-2008 Capitalization Grant but no funds were expended during the current year. Disbursements from the DWSIRLF administrative set-aside for program administration costs during FY 2008 totaled \$104,006. Administrative Fees disbursed for DWSIRLF program administration costs during FY 2008 totaled \$312,116.

D. Annual Repayments

As reflected by Exhibit 9, all DWSIRLF Loan Recipients are current on their loan repayments. During FY 2008 \$7,291,214 was received in loan repayments.

E. Investments

As outlined in the FY-2008 IUP, the Mississippi State Treasurer manages these funds in compliance with state investment practices. We monitor DWSIRLF investment monthly to confirm that the Treasurer credits interest to the DWSIRLF account in a timely fashion.

F. Audits/Financial Statements

A financial statement audit and a single audit of the DWSIRLF Program were performed for FY 2008, based on the State FY 2008 (July 1, 2007 through June 30, 2008). Windham and Lacy, a local CPA firm, performed these audits. The audit report revealed a finding involving the Fund's internal control over cutoff of disbursements during the year end lapse period. This finding and suggested recommendation have been accepted and corrective action taken. A copy of the audit report is included as Attachment I. The audited financial statements are current through FY-08 with comparative data from FY-

07. The Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance are included and shown on Pages 3 and 4 of Attachment 1, respectively.

V. Program Changes

A. Comparison with the Intended Use Plan (IUP)

The Annual Report reflects the following changes from the FY 2008 IUP as amended. In FY-08, \$33,569,703 was obligated to projects through new loan awards. All projects ready to proceed were funded. Nine of the original eighteen projects listed on the Priority List chose not to proceed in FY-08. An excess of total available funds enabled two additional projects to be funded from the 2009 and After Planning List. A total of 26 loan amendments (increases/decreases) were processed during FY-08 totaling a net of \$674,021. Amendment details are outlined in Exhibit 1, Part 3.

B. Modification of Goals and Objectives

With the completion of MSDH's contract with MDEQ as of June 30, 2008, the long-term goal of transitioning the DWSIRLF program from MDEQ to MSDH has been successfully achieved. As previously explained in Section I.B.1, MDEQ experienced a significant workload increase related to the Mississippi Gulf Coast Region Utility Act and the associated block grant program, which were enacted in response to Hurricane Katrina. Accordingly, the DWSIRLF transition plan, which was targeted for completion by June 30, 2008, was accelerated to reduce MDEQ's DWSRF workload, thus helping offset that associated with the block grant program.

C. Modifications of the Program

The only modification being made at this time involve revision standard operating procedures, letters , and checklists to more clearly reflect the day-to-day program operations following the program management transition from MDEQ to MSDH. Revisions to the Operating Agreement and state regulations have been made now that the transition is completed.

D. Long and Short-Term Goals for Future IUP's

Continue to refine the DWSIRLF Loan Program to make the loan program more attractive to the public water systems in the state through customer outreach to not only public water systems but also consulting engineers.

Assist applicants in addressing capacity assessment deficiencies found during annual inspections through solutions afforded by the use of the technical assistance set-aside contracts.

Complete development of a web-based system for tracking DWSIRLF and Bureau of Public Water Supply projects that will allow access to consulting engineers, contractors, and loan recipients to check comment/approval status.

Develop procedures to speed up the comment/approval process for the various components of the loan program.

Maintain reasonable priorities and procedures which will help meet the long term drinking water improvement goals of the Board and the Loan Program by insuring that all available funds are used to the greatest benefit of the citizens of the State of Mississippi.

Develop a method to encourage construction of fluoridation treatment facilities by water supplies not providing the health benefit.

VI. Compliance with Operating Agreement and Grant Conditions

The following conditions have been met as described in the Operating Agreement or the Capitalization Grant Agreement:

- Agreement to Accept Payments
- State Laws and Procedures
- State Accounting and Auditing Procedures
- Recipient Accounting and Auditing Procedures
- Use of the LOC/ACH Payments
- Annual or Biennial Report
- Annual Intended Use Plan
- Access to Records
- Annual Review
- Anti-lobbying
- Recycled Paper
- Hotel and Motel Fire Safety Act of 1990
- DWSIRLF Work Plans/Performance Policy
- MBE/WBE & Small Business Condition for SRF Recipients
- Debarment & Suspension
- EPA Participation

The following conditions have been met as described more fully below:

- Provide a State Match

The State of Mississippi deposited \$10,000,000 into the DWSIRLF for state match funds in FY 97, \$5,000,000 in FY 01, \$1,740,000 in FY 05, \$4,003,000 in FY-06, and \$4,000,000 in FY-08. As shown in Exhibit 3, this exceeds the 20 percent required to match the total grant payments through FY 2008.

- Binding Commitments within One Year

The State of Mississippi entered into binding commitments to provide assistance from the DWSIRLF in amounts substantially greater than the required 120% of each quarterly grant payment within one year after receipt of each quarterly grant payment. (Exhibit 4 illustrates the comparison of binding commitments to grant payments). The actual binding commitments through the fourth quarter of FY 2008 met the 120% requirement well in advance of the one-year time frame.

- Expeditious and Timely Expenditure

The State of Mississippi has disbursed DWSIRLF funds in a timely and expeditious manner. The Mississippi DWSIRLF disbursed payments totaling \$12,458,165 to loan recipients during FY 2008. Exhibit 1 indicates the schedules contained in the loan agreements for starting construction and initiating operation. DWSIRLF projects are moving in an expeditious and timely manner to start construction and complete the project within the loan agreement schedule. Mississippi is monitoring and enforcing compliance with the loan agreement schedules to insure timely expenditure of funds.

- Eligible Activities of the DWSIRLF

Eligible Activities of the DWSIRLF are described in Section III of the IUP.

- Compliance with Federal Cross-Cutters

All FY 2008 projects met the requirements of the federal crosscutting laws and authorities. It is the intention of the State to require all projects to meet the cross-cutting requirements and thus bank the loan award amounts in excess of the federal capitalization grants toward meeting equivalency requirements as soon as possible.

- MBE/WBE Requirement

As mandated by federal law, an overall fair share objective for projects financed by the State Revolving Fund was 4.7% MBE and 1.8% WBE for FY 2008. Due to the limitations of available MBE/WBEs within the state, the fair share objectives for Mississippi were negotiated to 2.1% MBE and 1.2% WBE. These goals were included as a condition in the FY 2008 DWSIRLF capitalization grant. The Standard Form 5700-52A provides documentation that the MBE participation achieved was 4.5% and the WBE participation achieved was 0.6%.

- Other Federal Authorities

The State of Mississippi and all recipients of DWSIRLF funds have complied with applicable federal authorities. Recipients of DWSIRLF assistance agreed to do this in the loan agreement between the recipient and the State of Mississippi.

- State Environmental Review Process (SERP)

During FY 2008 the State of Mississippi conducted environmental reviews on all funded projects in accordance with the SERP. The staff determined that no Environmental Impact Statements were necessary; instead, the State issued either an Environmental Assessment and a Finding of No Significant Impact or a Categorical Exclusion for each project.

- Cash Draw Procedures

The State has drawn cash from the Federal Capitalization Grants in a manner consistent with the Capitalization Grant Agreements. In FY 2008, \$7,342,052 was drawn from the ACH for project funding and \$104,006 was disbursed from administrative set-aside funds. See Exhibits 5 and 6 for additional information regarding the DWSIRLF ACH payment schedule.

- Disbursement Schedule/Commitment

Exhibit 8 compares the actual Federal LOC disbursements made in FY 2008 to the disbursement projections submitted to EPA in the FY 2008 Workplan.

- State's Attorney General Certification

During FY 2008 the State submitted the Attorney General Certification along with the FY 2008 DWSIRLF Capitalization Grant Application.

- Administration Funding

Exhibit 1, Part 2 identifies the portion of the FY 2008 DWSIRLF Capitalization Grant, which was available to fund administration costs. This administrative set-aside totaled \$325,840; however, during FY 08 there were no funds disbursed from this set-aside. Administrative fees received from loans in FY 2008 totaled \$675,581.

- Attendance at EPA Approved/Sponsored Seminars

State of Mississippi personnel attended all EPA approved/sponsored seminars, workshops, conferences, etc., which were determined to be useful by the State.

- Annual Audit

A financial statement audit of the DWSIRLF Program was performed for State FY 2008.

- Technical Capability

Mississippi continues to manage the DWSIRLF Program with the same technical staff as was approved with the Operating Agreement, with the exception of minor personnel changes.

- Procedures to Assure Borrowers Have Dedicated Source of Revenue

The State of Mississippi agrees that it shall determine whether or not an applicant has the ability to repay a loan, according to its terms and conditions, prior to making that loan. The State has developed EPA approved criteria to evaluate an applicant's financial ability to repay the loan, in addition to paying for operation and maintenance costs, and other necessary expenses.

- Compliance with Small Business Administration Reauthorization and Amendment Act of 1988

Mississippi continues to await guidance from EPA regarding the actions needed to ensure compliance with this condition.

- Compliance with OMB Circulars A-87 and A-133

Mississippi is continuing to comply with the requirements of these circulars and the Single Audit Act Amendments of 1996 by having a single audit conducted each year. We are also insuring compliance of loan recipients by reviewing the single audit reports of any loan recipient who is subject to a single audit.

EXHIBITS

Exhibit 1

Part 1: Projects Receiving DWSIRLF Financial Assistance in FY-2008

NO.	PROJECT NAME COMMUNITIES SERVED	PROJECT NUMBER DWI-H280	ENFORCEABLE REQUIREMENT	ASSISTANCE AMOUNT	BINDING COMMITMENT DATE	CONSTRUCTION START DATE	INITIATE OPERATION DATE	* RATE ON LOAN	INTEREST RATE ON LOAN	DATE LOAN MATURES
1	BILLY'S CREEK	132-01	N/A	\$498,645.00	09/30/08	06/27/09	03/24/10	L	1.95	03/24/30
2	BRANDON	031-01	N/A	\$2,205,000.00	09/30/08	10/29/09	05/22/11	L	1.95	05/22/31
3	CORINTH	064-04	N/A	\$19,351,500.00	09/30/08	12/27/09	01/26/12	L	1.95	01/01/32
4	DAYS	123-01	N/A	\$1,492,050.00	05/16/08	05/16/09	03/12/10	L	1.95	02/15/30
5	LANGFORD	046-02	N/A	\$681,669.00	06/16/08	03/13/09	10/09/09	L	1.95	09/09/29
6	MOORVILLE-RICHMOND	129-01	N/A	\$1,496,397.00	09/30/08	09/25/09	07/22/10	L	1.95	06/21/30
7	NEW HOPE	076-02	N/A	\$217,035.00	06/30/08	04/26/09	09/23/09	L	1.95	08/23/29
8	RIDGELAND	121-01	N/A	\$1,500,000.00	06/16/08	03/13/09	06/21/10	L	1.95	05/01/30
9	SOUTHAVEN	067-07	N/A	\$2,123,862.00	09/30/08	09/25/09	07/22/10	L	1.95	06/01/30
10	SOUTHAVEN	067-08	N/A	\$1,477,613.00	09/30/08	10/25/09	12/29/10	L	1.95	11/01/30
11	SW JONES	126-01	N/A	\$1,941,451.00	06/30/08	06/25/09	04/21/10	L	1.95	03/21/30
12	SUNRISE	127-01	N/A	\$584,481.00	06/30/08	05/11/09	12/07/09	L	1.95	11/08/29
PART 1 TOTAL				\$33,569,703						

Part 2: Program Administration

PROJECT NAME COMMUNITIES SERVED	PROJECT NUMBER	ENFORCEABLE REQUIREMENT	PROG. ADMIN. ASSISTANCE AMOUNT	BINDING COMMITMENT DATE	CONSTRUCTION START DATE	INITIATE OPERATION DATE	* RATE ON LOAN	INTEREST RATE ON LOAN	DATE LOAN MATURES
2008 Cap Grant	N/A	N/A	\$325,840	N/A	N/A	N/A	N/A	N/A	N/A
PART 2 TOTAL			\$325,840						

Exhibit 1 (cont.)

Part 3: Assistance Amount Changes During FY2008

	PROJECT NAME COMMUNITIES SERVED	PROJECT NUMBER DWI-H280	ENFORCEABLE REQUIREMENT	ASSISTANCE AMOUNT CHANGE	BINDING COMMITMENT DATE	CONSTRUCTION START DATE	INITIATE OPERATION DATE	* INTEREST RATE ON LOAN	DATE LOAN MATURES
1	OCEAN SPRINGS 4	035-04	N/A	-\$130,000	9/29/2006	10/27/2007	9/9/2008	L 1.95	9/15/2028
2	CULKIN 2	016-02	N/A	-\$899,303	7/13/2007	1/7/2008	9/29/2008	L 1.95	9/1/2028
3	CENTER RIDGE 2	032-02	N/A	\$87,000	2/27/2007	6/18/2007	6/27/2008	L 1.95	6/1/2028
4	OCEAN SPRINGS 5	035-05	N/A	\$165,000	9/29/2006	10/27/2007	5/27/2008	L 1.95	5/1/2028
5	MONTEREY 1	124-01	N/A	\$175,000	9/28/2007	1/21/2008	3/18/2009	L 1.95	3/1/2029
6	TUPELO 2	090-02	N/A	-\$45,846	5/22/2006	7/16/2007	12/19/2007	L 1.95	12/1/2027
7	COLUMBUS 3	015-03	N/A	-\$46,990	8/10/2007	7/20/2007	12/21/2007	L 1.95	12/1/2027
8	GAUTIER 1	114-01	N/A	\$43,752	9/29/2006	2/11/2008	3/6/2009	L 1.95	3/1/2029
9	N HINDS	047-02	N/A	-\$22,357	1/16/2007	3/17/2007	2/12/2008	L 1.95	5/6/2028
10	HATTIESBURG-LAUREL	122-01	N/A	-\$6,335	9/28/2007	3/24/2008	6/12/2008	L 1.95	5/12/2028
11	MORTON3	089-03	N/A	\$84,361	9/28/2007	4/7/2008	2/11/2009	L 1.95	2/1/2029
12	OCEAN SPRINGS 3	035-03	N/A	\$400,000	9/29/2006	4/15/2008	5/15/2009	L 1.95	5/1/2029
13	WEST JACKSON CO UD3	061-03	N/A	\$224,800	1/19/2007	4/14/2008	2/19/2009	L 1.95	5/23/2029
14	FANNIN W/A2	012-02	N/A	-\$78,257	6/29/2006	1/29/2007	4/10/2008	L 1.95	3/10/2028
15	RAYMOND 1	125-01	N/A	-\$39,984	9/28/2007	5/27/2008	12/8/2008	L 1.95	12/1/2028
16	WEST JACKSON CO4	061-04	N/A	\$265,645	9/29/2006	3/12/2008	3/12/2009	L 1.95	1/31/2029
17	BEAR CREEK 7	004-07	N/A	\$437,543	8/5/2005	7/3/2008	1/29/2009	L 1.95	3/29/2029
18	HATTIESBURG-LAUREL	122-01	N/A	-\$1,865	9/28/2007	3/24/2008	6/12/2008	L 1.95	5/12/2028
19	OCEAN SPRINGS 5 - FINAL	035-05	N/A	-\$128,724	9/29/2006	10/27/2007	5/27/2008	L 1.95	5/1/2028
20	CENTER RIDGE 2 - FINAL	032-02	N/A	-\$47,086	2/27/2007	6/18/2007	6/27/2008	L 1.95	6/1/2028
21	WALLS W/A 3 - FINAL	101-03	N/A	-\$48,430	9/15/2006	9/3/2007	6/25/2008	L 1.95	6/1/2028
22	PORTERVILLE	117-01	N/A	\$90,000	9/29/2006	3/31/2008	1/31/2009	L 1.95	2/1/2029
23	LAKE LORMAN UD	108-01	N/A	-\$99,382	8/25/2005	5/8/2007	6/24/2008	L 1.95	5/24/2028
24	CITY OF OCEAN SPRINGS 4	035-04	N/A	-\$196,797	9/29/2006	10/27/2007	9/9/2008	L 1.95	9/15/2028
25	HUB W/A 2	042-02	N/A	\$208,676	9/28/2007	9/29/2008	4/26/2009	L 1.95	4/1/2029
26	CITY OF MOSS POINT	120-01	N/A	\$283,600	8/31/2007	9/22/2008	9/16/2009	L 1.95	9/1/2029
PART 3 TOTAL				\$674,021					
GRAND TOTAL				\$34,569,564					

Exhibit 2 FY-2008 Binding Commitments by Quarter

		FY 2008						*
LOAN RECIPIENT	DWI-H280	QTR1	QTR2	QTR3	QTR4	TOTAL	TYPE	
DAYS WA	123-01	\$0	\$0	\$1,492,050	\$0	\$1,492,050	L	
LANGFORD WA 2	046-02	\$0	\$0	\$681,669	\$0	\$681,669	L	
NEW HOPE W/A2	076-02	\$0	\$0	\$217,035	\$0	\$217,035	L	
RIDGELAND	121-01	\$0	\$0	\$1,500,000	\$0	\$1,500,000	L	
SOUTHWEST JONES	126-01	\$0	\$0	\$1,941,451	\$0	\$1,941,451	L	
SUNRISE	127-01	\$0	\$0	\$584,481	\$0	\$584,481	L	
BILLY'S CREEK W/A	132-01	\$0	\$0	\$0	\$498,645	\$498,645	L	
BRANDON	031-01	\$0	\$0	\$0	\$2,205,000	\$2,205,000	L	
CORINTH	064-04	\$0	\$0	\$0	\$19,351,500	\$19,351,500	L	
MOOREVILLE-RICHMOND	129-01	\$0	\$0	\$0	\$1,496,397	\$1,496,397	L	
SOUTHAVEN (7)	067-07	\$0	\$0	\$0	\$2,123,862	\$2,123,862	L	
SOUTHAVEN (8)	067-08	\$0	\$0	\$0	\$1,477,613	\$1,477,613	L	
TOTAL		\$0	\$0	\$6,416,686	\$27,153,017	\$33,569,703		

*L = Loan; I = Insurance; G = Guarantee; R = Refinance; A = Administration

Exhibit 3 Source of DWSIRLF Funds by Quarter During FY-2008

SOURCE OF FUNDS	FY 2008	FY 2008			
	TOTALS	QTR 1	QTR 2	QTR 3	QTR 4
LOC PAYMENTS*					
FY 2006 GRANT	\$683,312	\$683,312	\$0	\$0	\$0
FY 2007 GRANT	\$6,568,502	\$1,107,625	\$1,764,817	\$2,371,953	\$1,324,107
CASH DEPOSITS					
FY 2006 STATE MATCH (20% REQUIRED)**	\$136,662	\$136,662	\$0	\$0	\$0
FY 2007 STATE MATCH (20% REQUIRED)**	\$1,313,700	\$221,525	\$352,963	\$474,391	\$264,821
EXCESS STATE MATCH (as of 9/30/2008)***	\$2,998,520	\$0	\$0	\$0	\$2,998,520
INTEREST EARNINGS ON					
STATE MATCH AND REPAYMENTS	\$1,665,021	\$508,682	\$384,474	\$416,969	\$354,896
LOAN REPAYMENTS	\$7,291,214	\$1,966,578	\$1,797,883	\$1,753,780	\$1,772,973
PENALTIES RECEIVED	\$0	\$0	\$0	\$0	\$0
FY 2008 TOTAL	\$20,656,932	\$4,624,384	\$4,300,137	\$5,017,093	\$6,715,317

*This does not include monies set-aside for Drinking Water SRF Administrative Expenses, State Program Management, and Small Systems Technical Assistance.

**This does not include match for set-aside funds.

***A \$10,000,000 deposit was made in FY'97; a \$5,000,000 deposit was made in FY'01; a \$1,740,000 deposit was made in FY'05; a \$4,003,000 deposit was made in FY'06; and \$4,000,000 was received in FY08. Total received through 9/30/08 = \$24,743,000

The above figures reflect the state funds required to match all LOC deposits made directly to the SRF during FY'2007; they do not reflect the match required for the setaside accounts. The excess match is calculated as follows:

			YEARLY STATE MATCH	CUMULATIVE STATE MATCH
Total LOCs from the following Cap Grants received thru FY'08 including setasides				
FY'97 Cap Grant	\$16,474,200	X 20% =	\$3,294,840	\$3,294,840
FY'98 Cap Grant	\$8,271,700	X 20% =	\$1,654,340	\$4,949,180
FY'99 Cap Grant	\$8,669,500	X 20% =	\$1,733,900	\$6,683,080
FY'00 Cap Grant	\$9,010,100	X 20% =	\$1,802,020	\$8,485,100
FY'01 Cap Grant	\$9,047,400	X 20% =	\$1,809,480	\$10,294,580
FY'02 Cap Grant	\$8,052,500	X 20% =	\$1,610,500	\$11,905,080
FY'03 Cap Grant	\$8,004,100	X 20% =	\$1,600,820	\$13,505,900
FY'04 Cap Grant	\$8,303,100	X 20% =	\$1,660,620	\$15,166,520
FY'05 Cap Grant	\$8,285,500	X 20% =	\$1,657,100	\$16,823,620
FY'06 Cap Grant	\$8,229,300	X 20% =	\$1,645,860	\$18,469,480
FY'07 Cap Grant	\$8,229,000	X 20% =	\$1,645,800	\$20,115,280
FY'08 Cap Grant	\$8,146,000	X 20% =	\$1,629,200	\$21,744,480
	<u>\$108,722,400</u>			
State match required thru FY'2008			\$21,744,480	

State match received as of 9/30/08 = \$24,743,000. State match required as of 9/30/08 = \$21,744,480.

Excess state match as of 9/30/08 = \$2,998,520.

Exhibit 4 Binding Commitments by Quarter with Respect to Scheduled ACH Payments

PROJECT NAME COMMUNITIES SERVED	PROJECT NUMBER DWI-H280	CONSTRUCTION START DATE	-----BINDING COMMITMENTS-----				TOTAL	
			QTR1	QTR2	QTR3	QTR4		
1 DAYS WA	123-01		\$0	\$0	\$1,492,050	\$0	\$1,492,050	
2 RIDGELAND	121-01		\$0	\$0	\$1,500,000	\$0	\$1,500,000	
3 LANGFORD WA 2	046-02		\$0	\$0	\$681,669	\$0	\$681,669	
4 NEW HOPE W/A2	076-02		\$0	\$0	\$217,035	\$0	\$217,035	
5 SOUTHWEST JONES	126-01		\$0	\$0	\$1,941,451	\$0	\$1,941,451	
6 SUNRISE	127-01		\$0	\$0	\$584,481	\$0	\$584,481	
7 BILLY'S CREEK W/A	132-01		\$0	\$0	\$0	\$498,645	\$498,645	
8 SOUTHAVEN (7)	067-07		\$0	\$0	\$0	\$2,132,863	\$2,132,863	
9 SOUTHAVEN (8)	067-08		\$0	\$0	\$0	\$1,477,613	\$1,477,613	
10 CORINTH	064-04		\$0	\$0	\$0	\$19,351,500	\$19,351,500	
11 BRANDON	031-01		\$0	\$0	\$0	\$2,205,000	\$2,205,000	
12 MOOREVILLE-RICHMOND	129-01		\$0	\$0	\$0	\$1,496,397	\$1,496,397	
Subtotal			\$0	\$0	\$6,416,686	\$27,162,018	\$33,578,704	
Program Administration 2008 Grant			\$0	\$0	\$0	\$329,160	\$329,160	
2008 Binding Commitment Total			\$0	\$0	\$6,416,686	\$27,491,178	\$33,907,864	
*Cumulative Binding Commitments (FY'97 -FY'2008)			FY1997 - FY2007 \$141,453,150		\$141,453,150	\$141,453,150	\$147,869,836	\$175,361,014
**CUMULATIVE FEDERAL LOC PAYMENT SCHEDULE AMOUNTS THROUGH FY2007			\$73,256,433	\$76,256,433	\$78,656,433	\$78,685,433	\$80,885,433	
***ACTUAL BINDING COMMITMENTS THROUGH FY2008 AS A % OF PAYMENT SCHEDULE AMOUNTS THROUGH FY2007				185%	180%	188%	217%	

* Includes only binding commitments for loan projects and administration through FY2007.

**These figures do not include set-asides.

***The above percentages compare the actual binding commitments through FY2008 to the cumulative payment schedule amounts through FY2007.

Federal law allows one year after the payment schedule quarter to achieve the 120%.

Exhibit 5 Federal & State Disbursements

	CUM THRU FY 2007	QTR 1	FISCAL YEAR 2008			FY 2008 CUMULATIVE	TOTAL
			QTR 2	QTR 3	QTR 4		
TOTAL DISBURSEMENTS (PROJECTS)	\$104,794,323	\$2,196,483	\$2,184,991	\$3,062,726	\$5,013,965	\$12,458,165	\$117,252,488
2008 CUMULATIVE TOTAL	N/A	\$2,196,483	\$4,381,474	\$7,444,200	\$12,458,165		
BEGIN BALANCE FED. FUNDS AVAIL.	N/A	\$7,306,954	\$7,942,136	\$5,497,373	\$6,368,001		
FED. LOC PMT. SCH. DEPOSITS	\$83,294,974	\$3,000,000	\$2,400,000	\$29,000	\$896,640	\$6,325,640	\$89,620,614
FED. DRAW FROM LOC (ACH DRAWS)	\$80,120,953	\$1,774,099	\$1,764,817	\$2,473,764	\$1,329,371	\$7,342,052	\$87,463,005
FEDERAL LOC AVAILABLE (END)	N/A	\$8,532,854	\$8,577,319	\$3,052,609	\$5,935,270		
STATE MATCH AND STATE FUNDS DRAWN FOR PMTS	\$24,548,616	\$422,384	\$420,174	\$588,962	\$3,684,594	\$5,116,113	\$29,664,729
2007 CUMULATIVE STATE SHARE	N/A	\$422,384	\$842,557	\$1,431,520	\$5,116,113		
CUM LOC / ACH DRAW AS % OF CUMULATIVE DISBURSEMENTS	76.46%	80.77%	80.77%	80.77%	26.51%	58.93%	74.59%

Exhibit 6 Payment Schedule Actual and Protected Increase in the ACH

CUMULATIVE THRU FY2008 - 4 QTR - 9/30/08	FY 2008				FY 2009				TOTAL	
	QTR 1	QTR 2	QTR 3	QTR 4	QTR 1	QTR 2	QTR 3	QTR 4		
1997 GRANT	\$13,838,328	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$13,838,328	
1998 GRANT	\$7,775,398	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,775,398	
1999 GRANT	\$7,881,174	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,881,174	
2000 GRANT	\$8,169,494	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,169,494	
2001 GRANT	\$8,154,556	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,154,556	
2002 GRANT	\$7,169,350	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,169,350	
2003 GRANT	\$7,244,018	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,244,018	
2004 GRANT	\$7,306,728	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,306,728	
2005 GRANT	\$6,959,820	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,959,820	
2006 GRANT	\$6,912,612	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,912,612	
2007 GRANT	\$1,483,360	\$3,000,000	\$2,400,000	\$29,000	\$0	\$0	\$0	\$0	\$5,429,000	
2008 GRANT	\$0	\$0	\$0	\$0	\$896,640	\$2,200,000	\$1,800,000	\$1,800,000	\$146,000	\$6,842,640
TOTALS	\$82,894,838	\$3,000,000	\$2,400,000	\$29,000	\$896,640	\$2,200,000	\$1,800,000	\$1,800,000	\$146,000	\$93,683,118
CUM PAYMENTS	\$82,894,838	\$87,378,198	\$89,778,198	\$89,807,198	\$90,703,838	\$92,903,838	\$94,703,838	\$96,503,838	\$96,649,838	

*Above amounts are Federal Cap Grant payments designated for loan projects only, and do not reflect set-aside funding.

	YEARLY CAP GRANT SETASIDES				
	SYSTEMS		STATE	OTHER	
	ADMIN	TECH ASSIST	PROGRAM MGT	STATE PROGRAMS	SETASIDE TOTALS
FFY1997	\$658,968	\$329,484	\$0	\$1,647,420	\$2,635,872
FFY1998	\$330,868	\$165,434	\$0	\$0	\$496,302
FFY1999	\$346,780	\$173,390	\$268,156	\$0	\$788,326
FFY2000	\$360,404	\$180,202	\$300,000	\$0	\$840,606
FFY2001	\$361,896	\$180,948	\$350,000	\$0	\$892,844
FFY2002	\$322,100	\$161,050	\$400,000	\$0	\$883,150
FFY2003	\$0	\$160,082	\$600,000	\$0	\$760,082
FFY2004	\$0	\$166,062	\$830,310	\$0	\$996,372
FFY2005	\$331,420	\$165,710	\$828,550	\$0	\$1,325,680
FFY2006	\$329,172	\$164,586	\$822,930	\$0	\$1,316,688
FFY2007	\$329,160	\$164,580	\$822,900	\$0	\$1,316,640
FFY2008	\$325,840	\$162,920	\$814,600	\$0	\$1,303,360

Exhibit 7 DWSIRLF Project Financial Report

(As of 9/30/2008)

Loan Recipient	Loan # DWI-H280	Initial Loan Amount	Amendment No. 1	Amendment No. 2	Final Amendment	Loan Amt. Before Int. Added	Interest Accrued/Added to Principal	Final Principal
1997 Loans at 4.5%								
ACL Wtr. Assoc.	010-01	\$297,465	\$0	\$0	-\$13,317	\$284,148	\$2,602	\$286,750
Bear Creek W.A.	004-01	\$997,500	-\$13,648	\$0	-\$92,085	\$891,767	\$9,794	\$901,561
Cedar Grove Harmony W.A.	001-01	\$296,179	-\$4,448	\$0	-\$2,919	\$288,812	\$10,369	\$299,181
Columbus Util. Comm.	015-01	\$996,626	-\$411,003	\$0	-\$48,773	\$536,850	\$3,250	\$540,100
D'Iberville	009-01	\$659,318	\$0	\$0	-\$78,289	\$581,029	\$2,061	\$583,090
Double Ponds W.A.	013-01	\$593,428	\$76,966	\$0	\$0	\$670,394	\$11,944	\$682,338
Fannin Wtr. Assoc.	012-01	\$638,958	\$0	\$0	-\$46,166	\$592,792	\$8,679	\$601,471
Leesburg Wtr. Assoc.	018-01	\$292,950	-\$10,020	\$0	-\$23,380	\$259,550	\$2,930	\$262,480
City of Long Beach	008-01	\$900,271	-\$2,301	\$0	-\$22,856	\$875,114	\$13,424	\$888,538
City of Long Beach	008-02	\$310,659	\$43,125	\$0	-\$609	\$353,175	\$4,948	\$358,123
City of Magnolia	020-01	\$1,000,000	\$0	\$0	-\$313,514	\$686,486	\$15,812	\$702,298
City of Magnolia	020-02	\$1,000,000	\$0	\$0	-\$131,879	\$868,121	\$21,446	\$889,567
Mt. Gilead/Improve W.A.	021-01	\$385,875	-\$138,389	\$0	\$0	\$247,486	\$4,728	\$252,214
North District One W.A.	022-01	\$151,725	\$30,213	\$0	-\$9,063	\$172,875	\$1,587	\$174,462
Pleasant Hill W.A.	007-01	\$887,366	\$0	\$0	-\$68,488	\$818,878	\$7,733	\$826,611
Progress Comm. W.A.	002-01	\$615,300	\$216,816	\$0	-\$150,893	\$681,223	\$13,774	\$694,997
Thomasville W.A.	014-01	\$274,050	-\$32,124	\$0	-\$8,975	\$232,951	\$1,546	\$234,497
1997 Totals		\$10,297,670	-\$244,813	\$0	-\$1,011,206	\$9,041,651	\$136,627	\$9,178,278
Cum. FY 1997		\$10,297,670	-\$244,813	\$0	-\$1,011,206	\$9,041,651	\$136,627	\$9,178,278

Exhibit 7 DWSIRLF Project Financial Report (cont.)

(As of 9/30/2008)

Loan Recipient	Loan # DWI-H280	Initial Loan Amount	Amendment No. 1	Amendment No. 2	Final Amendment	Loan Amt. Before Int. Added	Interest Accrued/Added to Principal	Final Principal
1998 Loans at 4.0%								
Bunker Hill Wtr. Assoc.	036-01	\$142,289	\$0	\$0	-\$1,139	\$141,150	\$380	\$141,530
Culkin Wtr. Dist.	016-01	\$375,378	\$523,447	\$0	-\$78,307	\$820,518	\$5,360	\$825,878
E. Leflore Co. Wtr. Sew. Dist.	028-01	\$298,920	\$0	\$0	-\$2,348	\$296,572	\$4,983	\$301,555
E. Lowndes Wtr. Assoc.	005-01	\$920,600	-\$6,969	\$0	-\$37,061	\$876,570	\$11,411	\$887,981
Town of Marion	006-01	\$620,414	\$113,842	\$0	-\$38,248	\$696,008	\$13,056	\$709,064
NE MS Regional WSD	029-01	\$1,000,000	\$0	\$0	-\$65,256	\$934,744	\$19,212	\$953,956
NE MS Regional WSD	029-02	\$868,814	\$0	\$0	-\$22,692	\$846,122	\$16,002	\$862,124
Pleasant Hill Wtr. Assoc.	007-02	\$535,000	-\$45,805	\$0	-\$9,814	\$479,381	\$2,855	\$482,236
Yokena-Jeff Davis W.D.	019-01	\$740,775	-\$22,775	\$0	-\$63,970	\$654,030	\$6,847	\$660,877
1998 Totals		\$5,502,190	\$561,740	\$0	-\$318,835	\$5,745,095	\$80,106	\$5,825,201
Cum. FY 1997-1998		\$15,799,860	\$316,927	\$0	-\$1,330,041	\$14,786,746	\$216,733	\$15,003,479

Exhibit 7 DWSIRLF Project Financial Report (cont.)

(As of 9/30/2008)

Loan Recipient	Loan # DWI-H280	Initial Loan Amount	Amendment No. 1	Amendment No. 2	Final Amendment	Loan Amt. Before Int. Added	Interest Accrued/Added to Principal	Final Principal
1999 Loans at 3.0%								
Bunker Hill Wtr. Assoc.	036-02	\$50,972	\$0	\$0	-\$45,323	\$5,649	\$0	\$5,649 T
Columbus Util. Comm.	015-02	\$718,952	\$27,047	\$0	-\$21,267	\$724,732	\$8,627	\$733,359
Center Ridge Wtr. Assoc.	032-01	\$564,000	\$0	\$0	-\$26,868	\$537,132	\$4,891	\$542,023
City of D'Iberville	009-02	\$858,731	-\$439,376	\$0	-\$209	\$419,146	\$1,774	\$420,920
Greenfield W.A.	040-01	\$322,000	-\$35,042	\$0	-\$12,175	\$274,783	\$614	\$275,397
City of Horn Lake	033-01	\$1,000,000	\$0	\$0	\$500,000	\$1,500,000	\$9,556	\$1,509,556
Hub Wtr. Assoc.	042-01	\$327,600	\$31,311	\$0	-\$35,956	\$322,955	\$1,953	\$324,908
Jayess-Topeka-Tilton W.A.	045-01	\$324,192	\$0	\$0	-\$19,821	\$304,371	\$2,371	\$306,742
Langford W.A.	046-01	\$378,998	\$34,396	\$0	\$0	\$413,394	\$928	\$414,322
NE MS Regional WSD	029-03	\$1,000,000	\$0	\$125,905	\$0	\$1,125,905	\$19,807	\$1,145,712
Pascagoula	044-01	\$1,000,000	\$0	\$0	\$500,000	\$1,500,000	\$4,518	\$1,504,518
Pascagoula	044-02	\$1,000,000	\$0	\$0	\$500,000	\$1,500,000	\$4,518	\$1,504,518
Pascagoula	044-03	\$371,700	\$60,722	\$0	-\$48,438	\$383,984	\$0	\$383,984 N
Purvis	041-01	\$696,995	-\$20,027	\$0	-\$75,565	\$601,403	\$3,325	\$604,728
1999 Totals		\$8,614,140	-\$340,969	\$125,905	\$1,214,378	\$9,613,454	\$62,882	\$9,676,336
Cum. FY 1997-1999		\$24,414,000	-\$24,042	\$125,905	-\$115,663	\$24,400,200	\$279,615	\$24,679,815

Exhibit 7 DWSIRLF Project Financial Report (cont.)

(As of 9/30/2008)

Loan Recipient	Loan # DWI-H280	Initial Loan Amount	Amendment No. 1	Amendment No. 2	Final Amendment	Loan Amt. Before Int. Added	Interest Accrued/Added to Principal	Final Principal
2000 Loans at 3.0%								
Algoma W.A.	034-01	\$991,200	\$0	\$0	-\$247,008	\$744,192	\$19,974	\$764,166
Carthage	056-01	\$584,837	\$89,126	\$0	-\$79,776	\$594,187	\$7,337	\$601,524
Eagle Lake W.D.	051-01	\$359,101	\$0	\$0	-\$22,315	\$336,786	\$3,083	\$339,869
Gloster	059-01	\$262,500	-\$18,646	\$0	\$0	\$243,854	\$3,180	\$247,034
Hernando	057-01	\$891,870	-\$130,260	\$0	-\$15,516	\$746,094	\$5,992	\$752,086
Hilldale W.D.	048-01	\$374,365	\$0	\$0	-\$5,862	\$368,503	\$3,144	\$371,647
Highway 28 W.A.	037-01	\$250,000	\$0	\$0	-\$6,992	\$243,008	\$1,842	\$244,850
Highway 98 East W.A.	050-01	\$913,947	\$0	\$0	-\$78,214	\$835,733	\$9,638	\$845,371
City of Long Beach	008-03	\$306,257	-\$1,070	\$0	-\$33,693	\$271,494	\$3,329	\$274,823
Mt. Gilead/Improve W.A.	021-02	\$85,313	-\$19,725	\$0	-\$4,775	\$60,813	\$281	\$61,094
NE MS Regional WSD	029-04	\$1,500,000	\$0	\$0	\$0	\$1,500,000	\$31,841	\$1,531,841
North Hinds W.A.	047-01	\$666,070	\$0	\$0	\$0	\$666,070	\$4,376	\$670,446
City of Ocean Springs	035-01	\$982,067	-\$334,258	\$0	-\$16,351	\$631,458	\$2,614	\$634,072
City of Olive Branch	049-01	\$1,056,950	-\$249,310	\$0	\$0	\$807,640	\$11,621	\$819,261
City of Olive Branch	049-02	\$1,441,184	-\$317,300	\$0	-\$10,225	\$1,113,659	\$7,464	\$1,121,123
Pleasant Hill Wtr. Assoc.	007-03	\$698,250	-\$79,717	\$0	-\$1,000	\$617,533	\$8,979	\$626,512
Southwest Covington W.A.	054-01	\$345,051	\$0	\$0	-\$7,030	\$338,021	\$2,091	\$340,112
Tri-Lake Rural W.A.	024-01	\$278,522	\$30,318	\$0	-\$11,141	\$297,699	\$2,967	\$300,666
Union Wtr. Assoc.	053-01	\$340,000	\$14,000	\$0	-\$9,604	\$344,396	\$3,689	\$348,085
2000 Totals		\$12,327,484	-\$1,016,842	\$0	-\$549,502	\$10,761,140	\$133,442	\$10,894,582
Cum. FY 1997-2000		\$36,741,484	-\$1,040,884	\$125,905	-\$665,165	\$35,161,340	\$413,057	\$35,574,397

Exhibit 7 DWSIRLF Project Financial Report (cont.)

(As of 9/30/2008)

Loan Recipient	Loan # DWI-H280	Initial Loan Amount	Amendment No. 1	Amendment No. 2	Final Amendment	Loan Amt. Before Int. Added	Interest Accrued/Added to Principal	Final Principal
2001 Loans at 3.0%								
Adams Co. W.A.	062-01	\$950,691	-\$263,129	\$0	-\$41,939	\$645,623	\$4,231	\$649,854
Adams Co. W.A.	062-02	\$1,124,211	-\$260,741	\$0	-\$77,451	\$786,019	\$8,962	\$794,981
Bear Creek W.A.	004-02	\$1,468,200	-\$557,553	\$0	-\$6,657	\$903,990	\$12,883	\$916,873
Bunker Hill W.A.	036-03	\$280,983		\$0	\$59,529	\$340,512	\$3,214	\$343,726
Farmington W.A.	058-01	\$877,109	-\$13,493	\$0	-\$19,877	\$843,739	\$8,728	\$852,467
Glendale Util. Dist.	023-01	\$860,675	-\$21,779	\$0	-\$4,326	\$834,570	\$11,083	\$845,653
Town of Gloster	059-02	\$328,125	-\$97,340	\$0	-\$11,925	\$218,860	\$1,690	\$220,550
Greenfield W.A.	040-02	\$466,000	\$0	\$0	-\$4,887	\$461,113	\$5,632	\$466,745
City of Hernando	057-02	\$547,074	-\$122,286	\$0	-\$38,901	\$385,887	\$5,345	\$391,232
Hilldale Wtr. Dist.	048-02	\$468,535	\$0	\$0	-\$11,278	\$457,257	\$4,838	\$462,095
Improve Wtr. Assoc.	080-01	\$334,323	\$0	\$0	\$71,240	\$405,563	\$10,578	\$416,141
Leesburg W.A.	018-02	\$756,677	-\$56,236	\$0	-\$18,640	\$681,801	\$11,145	\$692,946
Town of North Carrollton	063-01	\$1,368,881	-\$95,167	\$0	-\$1,208	\$1,272,506	\$19,754	\$1,292,260
New Hope W.A.	076-01	\$416,602	-\$45,383	\$0	-\$11,751	\$359,468	\$4,008	\$363,476
Pascagoula	044-04	\$1,500,000	-\$352,567	\$0	-\$13,550	\$1,133,883	\$7,339	\$1,141,222
Pascagoula	044-05	\$739,200	\$20,163	\$0	-\$41,007	\$718,356	\$8,960	\$727,316
Pascagoula	044-06	\$1,500,000	\$0	\$0	\$0	\$1,500,000	\$24,037	\$1,524,037
Pearl	055-01	\$508,030	\$0	\$0	-\$102,746	\$405,284	\$2,464	\$407,748
Pearl	055-03	\$777,000	\$0	\$0	-\$44,325	\$732,675	\$8,028	\$740,703
Soso Community Wtr. Sys.	066-01	\$276,231	-\$74,176	\$0	-\$27,600	\$174,455	\$1,952	\$176,407
Southaven	067-01	\$1,500,000	-\$114,955	\$0	-\$2,325	\$1,382,720	\$18,241	\$1,400,961
Southaven	067-02	\$1,486,068	-\$122,650	\$0	-\$23,719	\$1,339,699	\$21,826	\$1,361,525
Southaven	067-03	\$1,457,794	-\$204,710	\$0	-\$17,536	\$1,235,548	\$14,888	\$1,250,436
Starkville	073-01	\$733,310	-\$112,758	\$0	\$0	\$620,552	\$8,295	\$628,847
West Point	071-01	\$1,500,000	\$0	\$0	\$0	\$1,500,000	\$25,082	\$1,525,082
West Jackson Co. U.D.	061-01	\$139,351	\$0	\$0	-\$16,782	\$122,569	\$491	\$123,060
2001 Totals		\$22,365,070	-\$2,494,760	\$0	-\$407,661	\$19,462,649	\$253,694	\$19,716,343
Cum. FY 1997-2001		\$59,106,554	-\$3,535,644	\$125,905	-\$1,072,826	\$54,623,989	\$666,751	\$55,290,740

Exhibit 7 DWSIRLF Project Financial Report (cont.)

(As of 9/30/2008)

Loan Recipient	Loan # DWI-H280	Initial Loan Amount	Amendment No. 1	Amendment No. 2	Final Amendment	Loan Amt. Before Int. Added	Interest Accrued/Added to Principal	Final Principal
2002 Loans at 3.5%								
ACL Wtr. Assoc.	010-02	\$475,000	\$0	\$0	\$0	\$475,000	\$5,977	\$480,977
Adams Co. Wtr. Assoc.	062-03	\$765,529	\$47,600	\$0	-\$32,019	\$781,110	\$11,763	\$792,873
Bear Creek Wtr. Assoc.	004-03	\$968,096	-\$126,197	\$0	-\$42,670	\$799,229	\$9,225	\$808,454
Clinton	088-01	\$1,429,475	\$0	\$0	-\$300,721	\$1,128,754	\$25,423	\$1,154,177
Collinsville Wtr. Assoc.	069-01	\$1,495,603	\$4,397	\$0	\$0	\$1,500,000	\$30,000	\$1,530,000
Cleary Heights WSFD	074-01	\$779,647	-\$8,368	\$0	-\$10,216	\$761,063	\$19,149	\$780,212
Central Rankin Wtr. Assoc.	078-01	\$204,500	\$0	\$0	-\$23,897	\$180,603	\$2,624	\$183,227
Corinth	064-01	\$1,500,000	\$0	\$0	\$0	\$1,500,000	\$23,057	\$1,523,057
East Oxford	084-01	\$660,000	-\$15,000	\$0	-\$27,373	\$617,627	\$14,919	\$632,546
Hilldale Wtr. Dist.	048-03	\$199,190	\$0	\$0	-\$13,715	\$185,475	\$2,727	\$188,202
Hopewell Wtr. Assoc.	025-01	\$362,000	\$0	\$0	-\$1,169	\$360,831	\$4,428	\$365,259
Horn Lake	033-02	\$860,017	-\$5,297	\$0	-\$93,299	\$761,421	\$12,480	\$773,901
Ingomar Wtr. Assoc.	075-01	\$949,534	-\$42,534	\$0	-\$33,809	\$873,191	\$14,268	\$887,459
Gautier	092-01	\$1,466,757	\$0	\$0	-\$1,232	\$1,465,525	\$101,680	\$1,567,205
J.P Utility District	068-01	\$885,288	\$0	\$0	-\$7,182	\$878,106	\$18,451	\$896,557
Liberty Hill Wtr. Assoc.	081-01	\$269,855	\$0	\$0	-\$137,784	\$132,071	\$1,749	\$133,820
Lewisburg Wtr. Assoc.	091-01	\$1,294,569	\$38,881	\$0	-\$84,913	\$1,248,537	\$20,172	\$1,268,709
Magee's Creek Wtr. Assoc.	087-01	\$955,067	\$0	\$0	\$0	\$955,067	\$18,661	\$973,728
Mt. Comfort Wtr. Assoc.	072-01	\$417,449	\$86,100	\$0	-\$62,792	\$440,757	\$23,236	\$463,993
Nesbit	060-01	\$1,478,730	-\$103,840	\$0	-\$96,500	\$1,278,390	\$13,264	\$1,291,654
Oak Grove Comm. Wtr. Sys.	082-01	\$475,305	\$31,419	\$0	-\$34,586	\$472,138	\$6,593	\$478,731
Ocean Springs	035-02	\$1,109,858	\$43,633	\$0	-\$111,717	\$1,041,774	\$13,044	\$1,054,818
Picayune	065-01	\$325,994	-\$79,142	\$0	\$0	\$246,852	\$6,153	\$253,005
Starkville	073-02	\$1,493,100	-\$143,002	\$0	-\$37,912	\$1,312,186	\$42,547	\$1,354,733
2002 Totals		\$20,820,563	-\$271,350	\$0	-\$1,153,506	\$19,395,707	\$441,590	\$19,837,297
Cum. FY 1997-2002		\$79,927,117	-\$3,806,994	\$125,905	-\$2,226,332	\$74,019,696	\$1,108,341	\$75,128,037

Exhibit 7 DWSIRLF Project Financial Report (cont.)

(As of 9/30/2008)

Loan Recipient	Loan # DWI-H280	Initial Loan Amount	Amendment No. 1	Amendment No. 2	Final Amendment	Loan Amt. Before Int. Added	Interest Accrued/Added to Principal	Final Principal
2003 Loans at 4%								
Adams Co. Wtr. Assoc.	062-04	\$749,460	-\$147,698	\$0	-\$107,671	\$494,091	\$6,417	\$500,508
Bear Creek Wtr. Assoc.	004-04	\$1,500,000	-\$81,461	\$0	-\$29,008	\$1,389,531	\$30,908	\$1,420,439
Fisher Ferry	083-01	\$1,500,000	\$0	\$0	\$0	\$1,500,000	\$49,387	\$1,549,387
Highway 28 Wtr. Assoc.	037-02	\$267,981	-\$17,981	\$0	-\$10,739	\$239,261	\$1,334	\$240,595
Lewisburg Wtr. Assoc.	091-02	\$825,195	-\$124,677	\$0	-\$28,111	\$672,407	\$7,791	\$680,198
Morton	089-01	\$1,107,661	-\$3,848	\$0	\$0	\$1,103,813	\$23,748	\$1,127,561
Mt. Comfort Wtr. Assoc.	072-02	\$450,000	-\$29,850	\$0	\$0	\$420,150	\$9,460	\$429,610
Olive Branch	049-03	\$1,222,917	\$235,843	\$0	-\$117,694	\$1,341,066	\$9,469	\$1,350,535
Southaven	067-04	\$1,499,983	-\$13,939	\$0	-\$73,159	\$1,412,885	\$12,283	\$1,425,168
Starkville	073-03	\$1,420,419	\$79,581	\$0	-\$19,704	\$1,480,296	\$93,690	\$1,573,986
Tupelo	090-01	\$1,251,600	-\$141,376	\$0	-\$74,284	\$1,035,940	\$26,173	\$1,062,113
Walls Wtr. Assoc.	101-01	\$1,260,000	-\$86,250	\$0	-\$84,010	\$1,089,740	\$44,899	\$1,134,639
2003 Totals		\$13,055,216	-\$331,656	\$0	-\$544,380	\$12,179,180	\$315,559	\$12,494,739
Cum. FY 1997-2003		\$92,982,333	-\$4,138,650	\$125,905	-\$2,770,712	\$86,198,876	\$1,423,900	\$87,622,776

Exhibit 7 DWSIRLF Project Financial Report (cont.)

(As of 9/30/2008)

Loan Recipient	Loan # DWI-H280	Initial Loan Amount	Amendment No. 1	Amendment No. 2	Final Amendment	Loan Amt. Before Int. Added	Interest Accrued/Added to Principal	Final Principal
2004 Loans at 2.5%								
Bear Creek	004-05	\$1,310,000	\$44,431	\$0	-\$898,060	\$456,371	\$4,576	\$460,947
Corinth	064-02	\$1,383,297	\$116,703	\$0	\$0	\$1,500,000	\$8,951	\$1,508,951
Corinth	064-03	\$1,500,000	\$0	\$0	\$0	\$1,500,000	\$11,900	\$1,511,900
Fisher Ferry Wtr. Dist.	083-02	\$823,620	\$600,600	\$0	-\$79,348	\$1,344,872	\$4,667	\$1,349,539
Hatley	070-01	\$1,150,000	\$182,226	\$0	-\$200,567	\$1,131,659	\$6,838	\$1,138,497
Hernando	057-03	\$666,034	-\$210,665	\$0	-\$534	\$454,835	\$1,600	\$456,435
Hilldale Wtr. Dist.	048-04	\$147,000	\$0	\$0	\$0	\$147,000	\$877	\$147,877
Lampton Wtr. Assoc.	106-01	\$577,500	\$462,394	\$0	\$0	\$1,039,894	\$13,555	\$1,053,449
Lawrence Co. Wtr. Assoc.	099-01	\$319,998	\$45,002	\$0	-\$2,694	\$362,306	\$8,277	\$370,583
Olive Branch	049-04	\$1,480,233	\$0	\$0	-\$1,362,564	\$117,669	\$0	\$117,669
Starkville	073-04	\$774,900	\$203,164	\$0	-\$59,479	\$918,585	\$15,097	\$933,682
2004 Totals		\$10,132,582	\$1,443,855	\$0	-\$2,603,246	\$8,973,191	\$76,338	\$9,049,529
Cum. FY 1997-2004		\$103,114,915	-\$2,694,795	\$125,905	-\$5,373,958	\$95,172,067	\$1,500,238	\$96,672,305

Exhibit 7 DWSIRLF Project Financial Report (cont.)

(As of 9/30/2008)

Loan Recipient	Loan # DWI-H280	Initial Loan Amount	Amendment No. 1	Amendment No. 2	Final Amendment	Loan Amt. Before Int. Added	Interest Accrued/Added to Principal	Final Principal
2005 Loans at 2.5%								
ACL W. A.	101-03	\$336,000	\$41,000	\$0	-\$4,911	\$372,089	\$0	\$372,089
Bear Creek	004-06	\$1,500,000	\$0	\$0	-\$140	\$1,499,860	\$2,916	\$1,502,776
Bear Creek	004-07	\$1,279,110	\$437,543	\$0	\$0	\$1,716,653	\$0	\$1,716,653
Bear Creek	004-08	\$1,058,400	\$343,530	\$0	\$0	\$1,401,930	\$12,223	\$1,414,153
Fisher Ferry	083-03	\$156,975	\$119,943	\$0	-\$32,192	\$244,726	\$0	\$244,726
Greenfield	040-03	\$570,000	-\$50,803	\$0	\$0	\$519,197	\$0	\$519,197
Lake Lorman	108-01	\$995,400	\$137,335	\$0	\$0	\$1,132,735	\$0	\$1,132,735
Morton	089-02	\$113,400	-\$8,300	\$0	\$0	\$105,100	\$0	\$105,100
Mt. Comfort	072-03	\$213,519	\$0	\$0	-\$205,519	\$8,000	\$0	\$8,000
Olive Branch	049-05	\$1,255,517	\$242,750	\$0	-\$56,738	\$1,441,529	\$2,371	\$1,443,900
So. E. Rankin	030-01	\$855,000	\$0	\$0	\$0	\$855,000	\$7,317	\$862,317
2005 Totals		\$8,333,321	\$1,262,998	\$0	-\$299,500	\$9,296,819	\$24,827	\$9,321,646
Cum. FY 1997-2005		\$111,448,236	-\$1,431,797	\$125,905	-\$5,673,458	\$104,468,886	\$1,525,065	\$105,993,951

Exhibit 7 DWSIRLF Project Financial Report (cont.)

(As of 9/30/2008)

Loan Recipient	Loan # DWI-H280	Initial Loan Amount	Amendment No. 1	Amendment No. 2	Final Amendment	Loan Amt. Before Int. Added	Interest Accrued/Added to Principal	Final Principal
2006 Loans at 1.95%								
Evergreen WA	115-01	\$917,000	\$43,000	\$0	\$0	\$960,000	\$0	\$960,000
Fannin WA	012-02	\$923,681	\$110,366	\$0	\$0	\$1,034,047	\$0	\$1,034,047
Gautier	114-01	\$683,387	\$43,752	\$0	\$0	\$727,139	\$0	\$727,139
Gautier	114-02	\$470,475	-\$49,683	\$0	\$0	\$420,792	\$0	\$420,792
Northeast Copiah WA	116-01	\$395,955	\$60,040	\$0	-\$3,909	\$452,086	\$0	\$452,086
Ocean Springs	035-03	\$1,500,000	\$400,000	\$0	\$0	\$1,900,000	\$0	\$1,900,000
Ocean Springs	035-04	\$1,354,500	-\$130,000	\$0	\$0	\$1,224,500	\$0	\$1,224,500
Ocean Springs	035-05	\$793,989	\$165,000	\$0	\$0	\$958,989	\$0	\$958,989
Porterville WA	117-01	\$1,000,000	\$90,000	\$0	\$0	\$1,090,000	\$0	\$1,090,000
Tupelo	090-02	\$643,335	-\$45,846	\$0	-\$93,869	\$503,620	\$1,919	\$505,539
Walls WA	101-02	\$1,499,715	\$144,800	\$26	\$0	\$1,644,541	\$0	\$1,644,541
Walls WA	101-03	\$1,097,775	-\$8,390	-\$48,430	\$0	\$1,040,955	\$0	\$1,040,955
West Jackson County UD	061-04	\$486,990	\$265,645	\$0	\$0	\$752,635	\$0	\$752,635
2006 Totals		\$11,766,802	\$1,088,684	-\$48,404	-\$97,778	\$12,709,304	\$1,919	\$12,711,223
Cum. FY 1997-2006		\$123,215,038	-\$343,113	\$77,501	-\$5,771,236	\$117,178,190	\$1,526,984	\$118,705,174

Exhibit 7 DWSIRLF Project Financial Report (cont.)

(As of 9/30/2008)

Loan Recipient	Loan # DWI-H280	Initial Loan Amount	Amendment No. 1	Amendment No. 2	Final Amendment	Loan Amt. Before Int. Added	Interest Accrued/Added to Principal	Final Principal
2007 Loans at 1.95%								
Center Ridge	032-02	\$428,000	\$87,000	\$0	-\$47,086	\$467,914	\$0	\$467,914
Columbus Light & Water	015-03	\$542,934	\$0	\$0	\$0	\$542,934	\$0	\$542,934
Culkin WA	016-02	\$2,380,540	-\$899,303	\$0	-\$234,289	\$1,246,948	\$5,092	\$1,252,040
Hattiesburg-Laurel Rgl Air	122-01	\$94,190	-\$8,200	\$0	\$0	\$85,990	\$0	\$85,990
Hotophia WA	118-01	\$451,500	\$0	\$0	\$0	\$451,500	\$0	\$451,500
Hub WA	042-02	\$557,812	\$208,676	\$0	\$0	\$766,488	\$0	\$766,488
Louin, Town of	119-01	\$136,568	-\$40,365	\$0	\$0	\$96,203	\$415	\$96,618
Monterey WA	124-01	\$1,050,000	\$175,000	\$0	\$0	\$1,225,000	\$0	\$1,225,000
Morton, City of	089-03	\$867,473	\$84,361	\$0	\$0	\$951,834	\$0	\$951,834
Moss Point, City of	120-01	\$1,155,000	\$283,600	\$0	\$0	\$1,438,600	\$0	\$1,438,600
North Hinds WA	047-02	\$771,000	\$55,000	\$0	-\$22,357	\$803,643	\$0	\$803,643
Pearl, City of	055-04	\$763,980	\$0	\$0	\$0	\$763,980	\$0	\$763,980
Pearl, City of	055-05	\$1,500,000	\$0	\$0	\$0	\$1,500,000	\$0	\$1,500,000
Raymond, City of	125-01	\$534,120	-\$39,984	\$0	\$0	\$494,136	\$0	\$494,136
Southaven, City of	067-05	\$1,897,459	\$0	\$0	\$0	\$1,897,459	\$0	\$1,897,459
Southaven, City of	067-06	\$1,477,613	\$0	\$0	\$0	\$1,477,613	\$0	\$1,477,613
West Jackson County WD	061-03	\$1,280,265	\$234,800	\$0	\$0	\$1,515,065	\$0	\$1,515,065
2007 Totals		\$15,888,454	\$140,585	\$0	-\$303,732	\$15,725,307	\$5,507	\$15,730,814
Cum. FY 1997-2007		\$139,103,492	-\$202,528	\$77,501	-\$6,074,968	\$132,903,497	\$1,532,491	\$134,435,988

Exhibit 7 DWSIRLF Project Financial Report (cont.)

(As of 9/30/2008)

Loan Recipient	Loan # DWI-H280	Initial Loan Amount	Amendment No. 1	Amendment No. 2	Final Amendment	Loan Amt. Before Int. Added	Interest Accrued/Added to Principal	Final Principal
2008 Loans at 1.95%								
Billy's Creek	132-01	\$498,645	\$0	\$0	\$0	\$498,645	\$0	\$498,645
Brandon, City of	031-01	\$2,205,000	\$0	\$0	\$0	\$2,205,000	\$0	\$2,205,000
Corinth, City of	064-04	\$19,351,500	\$0	\$0	\$0	\$19,351,500	\$0	\$19,351,500
Days WA	123-01	\$1,492,050	\$0	\$0	\$0	\$1,492,050	\$0	\$1,492,050
Langford	046-02	\$681,669	\$0	\$0	\$0	\$681,669	\$0	\$681,669
Mooreville-Richmond	129-01	\$1,496,397	\$0	\$0	\$0	\$1,496,397	\$0	\$1,496,397
New Hope WA	076-02	\$217,035	\$0	\$0	\$0	\$217,035	\$0	\$217,035
Ridgeland, City of	121-01	\$1,500,000	\$0	\$0	\$0	\$1,500,000	\$0	\$1,500,000
Southaven, City of	067-07	\$2,123,862	\$0	\$0	\$0	\$2,123,862	\$0	\$2,123,862
Southaven, City of	067-08	\$1,477,613	\$0	\$0	\$0	\$1,477,613	\$0	\$1,477,613
SW Jones WA	126-01	\$1,941,451	\$0	\$0	\$0	\$1,941,451	\$0	\$1,941,451
Sunrise WA	127-01	\$584,481	\$0	\$0	\$0	\$584,481	\$0	\$584,481
2008 Totals		\$33,569,703	\$0	\$0	\$0	\$33,569,703	\$0	\$33,569,703
Cum. FY 1997-2008		\$172,673,195	-\$202,528	\$77,501	-\$6,074,968	\$166,473,200	\$1,532,491	\$168,005,691

Exhibit 8 Comparison of Projected Versus Actual Disbursements*

FY 2008 (October 1, 2007 - September 30, 2008)

PROJECTED FY 2008 DISBURSEMENTS	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	TOTAL
From 2005 IUP	\$60,000	\$90,000	\$90,000	\$126,600	\$366,600
From 2006 IUP	\$1,955,000	\$1,354,300	\$0	\$0	\$3,309,300
From 2007 IUP	\$2,850,000	\$2,150,000	\$340,000	\$239,000	\$5,579,000
From 2008 IUP	\$0	\$0	\$0	\$0	\$0
TOTAL PROJECTED FOR FY 2008	\$4,865,000	\$3,594,300	\$430,000	\$365,600	\$9,254,900
ACTUAL DWSIRLF DISBURSEMENT TOTAL	\$1,774,099	\$1,764,817	\$2,473,764	\$1,329,371	\$7,342,052
PERCENT DISBURSED OF PROJECTED	36.47%	49.10%	575.29%	363.61%	79.33%

*Disbursements are a summation of federal ACH drawdowns for loan disbursements only

Exhibit 9 Report of Annual Loan Repayments

**STATE OF MISSISSIPPI
DEPARTMENT OF HEALTH
DRINKING WATER IMPROVEMENTS
STATE REVOLVING LOAN FUND**

**REPORT OF ANNUAL LOAN REPAYMENTS
SEPTEMBER 30, 2008**

	0-30	30-60	60-120	OVER 120 DAYS
LOAN REPAYMENTS	\$0.00	\$0.00	\$0.00	\$0.00
OUTSTANDING				
9/30/2008				

Exhibit 10 Completed Projects

Number	Project Name Communities Served	DWI- H280	* Type	Int. Rate on Loan	Award Date	Start 1st Ct	Start Last Ct	Elig End Last Ct	Final Inspect	FDL&Repay to LR	LR Exec Repay	First Repay	PPC	Final Repay	Loan Amount *
1	Center Ridge WA	032-02	L		02/27/07	06/18/07	06/18/07	06/21/08	06/27/08	08/11/08	08/18/08	10/01/08	N/A	06/01/28	\$428,000
2	Columbus, Light & Water	015-03	L		08/10/07	07/20/07	07/20/07	11/17/07	12/21/07	03/17/07	03/19/08	04/01/08	N/A	12/01/27	\$542,934
3	Culkin WD	016-02	L		07/13/07	01/07/08	01/07/08	09/03/08	09/29/08	12/19/08	01/21/09	01/21/09	N/A	09/01/28	\$2,380,540
4	Evergreen WA	115-01	L		08/08/06	01/07/07	01/07/07	11/02/07	11/02/07	12/14/07	12/14/07	02/13/08	N/A	10/15/27	\$917,000
5	Fannin WA	12-02	L		06/29/06	01/29/07	05/27/07	04/21/08	04/10/08	05/29/08	05/30/08	07/01/08	N/A	03/10/28	\$923,681
6	Gautier, City of	114-02	L		09/29/06	10/17/07	10/17/07	04/06/08	06/13/08	04/10/08	04/17/08	06/20/08	N/A	02/05/28	\$470,475
7	Hattiesburg-Laurel	122-01	L		09/28/07	03/24/08	03/24/08	05/23/08	06/12/08	07/15/08	07/21/08	09/15/08	N/A	05/12/28	\$94,190
8	Lake Lorma UD	108-01	L		08/25/05	05/08/07	06/11/07	06/16/08	06/24/08	08/29/08	09/10/08	09/11/08	N/A	05/24/08	\$995,400
9	N Hinds WA	047-02	L		01/16/07	03/17/07	03/17/07	02/10/08	02/12/08	03/07/08	03/10/08	05/06/08	N/A	05/06/28	\$771,000
10	Ocean Springs, City of	035-05	L		09/29/06	10/27/07	10/27/07	05/09/08	05/27/08	08/11/08	08/18/08	11/13/08	N/A	05/01/28	\$798,989
11	Ocean Springs, City of	035-04	L		09/29/06	10/27/07	10/27/07	05/09/08	05/27/08	08/11/08	08/18/08	11/13/08	N/A	05/01/28	\$798,989
12	Tupelo, City of	090-02	L		05/22/06	07/16/07	07/16/07	12/12/07	12/19/07	02/01/08	02/12/08	04/15/08	N/A	12/01/27	\$643,335
13	Walls WA	101-03	L		09/15/06	09/03/07	09/03/07	09/09/08	06/25/08	08/11/08	08/14/08	09/30/08	N/A	06/01/28	\$1,097,775

Initial Loan Total for FY08 Completions \$10,862,308

*This is the initial loan amount

**This loan chose not to proceed shortly after loan award

Cumulative Initial Loan Total for FY97 - FY2007 Completions \$106,144,441
(See next page for historical record)

GRAND TOTAL DWSRF LOANS COMPLETED \$117,006,749

Exhibit 10 (Continued) Historical Record of Projects Completed Through FY 2007

Number	Project Name Communities Served	DWI- H280	* Type	Int. Rate on Loan	Award Date	Start 1st Ct	Start Last Ct	Elig End Last Ct	Final Inspect	FDL&Repay to LR	LR Exec Repay	First Repay	PPC	Final Repay	Loan Amount *
1	Pleasant Hill Wtr Assoc	007-01	L	4.5%	06/27/97	09/22/97	09/22/97	05/04/98	05/19/98	06/30/98	07/07/98	08/27/98	05/19/99	05/01/13	\$887,366
2	City of D'Iberville	009-01	L	4.5%	08/12/97	07/26/97	N/A	01/20/98	01/28/98	03/31/98	04/24/98	06/09/98	01/28/99	06/09/18	\$659,318
3	ACL Water Assoc.	010-01	L	4.5%	09/19/97	09/12/97	N/A	09/02/98	09/02/98	10/20/98	10/30/98	12/02/98	09/02/99	08/02/18	\$297,465
4	Thomasville Wtr Assoc	014-01	L	4.5%	07/21/97	12/19/97	N/A	08/05/98	08/18/98	10/09/98	10/20/98	03/28/99	08/18/99	09/29/18	\$274,050
5	Columbus Util. Comm.	015-01	L	4.5%	09/30/97	02/02/98	N/A	08/20/98	09/10/98	11/15/98	12/15/98	01/09/99	09/10/99	09/10/18	\$996,626
6	North Dist. One Wtr.	022-01	L	4.5%	09/30/97	01/02/98	03/09/98	05/28/98	06/23/98	09/22/98	09/30/98	10/01/98	06/23/99	06/23/18	\$151,725
7	Culkin Wtr. Dist.	016-01	L	4.0%	01/30/98	06/24/98	N/A	02/19/99	02/24/99	04/19/99	04/29/99	06/30/99	02/24/00	02/01/19	\$375,378
8	Double Ponds W. D.	013-01	L	4.5%	09/30/97	01/05/98	N/A	08/31/98	10/16/98	01/27/99	02/10/99	03/10/99	10/16/99	10/10/18	\$593,428
9	E. Lowndes Wtr. Assoc.	005-01	L	4.0%	05/05/98	07/13/98	N/A	03/14/99	03/31/99	06/07/99	06/11/99	09/17/99	03/31/00	03/07/19	\$920,600
10	City of Long Beach	008-01	L	4.5%	9/90/97	02/16/98	05/04/98	01/08/99	01/29/99	05/25/99	05/26/99	08/11/99	01/29/00	01/01/19	\$900,271
11	City of Long Beach	008-02	L	4.5%	09/30/97	02/23/98	N/A	01/13/99	02/11/99	04/12/99	04/27/99	08/11/99	02/11/00	01/01/19	\$310,659
12	City of Magnolia	020-01	L	4.5%	09/22/97	12/15/97	N/A	03/12/99	04/06/99	07/27/99	08/17/99	10/01/99	04/06/00	04/01/19	\$1,000,000
13	City of Magnolia	020-02	L	4.5%	09/22/97	12/15/97	N/A	03/12/99	04/06/99	07/27/99	08/17/99	10/01/99	04/06/00	04/01/19	\$1,000,000
14	Mt. Gilead/Imp. W. A.	021-01	L	4.5%	09/30/97	03/02/98	04/23/98	01/28/99	02/19/99	04/02/99	04/12/99	06/05/99	02/19/00	02/05/19	\$385,875
15	NE MS Reg. WSD	029-01	L	4.0%	05/18/98	08/03/98	N/A	07/27/99	08/25/99	10/21/99	10/28/99	01/10/00	08/25/00	08/10/19	\$1,000,000
16	NE MS Reg. WSD	029-02	L	4.0%	08/24/98	10/12/98	N/A	08/23/99	08/25/99	10/21/99	10/28/99	01/10/00	08/25/00	08/10/19	\$868,814
17	Pleasant Hill Wtr. Aso.	007-02	L	4.0%	08/07/98	11/23/98	11/23/98	03/10/99	03/24/99	06/01/99	06/07/99	07/12/99	03/24/00	03/01/14	\$535,000
18	Bear Creek Wtr. Assoc.	004-01	L	4.5%	08/26/97	12/26/97	03/27/98	10/05/98	10/21/98	01/27/99	02/09/99	03/08/99	10/21/99	10/10/18	\$997,500
19	Fannin Wtr. Assoc.	012-01	L	4.5%	09/30/97	03/16/98	05/08/98	10/12/98	10/16/98	01/22/99	01/26/99	03/02/99	10/16/99	10/01/18	\$638,958
20	Leesburg Wtr. Assoc.	018-01	L	4.5%	09/30/97	02/23/98	N/A	10/22/98	11/05/98	01/25/99	02/08/99	03/10/99	11/05/99	11/10/18	\$292,950
21	Progress Com. W. A.	002-01	L	4.5%	09/10/97	01/02/98	02/16/98	09/10/98	10/08/98	05/17/99	05/26/99	06/10/99	10/08/99	10/10/18	\$615,300
22	E. Leflore Co. W.S.D.	028-01	L	4.0%	09/18/98	10/24/98	N/A	07/06/99	08/04/99	10/20/99	11/12/99	12/01/99	08/04/00	08/01/19	\$298,920

Exhibit 10 (Continued) Historical Record of Projects Completed Through FY 2007

Number	Project Name Communities Served	DWI- H280	* Type	Int. Rate on Loan	Award Date	Start 1st Ct	Start Last Ct	Elig End Last Ct	Final Inspect	FDL&Repay to LR	LR Exec Repay	First Repay	PPC	Final Repay	Loan Amount *
23	Bunker Hill W. A.	036-01	L	4.0%	09/15/98	10/19/98	N/A	05/17/99	05/20/99	07/14/99	07/22/99	08/16/99	05/20/00	05/01/19	\$142,289
24	Ced. Grove Harm. W A	001-01	L	4.5%	09/30/97	08/18/97	01/06/98	04/01/99	04/16/99	06/21/99	07/06/99	08/31/99	04/16/00	04/01/19	\$296,179
25	City of Columbus	015-02	L	3.0%	09/10/99	11/15/99	N/A	08/11/00	08/11/00	11/09/00	12/08/00	02/09/01	08/11/01	08/11/20	\$718,952
26	Jayess-Topeka-Tilton	045-01	L	3.0%	09/30/99	12/13/99	N/A	07/05/00	08/04/00	11/05/00	12/05/00	01/19/01	07/05/01	10/19/20	\$324,192
27	City of D'Iberville	009-02	L	3.0%	09/30/99	02/14/00	N/A	07/13/00	07/26/00	10/04/00	11/03/00	01/09/01	07/13/01	07/13/20	\$858,731
28	Greenfield Wtr. Assoc.	040-01	L	3.0%	03/01/99	05/21/99	N/A	03/02/00	03/15/00	04/19/00	05/10/00	09/05/00	03/15/01	03/10/20	\$322,000
29	Langford Wtr. Assoc.	046-01	L	3.0%	04/19/99	07/31/99	N/A	05/26/00	06/08/00	07/06/00	07/30/00	09/22/00	06/08/01	06/06/20	\$378,998
30	Town of Marion	006-01	L	4.0%	09/30/98	07/30/99	N/A	07/06/00	07/07/00	09/13/00	09/18/00	12/01/00	07/07/01	07/01/20	\$620,414
31	City of Pascagoula	044-01	L	3.0%	09/02/99	08/02/99	N/A	04/27/00	05/10/00	07/14/00	07/26/00	10/09/00	05/10/01	05/01/20	\$1,000,000
32	City of Pascagoula	044-02	L	3.0%	09/02/99	08/02/99	N/A	04/27/00	05/10/00	07/14/00	07/26/00	10/09/00	05/10/01	05/01/20	\$1,000,000
33	City of Pascagoula	044-03	L	3.0%	09/30/99	01/04/00	N/A	04/27/00	05/10/00	07/14/00	07/26/00	10/09/00	05/10/01	05/01/20	\$371,700
34	City of Purvis	041-01	L	3.0%	08/26/99	12/15/99	N/A	06/15/00	06/29/00	09/08/00	09/14/00	12/01/00	06/29/01	06/01/20	\$696,995
35	Yokena-Jeff Davis	019-01	L	4.0%	09/30/98	05/28/99	N/A	01/08/00	01/21/00	04/14/00	05/05/00	06/01/00	12/28/00	01/10/20	\$740,775
36	Bunker Hill W. A.**	036-02	L	3.0%	09/30/99	12/31/99	N/A	N/A	N/A	07/31/00	08/11/00	09/25/00	N/A	06/01/20	\$50,972
37	Algoma Water Assoc.	034-01	L	3.0%	05/31/00	09/05/00	09/05/00	08/08/01	08/21/01	11/20/01	12/20/01	01/03/02	08/21/02	08/01/21	\$991,200
38	Eagle Lake Wtr. Dist.	051-01	L	3.0%	09/29/00	11/15/00	N/A	07/13/01	08/13/01	10/24/01	11/06/01	12/10/01	04/13/02	08/10/21	\$359,101
39	Mt. Gilead/Imp. W. A.	021-02	L	3.0%	09/29/00	03/23/01	N/A	06/06/01	06/28/01	08/17/01	08/28/01	10/16/01	06/28/02	09/03/21	\$85,313
40	NE MS Reg. WSD	029-03	L	3.0%	09/30/99	05/01/00	N/A	05/25/01	06/19/01	08/20/01	08/23/01	11/15/01	06/19/02	06/15/21	\$1,000,000
41	Tri-Lake Rural W.A	024-01	L	3.0%	07/10/00	11/15/00	N/A	07/13/01	08/09/01	11/08/01	11/12/01	02/08/02	08/09/02	08/08/21	\$278,522
42	Hilldale WSD	048-01	L	3.0%	07/10/00	08/01/00	08/01/00	02/23/01	03/20/01	05/24/01	06/14/01	08/06/01	12/28/01	03/05/21	\$374,365
43	City of Horn Lake	033-01	L	3.0%	07/01/99	10/22/99	N/A	11/14/00	11/21/00	02/07/01	03/06/01	04/18/01	11/20/01	11/01/20	\$1,000,000
44	Hub Water Assoc.	042-01	L	3.0%	09/30/99	02/01/00	N/A	10/07/00	10/24/00	01/03/01	01/19/01	03/10/01	11/06/01	10/10/20	\$327,600

Exhibit 10 (Continued) Historical Record of Projects Completed Through FY 2007

Number	Project Name Communities Served	DWI- H280	* Type	Int. Rate on Loan	Award Date	Start 1st Ct	Start Last Ct	Elig End Last Ct	Final Inspect	FDL&Repay to LR	LR Exec Repay	First Repay	PPC	Final Repay	Loan Amount *
45	Hwy. 28 Water Assoc.	037-01	L	3.0%	09/07/01	09/09/00	N/A	06/29/01	07/20/01	09/07/01	09/26/01	11/10/01	07/20/02	07/10/21	\$250,000
46	City of Long Beach	008-03	L	3.0%	12/22/99	03/20/00	N/A	02/12/01	03/13/01	05/23/01	05/28/01	08/08/01	03/13/02	03/01/21	\$306,257
47	North Hinds W.A.	047-01	L	3.0%	07/14/00	07/01/00	07/01/00	06/22/01	07/13/01	08/20/01	08/27/01	11/08/01	07/13/02	07/13/21	\$666,070
48	City of Ocean Springs	035-01	L	3.0%	05/01/00	07/17/00	N/A	02/12/01	02/28/01	04/19/01	05/19/01	06/11/01	02/28/02	03/01/21	\$982,067
49	Center Ridge W. A.	032-01	L	3.0%	08/20/99	09/26/99	10/07/99	10/05/00	10/27/00	01/11/01	01/23/01	03/06/01	10/27/01	10/11/20	\$564,000
50	Central Rankin W.A.	078-01	L	3.5%	02/15/02	03/07/02	N/A	09/03/02	09/26/02	11/15/02	12/07/02	02/10/03	09/26/03	09/10/22	\$204,500
51	Glendale Utility Dist.	023-01	L	3.0%	09/01/01	11/21/01	02/11/02	08/27/02	09/17/02	01/08/03	02/07/03	04/08/03	09/17/03	10/10/22	\$860,675
52	City of Pearl	055-03	L	3.0%	09/21/01	11/19/01	N/A	09/15/02	09/26/02	11/15/02	12/07/02	02/26/03	09/26/03	09/26/23	\$777,000
53	Town of Farmington	058-01	L	3.0%	08/27/01	11/14/01	11/14/01	06/15/02	06/26/02	08/26/02	08/28/02	10/10/02	06/26/03	06/10/22	\$877,109
54	City of Carthage	056-01	L	3.0%	09/29/00	03/05/01	N/A	12/21/01	01/10/02	04/05/02	04/09/02	07/12/02	01/10/03	01/01/22	\$584,837
55	Town of Gloster	059-01	L	3.0%	09/29/00	06/25/01	06/25/01	11/30/01	12/20/01	02/05/02	02/14/02	05/01/02	12/20/02	12/01/21	\$262,500
56	Town of Gloster	059-02	L	3.0%	08/31/01	12/04/01	N/A	06/25/02	07/24/02	09/04/02	09/09/02	11/10/02	07/24/03	07/10/22	\$328,125
57	Greenfield Wtr. Assoc.	040-02	L	3.0%	02/07/01	03/16/01	N/A	01/10/02	01/30/02	03/04/02	03/26/02	06/05/02	01/30/03	01/11/22	\$466,000
58	City of Hernando	057-01	L	3.0%	08/25/00	03/05/01	03/12/01	10/07/01	10/24/01	12/20/01	01/04/02	03/14/02	10/24/02	10/10/21	\$891,870
59	Hilldale WSD	048-02	L	3.0%	08/20/01	09/24/01	N/A	09/24/01	05/16/02	07/17/02	07/23/02	09/03/02	04/22/03	05/10/22	\$468,535
60	Highway 98 East WA	050-01	L	3.0%	09/29/00	09/18/00	05/11/01	10/29/01	11/26/01	03/07/02	03/12/02	04/02/02	11/26/02	11/10/21	\$913,947
61	NE MS Reg. WSD	029-04	L	3.0%	09/29/00	04/25/01	N/A	03/25/02	04/18/02	05/24/02	06/27/02	08/02/02	04/18/03	04/10/22	\$1,500,000
62	City of Olive Branch	049-01	L	3.0%	09/29/00	03/20/01	N/A	09/17/01	10/02/01	01/30/02	02/04/02	04/05/02	10/02/02	10/02/21	\$1,056,950
63	City of Olive Branch	049-02	L	3.0%	09/29/00	03/20/01	N/A	11/20/01	12/11/01	02/09/02	02/25/02	06/11/02	12/11/02	12/01/21	\$1,441,184
64	City of Pascagoula	044-04	L	3.0%	07/24/01	12/05/01	02/18/02	05/31/02	06/20/02	09/09/02	09/27/02	10/09/02	11/10/02	06/10/22	\$1,500,000
65	City of Pascagoula	044-05	L	3.0%	07/30/01	05/04/01	11/12/01	05/31/02	06/20/02	09/10/02	09/27/02	11/10/02	06/20/03	06/10/22	\$739,200

Exhibit 10 (Continued) Historical Record of Projects Completed Through FY 2007

Number	Project Name Communities Served	DWI- H280	* Type	Int. Rate on Loan	Award Date	Start 1st Ct	Start Last Ct	Elig End Last Ct	Final Inspect	FDL&Repay to LR	LR Exec Repay	First Repay	PPC	Final Repay	Loan Amount *
66	City of Pascagoula	044-06	L	3.0%	07/30/01	10/08/01	N/A	05/31/02	06/20/02	09/12/02	09/27/02	12/10/02	06/20/03	06/10/22	\$1,500,000
67	Soso Comm. Wtr. Sys.	066-01	L	3.0%	06/22/01	10/01/01	N/A	06/27/02	07/15/02	10/11/02	10/18/02	12/10/02	07/15/03	07/10/22	\$276,231
68	SW Covington WA	054-01	L	3.0%	09/29/00	07/25/01	N/A	04/16/02	05/09/02	06/28/02	07/16/02	08/06/02	05/09/03	04/10/22	\$345,051
69	Union Wtr. Assoc.	053-01	L	3.0%	01/19/01	01/08/01	01/08/01	12/04/02	12/04/01	02/04/02	02/26/02	04/04/02	12/04/02	11/10/21	\$340,000
70	W. Jackson Co. U.D.	061-01	L	3.0%	07/09/01	09/01/01	N/A	12/10/01	11/19/01	02/15/02	03/12/02	04/05/02	11/19/02	11/19/21	\$139,351
71	Pleasant Hill Wtr. Aso.	007-03	L	3.0%	07/07/00	10/25/00	11/27/00	09/28/01	10/25/01	12/21/01	12/24/01	12/03/01	10/25/02	10/10/16	\$698,250
72	Cleary Heights WSFD	074-01	L	3.5%	08/26/02	11/04/02	12/03/02	08/22/03	09/03/03	12/03/03	12/30/03	01/03/04	09/03/04	09/03/23	\$779,647
73	J. P. Utility Dist.	068-01	L	3.5%	07/11/02	01/02/03	01/02/03	08/05/03	08/20/03	12/18/03	01/18/04	02/15/04	08/20/04	08/15/23	\$885,288
74	City of West Point	071-01	L	3.0%	09/28/01	11/11/02	N/A	09/03/03	09/23/03	12/17/03	12/21/03	02/15/04	09/23/04	04/18/23	\$1,500,000
75	Ingomar Wtr. Assoc.	075-01	L	3.5%	08/13/02	10/28/02	10/28/02	07/16/03	08/05/03	11/17/03	12/17/03	01/05/04	08/05/04	08/05/23	\$949,534
76	ACL Water Assoc.	010-02	L	3.5%	05/10/02	05/30/02	10/24/02	03/26/03	04/17/03	06/05/03	06/06/03	08/11/03	04/17/04	04/10/23	\$475,000
77	Adams Co. Wtr. Assoc.	062-01	L	3.0%	08/30/01	03/25/02	04/08/02	03/24/03	04/15/03	05/21/03	06/04/03	07/15/03	04/15/04	07/15/23	\$950,691
78	Adams Co. Wtr. Assoc.	062-02	L	3.0%	08/30/01	04/08/02	10/21/02	05/21/03	06/11/03	08/12/03	08/14/03	09/25/03	06/11/04	06/11/23	\$1,124,211
79	Bear Creek Wtr. Assoc.	004-02	L	3.0%	09/28/01	02/11/02	N/A	03/24/03	04/22/03	06/05/03	07/09/03	07/11/03	04/22/04	04/01/23	\$1,468,200
80	Bunker Hill Wtr. Assoc.	036-03	L	3.0%	09/25/01	04/15/02	N/A	11/29/02	12/18/02	02/03/03	02/10/03	04/01/03	12/18/03	12/01/22	\$280,983
81	Corinth Utility Comm.	064-01	L	3.5%	04/03/02	09/30/02	N/A	07/27/03	08/20/03	10/20/03	10/23/03	12/01/03	08/20/04	08/01/23	\$1,500,000
82	Hilldale WSD	048-03	L	3.5%	05/24/02	06/03/02	N/A	01/31/03	02/25/03	04/08/03	04/29/03	06/02/03	02/25/04	02/01/23	\$199,190
83	Hopewell Wtr. Assoc.	025-01	L	3.5%	09/06/02	11/18/02	11/25/02	05/23/03	06/12/03	08/13/03	08/20/03	09/26/03	06/12/04	06/01/23	\$362,000
84	Improve Wtr. Assoc.	080-01	L	3.0%	09/28/01	11/26/01	N/A	05/26/03	07/01/03	08/21/03	08/25/03	09/30/03	07/01/04	06/01/23	\$334,323
85	Leesburg Wtr. Assoc.	018-02	L	3.0%	09/28/01	03/04/02	05/06/02	03/31/03	04/24/03	06/04/03	06/09/03	08/05/03	04/24/04	04/01/23	\$756,677
86	Liberty Hill Wtr. Assoc.	081-01	L	3.5%	06/01/02	09/03/02	N/A	03/03/03	03/12/03	06/09/03	06/23/03	08/11/03	02/29/04	03/09/23	\$269,855

Exhibit 10 (Continued) Historical Record of Projects Completed Through FY 2007

Number	Project Name Communities Served	DWI- H280	* Type	Int. Rate on Loan	Award Date	Start 1st Ct	Start Last Ct	Elig End Last Ct	Final Inspect	FDL&Repay to LR	LR Exec Repay	First Repay	PPC	Final Repay	Loan Amount *
87	Town of No. Carrollton	063-01	L	3.0%	09/04/01	01/18/02	01/18/02	03/13/03	03/13/03	05/09/03	06/03/03	07/07/03	03/13/04	03/01/23	\$1,368,881
88	New Hope Wtr. Assoc.	076-01	L	3.0%	09/28/01	04/25/02	04/25/02	01/17/03	02/11/03	04/16/03	05/05/03	07/07/03	01/20/04	02/10/23	\$416,602
89	City of Pearl	055-01	L	3.0%	09/28/01	06/10/02	N/A	12/07/02	01/06/03	02/27/03	03/24/03	05/13/03	01/06/04	01/01/23	\$508,030
90	City of Southaven	067-01	L	3.0%	08/01/01	03/04/02	03/04/02	11/30/02	12/17/02	02/11/03	02/13/03	05/13/03	12/17/03	11/28/22	\$1,500,000
91	City of Southaven	067-03	L	3.0%	08/01/01	03/15/02	N/A	05/19/03	06/10/03	08/11/03	08/17/03	11/24/03	06/10/04	06/01/23	\$1,457,794
92	City of Starkville	073-01	L	3.0%	09/28/01	12/17/01	N/A	10/15/02	11/08/02	12/27/02	01/09/03	03/10/03	11/08/03	11/01/22	\$733,310
93	City of Hernando	057-02	L	3.0%	09/28/01	02/23/02	02/23/02	09/20/02	10/08/02	12/16/02	12/20/02	02/01/03	10/09/03	09/10/22	\$547,074
94	City of Southaven	067-02	L	3.0%	08/10/01	02/25/02	N/A	10/25/02	11/19/02	02/05/03	02/07/03	05/13/03	11/19/03	11/01/22	\$1,486,068
95	Adams Co. Wtr. Assoc.	062-03	L	3.5%	09/10/02	04/30/03	N/A	06/21/04	07/07/04	08/23/04	09/14/04	10/28/04	06/15/05	07/01/24	\$765,529
96	Adams Co. Wtr. Assoc.	062-04	L	4.0%	05/16/03	12/15/03	N/A	06/25/04	07/07/04	08/24/04	09/14/04	10/28/04	07/25/05	07/01/24	\$749,460
97	Clinton	088-01	L	3.5%	09/30/02	01/27/03	10/21/03	01/28/04	02/12/04	05/20/04	06/09/04	07/06/04	02/11/05	02/01/24	\$1,429,475
98	Collinsville Wtr. Assoc.	069-01	L	3.5%	09/30/02	04/02/03	06/15/03	03/11/04	04/06/04	07/01/04	07/01/04	08/05/04	04/06/05	06/06/24	\$1,495,603
99	East Oxford	084-01	L	3.5%	07/25/02	10/21/02	10/21/02	01/21/04	02/11/04	04/13/04	04/28/04	06/01/04	02/11/05	06/01/24	\$660,000
100	Lewisburg W.A.	091-01	L	3.5%	09/16/02	02/24/03	08/18/03	07/20/04	08/03/04	09/30/04	11/04/04	11/04/04	08/03/05	08/03/24	\$1,294,569
101	Lewisburg W.A.	091-02	L	4.0%	05/30/03	01/05/04	N/A	08/01/04	08/31/04	09/30/04	10/30/04	11/03/04	08/31/05	08/31/24	\$825,195
102	Oak Grove	082-01	L	3.5%	06/10/02	11/25/02	02/17/03	11/27/03	12/12/03	01/07/04	01/28/04	04/01/04	12/12/04	12/01/23	\$475,305
103	Ocean Springs	035-02	L	3.5%	08/10/02	01/06/03	02/22/03	03/23/04	04/20/04	06/14/04	07/07/04	08/01/04	04/20/05	04/01/24	\$1,109,858
104	Southaven	067-04	L	4.0%	05/30/03	01/06/04	N/A	06/30/04	07/13/04	08/24/04	09/13/04	11/01/04	07/13/05	11/01/24	\$1,499,983
105	Starkville	073-02	L	3.5%	06/27/02	12/18/02	12/18/02	06/10/04	06/10/04	09/03/04	09/22/04	11/12/04	06/10/05	06/03/24	\$1,493,100
106	Bear Creek Wtr. Assoc.	004-03	L	3.5%	06/27/02	11/16/02	N/A	10/10/03	10/29/03	12/23/03	01/08/04	01/12/04	10/29/04	10/01/23	\$968,096
107	Horn Lake	033-02	L	3.5%	08/15/02	10/21/02	04/15/03	09/10/03	10/02/03	12/08/03	12/13/03	02/10/04	10/07/04	02/10/24	\$860,017

Exhibit 10 (Continued) Historical Record of Projects Completed Through FY 2007

Number	Project Name Communities Served	DWI- H280	* Type	Int. Rate on Loan	Award Date	Start 1st Ct	Start Last Ct	Elig End Last Ct	Final Inspect	FDL&Repay to LR	LR Exec Repay	First Repay	PPC	Final Repay	Loan Amount *
108	Highway 28 Wtr. Assoc.	037-02	L	4.0%	05/09/03	08/18/03	N/A	04/14/04	04/19/04	05/12/04	05/24/04	08/12/04	N/A	04/01/24	\$267,981
109	Nesbit Wtr. Assoc.	060-01	L	3.5%	07/15/02	10/28/02	03/06/03	10/02/03	10/20/03	12/11/03	12/16/03	02/20/04	11/08/04	02/20/24	\$1,478,730
110	Picayune	065-01	L	3.5%	05/14/02	01/07/03	N/A	09/03/03	10/03/03	01/05/04	02/03/04	04/13/04	10/03/04	10/01/23	\$325,994
111	Magee's Creek WA	087-01	L	3.5%	09/16/02	11/04/02	02/10/03	12/11/03	01/07/04	02/18/04	03/04/04	05/01/04	01/07/05	06/11/04	\$955,067
112	Mt. Comfort WA	072-01	L	3.5%	08/01/02	11/18/02	09/04/03	11/01/04	12/01/04	06/24/05	06/30/05	07/22/05	12/01/05	12/01/24	\$417,449
113	City of Morton	089-01	L	4.0%	09/30/03	05/01/04	05/01/04	03/03/05	03/03/05	04/20/05	05/20/05	07/08/05	N/A	03/01/25	\$1,107,661
114	Mt. Comfort WA	072-02	L	4.0%	04/07/03	09/02/03	09/02/03	09/30/04	10/07/04	12/03/04	12/12/04	02/01/05	N/A	01/31/24	\$450,000
115	Tupelo	090-01	L	4.0%	05/05/03	03/01/04	03/01/04	04/30/05	05/19/05	07/11/05	07/13/05	10/01/05	N/A	05/01/25	\$1,251,600
116	ACL Water Assoc.	010-03	L	2.5%	09/30/05	11/28/05	11/28/05	04/10/06	04/27/06	05/27/06	07/07/06	09/01/06	N/A	04/27/26	\$336,000
117	Fisher Ferry Water District	083-01	L	4.0%	06/15/03	04/26/04	10/25/04	03/20/06	04/11/06	05/26/06	06/20/06	07/26/06	N/A	08/01/26	\$1,500,000
118	Fisher Ferry Water District	083-02	L	2.5%	06/01/04	03/03/05	03/21/05	04/10/06	04/11/06	08/22/06	09/20/06	07/26/06	N/A	04/01/26	\$823,620
119	Fisher Ferry Water District	083-03	L	2.5%	09/30/05	05/08/06	05/08/06	09/04/06	09/29/06	10/31/06	11/21/06	01/03/07	N/A	09/08/26	\$156,975
120	Hatley	070-01	L	2.5%	01/05/04	05/09/05	05/09/05	12/04/05	12/21/05	02/13/06	03/07/06	03/17/06	N/A	12/01/25	\$1,150,000
121	Hernando	057-03	L	2.5%	07/15/04	06/17/05	06/17/05	12/16/05	01/10/06	03/02/06	03/09/06	06/01/06	N/A	01/01/26	\$666,034
122	Hilldale WSD	048-04	L	2.5%	09/10/04	05/16/05	05/16/05	11/12/05	11/28/05	01/02/06	01/02/06	03/02/06	N/A	11/02/25	\$147,000
123	Gautier	092-01	L	3.5%	09/30/02	05/27/03	05/27/03	10/13/04	01/10/06	08/02/06	07/26/06	11/14/06	01/10/07	01/21/26	\$1,466,757
124	Lawrence County	099-01	L	2.5%	07/06/04	10/18/04	01/31/05	08/09/06	08/30/06	10/05/06	10/27/06	12/05/06	N/A	08/05/26	\$319,998
125	Olive Branch	049-03	L	4.0%	09/30/03	05/15/05	05/15/05	06/19/06	07/07/06	10/04/06	11/11/06	01/12/07	N/A	07/19/26	\$1,222,917
126	Starkville	073-04	L	2.5%	03/09/04	05/12/05	05/12/05	05/18/06	08/29/06	10/19/06	11/08/06	01/12/07	N/A	08/01/26	\$774,900
127	Walls	101-01	L	4.0%	08/11/03	02/16/04	02/23/04	10/31/05	11/17/05	01/18/06	01/24/06	02/27/06	N/A	11/01/25	\$1,260,000
128	Olive Branch	049-03	L	4.0%	09/30/03	05/15/05	05/15/05	06/19/06	07/07/06	10/04/06	10/11/06	01/12/07	N/A	07/19/26	\$1,222,917

Exhibit 10 (Continued) Historical Record of Projects Completed Through FY 2007

Number	Project Name Communities Served	DWI- H280	* Type	Int. Rate on Loan	Award Date	Start 1st Ct	Start Last Ct	Elig End Last Ct	Final Inspect	FDL&Repay to LR	LR Exec Repay	First Repay	PPC	Final Repay	Loan Amount *
129	Lawrence County	099-01	L	2.5%	07/06/04	10/18/04	01/31/05	08/09/06	08/30/06	10/05/06	10/27/06	12/05/06	N/A	08/05/26	\$319,998
130	Starkville	073-04	L	2.5%	03/09/04	05/12/05	05/12/05	05/18/06	08/29/06	10/19/06	11/08/06	01/12/07	N/A	08/01/26	\$774,900
131	Fisher Ferry Water District	083-03	L	2.5%	09/30/05	05/08/06	05/08/06	09/04/06	09/29/06	10/31/07	11/21/06	01/03/07	N/A	01/01/27	\$156,975
132	Morton	089-02	L	2.5%	09/30/05	06/01/06	06/01/06	10/01/06	10/18/06	12/11/06	12/20/06	03/08/07	N/A	03/08/27	\$113,400
133	Mt. Comfort WA**	072-03	L	2.5%	09/30/05	N/A	N/A	N/A	N/A	12/11/06	12/22/06	01/03/07	N/A	01/03/07	\$213,519
134	Greenfield Wtr. Assoc.	040-02	L	3.0%	02/07/01	03/16/01	03/16/01	01/10/02	01/30/02	03/04/02	03/26/02	06/05/02	N/A	01/11/22	\$466,000
135	Bear Creek Wtr. Assoc.	004-04	L	4.0%	08/29/03	01/05/06	01/05/06	03/30/07	04/26/07	06/11/07	07/02/07	07/16/07	N/A	04/01/27	\$1,500,000
136	Bear Creek Wtr. Assoc.	004-05	L	2.5%	09/30/04	04/07/06	04/07/06	04/02/07	04/26/07	06/12/07	07/02/07	07/16/07	N/A	04/01/27	\$1,310,000
137	Olive Branch	049-05	L	2.5%	05/12/05	05/22/06	05/22/06	04/02/07	05/02/07	08/28/07	09/04/07	09/12/07	N/A	04/17/27	\$1,255,517
138	Northeast Copiah	116-01	L	2.0%	07/17/06	12/10/06	12/10/06	06/21/07	06/21/07	07/24/07	08/14/07	10/01/07	N/A	06/01/27	\$395,955
139	Bear Creek Wtr. Assoc.	004-06	L	2.5%	08/05/05	06/26/06	06/26/06	06/26/07	08/02/07	08/31/07	09/11/07	11/01/07	N/A	08/01/27	\$1,500,000
140	Bear Creek Wtr. Assoc.	004-08	L	2.5%	07/18/05	06/18/06	06/18/06	06/15/07	07/13/07	08/16/07	09/11/07	10/13/07	N/A	07/13/27	\$1,058,400
141	Starkville	073-03	L	4.0%	05/07/03	09/01/04	09/01/04	11/10/06	08/17/07	09/17/07	10/03/07	12/17/07	N/A	08/17/27	\$1,420,419

*This is the initial loan amount

**No construction was ever performed on this project.

FY1997 - FY2007 CUMULATIVE TOTAL

\$106,144,441

Exhibit 11 State of Mississippi DWSIRLF Cash Flows

STATE OF MISSISSIPPI DRINKING WATER SRF CASH FLOWS (EXCLUDING FEDERAL CAP GRANT FUNDS)

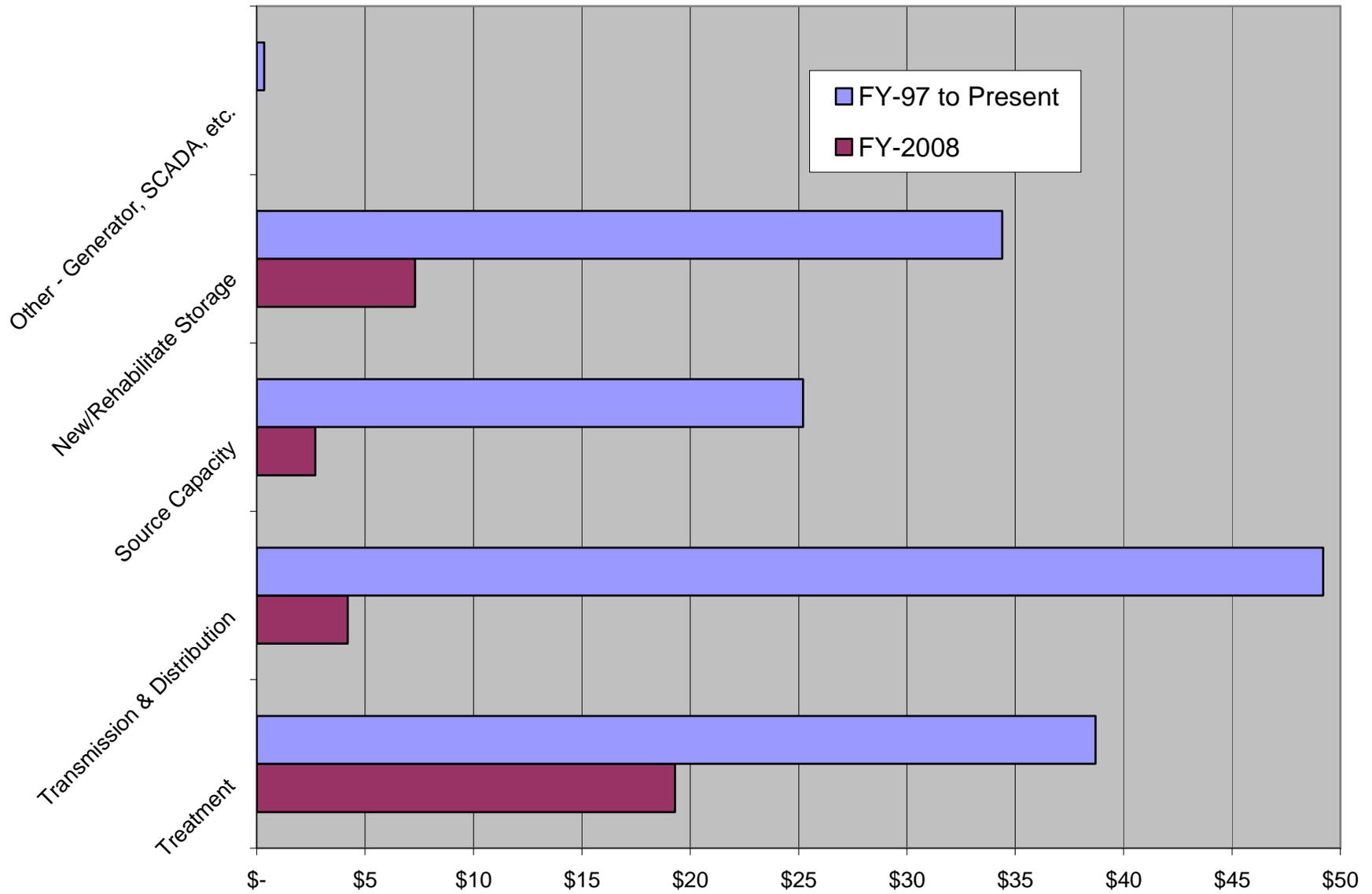
YEAR	BEGINNING BALANCE	TOTAL STATE MATCH	INTEREST INCOME	PENALTY INCOME	LOAN REPAYMENTS	INCREASE IN SRF BALANCE	STATE MATCH DISBURSEMENTS	REPAYMENTS/ INTEREST DISBURSEMENTS	NET CHANGE	ENDING BALANCE
1997	\$0.00	\$10,000,000	\$0.00	\$0.00	\$0.00	\$10,000,000.00	\$441,669.13	\$0.00	\$9,558,330.87	\$9,558,330.87
1998	\$9,558,330.87	\$0.00	\$541,667.99	\$0.00	\$27,707.52	\$569,375.51	\$1,395,095.44	\$0.00	-\$825,719.93	\$8,732,610.94
1999	\$8,732,610.94	\$0.00	\$593,954.24	\$0.00	\$425,449.76	\$1,019,404.00	\$1,100,712.75	\$0.00	-\$81,308.75	\$8,651,302.19
2000	\$8,651,302.19	\$0.00	\$807,674.90	\$0.00	\$1,037,720.05	\$1,845,394.95	\$1,464,657.66	\$0.00	\$380,737.29	\$9,032,039.48
2001	\$9,032,039.48	\$5,000,000	\$782,160.61	\$0.00	\$1,620,835.87	\$7,402,996.48	\$1,850,714.05	\$0.00	\$5,552,282.43	\$14,584,321.91
2002	\$14,584,321.91	\$0	\$450,124.77	\$0.00	\$3,856,537.65	\$4,306,662.42	\$3,001,363.85	\$0.00	\$1,305,298.57	\$15,889,620.48
2003	\$15,889,620.48	\$0	\$258,187.64	\$0.00	\$3,097,323.99	\$3,355,511.63	\$3,531,837.20	\$0.00	-\$176,325.57	\$15,713,294.91
2004	\$15,713,294.91	\$0	\$173,422.00	\$0.00	\$5,228,781.00	\$5,402,203.00	\$6,919,320.00	\$0.00	-\$1,517,117.00	\$14,196,177.91
2005	\$14,196,177.91	\$1,740,000	\$420,431.28	\$0.00	\$5,455,939.95	\$7,616,371.23	\$213,362.79	\$0.00	\$7,403,008.44	\$21,599,186.35
2006	\$21,599,486.35	\$4,003,000	\$830,827.16	\$0.00	\$5,434,025.93	\$10,267,853.09	\$1,514,788.00	\$0.00	\$8,753,065.09	\$30,352,551.44
2007	\$30,352,551.44	\$0	\$1,580,179.00	\$0.00	\$6,047,052.00	\$7,627,231.00	\$3,066,044.00	\$0.00	\$4,561,187.00	\$34,913,738.44
2008	\$34,913,738.44	\$4,000,000	\$1,665,021.00	\$0.00	\$7,291,214.00	\$12,956,235.00	\$5,116,113.00	\$3,368,096.00	\$4,472,026.00	\$39,385,764.44
	TOTALS	\$24,743,000	\$8,103,651	\$0	\$39,522,588		\$29,615,678	\$3,368,096		

Exhibit 12 DWSIRLF Loan Payments Disbursement Record

FY2008 DWSIRLF LOAN DISBURSEMENTS BY QUARTER

FY2008 QUARTER	# PROJECTS	STATE FUNDS	FEDERAL FUNDS	TOTAL
1	33	\$422,384	\$1,774,099	\$2,196,483
2	24	\$420,174	\$1,764,817	\$2,184,991
3	35	\$588,962	\$2,473,764	\$3,062,726
4	38	\$3,684,594	\$1,329,371	\$5,013,965
YEARLY TOTALS	130	\$5,116,114	\$7,342,051	\$12,458,165

Exhibit 13 Funding Uses for the DWSIRLF in Millions



ATTACHMENTS

Attachment 1 Annual Audit Report

STATE OF MISSISSIPPI
DEPARTMENT OF HEALTH
DRINKING WATER IMPROVEMENTS REVOLVING LOAN FUND

Audited Financial Statements
June 30, 2008
(With Comparative Totals for June 30, 2007)

State of Mississippi
Department of Health
Drinking Water Improvements Revolving Loan Fund

Table of Contents

	<u>Page</u>
Independent Auditor's Report.....	1
Financial Statements:	
Balance Sheet.....	4
Statement of Revenues, Expenditures and Changes in Fund Balance.....	5
Notes to the Financial Statements.....	6
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	12
Independent Auditor's Report on Compliance With the Requirements Applicable to the Environmental Protection Agency's Capitalization Grants for Drinking Water State Revolving Funds in Accordance with <i>Government Auditing Standards</i>	14
Schedule of Findings.....	16

Windham and Lacey, PLLC

Certified Public Accountants

2708 Old Brandon Road
Pearl, MS 39208
(601)939-8676

Members:
American Institute of CPAs
Mississippi Society of CPAs

Independent Auditor's Report

Local Governments and Rural
Water Systems Improvements Board
Mississippi State Department of Health

We have audited the accompanying financial statements of the Drinking Water Improvements Revolving Loan Fund (the Fund) of the Local Governments and Rural Water Systems Improvements Board, as administered by the Mississippi State Department of Health, an agency of the State of Mississippi, as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements referred to above are intended to present only the financial position and results of operations of the Drinking Water Improvements Revolving Loan Fund of the Local Governments and Rural Water Systems Improvements Board, as administered by the Mississippi State Department of Health, an agency of the State of Mississippi. These statements are not intended to present the financial position and results of operations for the State of Mississippi or the Mississippi State Department of Health, of which the Fund is a part.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Fund as of June 30, 2008, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 25, 2008, on our consideration of the Drinking Water Improvements Revolving Loan Fund of the Local Governments and Rural Water Systems Improvements Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in black ink, appearing to read "Windham and Lacey, PLLC". The signature is written in a cursive, flowing style.

Windham and Lacey, PLLC
September 24, 2007

DEPARTMENT OF HEALTH
DRINKING WATER IMPROVEMENTS REVOLVING LOAN FUND

FINANCIAL STATEMENTS

STATE OF MISSISSIPPI
DEPARTMENT OF HEALTH
DRINKING WATER IMPROVEMENTS
REVOLVING LOAN FUND PROGRAM
BALANCE SHEET
JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

ASSETS	<u>2008</u>	<u>2007</u>
Equity in internal investment pool	\$ 41,710,117	\$ 34,327,254
Receivables:		
Loans receivable	41,287,065	41,739,964
Due from other governments	48,032,673	40,435,378
Due from federal government	1,334,166	1,411,729
Interest receivable on investments	<u>28,187</u>	<u>43,222</u>
TOTAL ASSETS	\$ <u>132,392,208</u>	\$ <u>117,957,547</u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Warrants payable	\$ 447,418	\$ 54,701
Accounts payable	1,615,611	314,815
Due to other funds	8,677	93,702
Due to local governments	<u>1,153,545</u>	<u>1,260,782</u>
TOTAL LIABILITIES	<u>3,225,251</u>	<u>1,724,000</u>
 FUND BALANCE:		
Reserved for long-term portion of loans receivable	39,231,263	40,091,223
Reserved for long-term portion of due from other governments	45,748,648	38,625,611
Reserved for encumbrances	38,471	
Unreserved	<u>44,148,575</u>	<u>37,516,713</u>
TOTAL FUND BALANCE	<u>129,166,957</u>	<u>116,233,547</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>132,392,208</u>	\$ <u>117,957,547</u>

See accompanying Notes to Financial Statements.

STATE OF MISSISSIPPI
DEPARTMENT OF HEALTH
DRINKING WATER IMPROVEMENTS
REVOLVING LOAN FUND PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

	<u>2008</u>	<u>2007</u>
REVENUES:		
Interest on loans	\$ 2,977,261	\$ 2,700,756
Interest on investments	1,675,244	1,454,521
Federal programs	<u>9,388,235</u>	<u>7,756,307</u>
 TOTAL REVENUES	 <u>14,040,740</u>	 <u>11,911,584</u>
EXPENDITURES:		
Administrative expenses	<u>322,602</u>	<u>647,055</u>
 TOTAL EXPENDITURES	 <u>322,602</u>	 <u>647,055</u>
 EXCESS OF REVENUES OVER EXPENDITURES	 <u>13,718,138</u>	 <u>11,264,529</u>
OTHER FINANCING SOURCES (USES):		
Proceeds from bonds issued		4,003,000
Transfers, net	<u>(784,728)</u>	<u>(759,522)</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>(784,728)</u>	 <u>3,243,478</u>
 EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	 12,933,410	 14,508,007
FUND BALANCE:		
Beginning of Year	<u>116,233,547</u>	<u>101,725,540</u>
 End of Year	 <u>\$ 129,166,957</u>	 <u>\$ 116,233,547</u>

See accompanying Notes to Financial Statements.

STATE OF MISSISSIPPI
Department of Health
Drinking Water Improvements Revolving Loan Fund
Notes to Financial Statements
June 30, 2008

1. ORGANIZATION OF THE FUND.

The Mississippi State Legislature established the Drinking Water Improvements Revolving Loan Fund (the Fund) pursuant to the federal Safe Drinking Water Act Amendments of 1996. The Act created the revolving loan fund program to provide low interest rate loans to counties, municipalities, districts and other tax-exempt water systems organizations for construction of new water systems, the expansion or repair of existing water systems and/or the consolidation of new or existing water systems. The State law further provides that any such federal funds shall be used and expended only in accordance with federal laws, rules and regulations governing the expenditure of such funds. The State law created the Local Governments and Rural Water Systems Improvements Board (the Board) to implement loan programs and otherwise administer provisions of the law.

Loans are awarded on a priority system, which gives maximum priority to projects needed to comply with the federal Safe Drinking Water Act (SDWA), projects that provide the greatest protection to public health and those projects which assist systems most in need on a per household basis. Interest rates charged on loans will be at or below market interest rates as determined by the Board, with up to 20 years allowed for repayment. Previously each loan was limited to a maximum of \$1,500,000. The legislature has now removed that maximum and given the Board the authorization to limit the amount of the loans given to a particular loan recipient.

Federal funds are provided through federal capitalization grants pursuant to Section 1452 of the SDWA Amendments of 1996. The amount of each grant is determined by the State's U.S. Environmental Protection Agency (EPA) allocated share of the annual federal appropriation for the program. The award of each grant is conditioned on the State depositing an amount into the Fund equaling 20% of the amount of each federal capitalization grant. The State Legislature authorized the issuance of the state general obligation bonds to provide state funds for the program. \$20,743,000 of the proceeds from the sale of these bonds have been deposited into the Fund. These funds are invested by the State Treasurer until such time that the funds are needed to meet state matching requirements on loan payments. As of June 30, 2008, the EPA had awarded \$100,576,400 in capitalization grants to the State, requiring \$20,115,280 in state matching funds.

The Fund is administered by the Mississippi State Department of Health (MSDH) under the direction of the Board. MSDH's primary activities include loans for drinking water systems and management and coordination of the Fund. The Board consists of the following nine voting members: the State Health Officer; the Executive Directors of the Mississippi Development Authority; the Department of Environmental Quality; the Department of Finance and Administration; the Mississippi Association of Supervisors; the Mississippi Municipal League; and the American Consulting Engineers Council; the State Director of the United States Department of Agriculture, Rural Development; and a manager of a rural water system. The manager of a rural water system is appointed by the Governor from a list of candidates provided by the Executive Director of the Mississippi Rural Water Association. Non-appointed members of the Board may designate another representative of their agency or association to serve as an alternate. The gubernatorial appointee serves a term concurrent with the Governor and until a successor is appointed.

The Fund does not have any full-time employees. MSDH provides employees to manage the program.

STATE OF MISSISSIPPI
Department of Health
Drinking Water Improvements Revolving Loan Fund
Notes to Financial Statements
June 30, 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

Basis of Accounting

The Fund presents its financial statements as a general fund and uses the modified accrual basis of accounting. Revenues are recognized when both "measurable and available". Measurable means the amount can be determined. Available means amounts collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures are recorded when the related liability is incurred. The Fund applies all relevant Governmental Accounting Standards Board (GASB) pronouncements, as well as applicable statements issued by the Financial Accounting Standards Board.

Loans Receivable and Due From Other Governments

The State operates the Fund as a direct loan program, whereby loans made to drinking water systems are 80.77% funded by the federal capitalization grant and 19.23% by the state matching amount. Loan funds are disbursed to the loan recipients upon receipt of a request from the loan recipient for the purposes of the loan. Interest is calculated from initial contract completion date. After the final disbursement has been made, the payment schedule identified in the loan agreement is adjusted for the actual amounts disbursed, plus interest accrued from initial contract completion date to initiation of repayment process.

Fund Balance

The unreserved fund balances represent the amount available for funding future operations. The reserved fund balances represent the amount that has been legally restricted to a specific purpose or that is not available for appropriation or expenditure. The Fund had the following reserved fund balances at year end:

Reserved for long-term portion of loans receivable - An account used to indicate the noncurrent portions of loans receivable that do not represent available expendable resources.

Reserved for long-term portion of loans due from other governments - An account used to indicate the noncurrent portions of loans due from governmental entities that do not represent available expendable resources.

Reserved for encumbrances - An account used to indicate that portions of the fund balances have been committed for future expenditures.

Budget Information

Under the Constitution of the State of Mississippi, money may only be drawn from the Treasury by a legal appropriation. The Fund operations are included in MSDH's annual budget.

3. EQUITY IN INTERNAL INVESTMENT POOL.

All monies of the Fund are deposited with the State Treasurer and are considered to be cash and cash equivalents. The Treasurer is responsible for maintaining the cash balances in accordance with state laws, and excess cash is invested in the State's cash and short-term investment pool. Details of the investments of the internal investment pool for state agencies can be obtained from the State Treasurer. As of June 30, 2008, the State's total pooled deposits and investments for state agencies were approximately \$3.0 billion, and the average remaining life of the securities invested was 3.3 years. The earnings for the total pooled investments for the year ended June 30, 2008, were approximately \$117.7 million.

STATE OF MISSISSIPPI
Department of Health
Drinking Water Improvements Revolving Loan Fund
Notes to Financial Statements
June 30, 2008

Equity in internal investment pool is cash equity with the Treasurer and consists of pooled deposits and investments carried at cost, which approximates fair value. At June 30, 2008, the Fund had approximately \$41 million in the Treasurer's internal investment pool. The total deposits and investments of the internal investment pool are categorized according to credit risk in the State of Mississippi's Comprehensive Annual Financial Report. However, the Fund's portion of the internal investment pool cannot be individually categorized because the deposits and investments are pooled with other state agencies.

4. LOANS RECEIVABLE AND DUE FROM OTHER GOVERNMENTS AND CREDIT RISK.

The Fund makes loans to qualified drinking water systems for projects that meet the eligibility requirements of the SDWA. Loans are financed by capitalization grants, state match and revolving funds. Interest rates on loans vary between 1.95% to 4.5% and are generally repaid over 20 years, starting normally within one year after the project is completed. Details of loans receivable as of June 30, 2008, are discussed below.

In the event of a default on a loan obligation by a public entity, MSDH has certain legal remedies that provide for ultimate collection of amounts due. Management believes that no allowance for doubtful accounts is necessary because of the applicant review process.

Loans by Category

Loans receivable (including amounts due from other governments) at June 30, 2008, net of loan origination fees, as discussed below, are as follows:

<u>Description</u>	<u>Loans Authorized</u>	<u>Authorized Amount Remaining</u>	<u>Loan Balance</u>
Completed projects	\$ 103,398,564	\$	\$ 78,839,242
Projects in progress	<u>28,284,888</u>	<u>17,804,392</u>	<u>10,480,496</u>
Totals	<u>\$ 131,683,452</u>	<u>\$ 17,804,392</u>	89,319,738
Less amount due within one year on completed projects			<u>(4,339,827)</u>
Loans receivable and due from other governments, long-term			<u>\$ 84,979,911</u>

STATE OF MISSISSIPPI
Department of Health
Drinking Water Improvements Revolving Loan Fund
Notes to Financial Statements
June 30, 2008

Loans mature at various intervals through June 30, 2026. The scheduled principal payments on loans maturing in subsequent years are as follows:

<u>Years Ending June 30</u>	<u>Amount</u>
Completed projects:	
2009	\$ 4,358,529
2010	4,464,946
2011	4,610,888
2012	4,762,268
2013	4,914,246
Thereafter	55,728,365
Projects in progress	<u>10,480,496</u>
Total	<u>\$ 89,319,738</u>

Loan Administrative Fees

The Fund collects administrative fees from each loan recipient at 5% of the loan amount. These administrative fees are added to the loan amount as the loan principal to be repaid by the loan recipient. Financial Accounting Standards Board Statement No. 91, *Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Direct Initial Costs of Leases* (FASB 91), considers these fees to be origination fees and requires that loan origination fees be deferred and recognized over the life of the loan as an adjustment to the interest rate. FASB 91 also requires that the unamortized balance of such fees be reported as part of the loan to which it relates.

Details of the unamortized loan origination fees included in loans receivable and due from other governments at June 30, 2008, follow:

<u>Description</u>	<u>Unamortized Loan Origination Fees</u>
Completed projects	\$ 3,901,533
Projects in progress	<u>1,267,660</u>
Total	<u>\$ 5,169,193</u>

Amortization of loan origination fees on completed projects was \$271,812 for the year ended June 30, 2008, and is included in interest on loans on the Statement of Revenues, Expenditures and Changes in Fund Balance.

STATE OF MISSISSIPPI
Department of Health
Drinking Water Improvements Revolving Loan Fund
Notes to Financial Statements
June 30, 2008

Major Loans to Drinking Water Systems

As of June 30, 2008, the Fund had made loans to 23 drinking water systems that, in the aggregate, exceeded \$1,500,000. The outstanding balances of these loans represent approximately 66% of the total loans receivable, as follows:

<u>Local Agency</u>	<u>Authorized Loan Amount</u>	<u>Outstanding Balance</u>
Adams County Water Association	\$ 2,738,216	\$ 2,282,444
Bear Creek Water Association	9,141,856	6,804,173
City of Gautier	2,664,071	2,333,964
City of Hernando	1,599,753	1,279,221
City of Horn Lake	2,283,457	1,728,720
City of Long Beach	1,521,484	1,142,221
City of Ocean Springs	5,649,101	3,075,260
City of Olive Branch	4,843,018	4,187,334
City of Pascagoula	6,785,595	5,504,062
City of Southaven	8,813,162	4,671,101
City of Starkville	4,491,248	4,081,764
City of Tupelo	1,567,652	1,459,070
City of West Point	1,525,082	1,260,747
Collinsville Water Association	1,530,000	1,304,247
Columbus Utilities Commission	1,771,530	1,342,118
Corinth Utilities Commission	4,543,908	4,127,278
Culkin Water District	2,307,115	1,350,955
Fannin Water Association	1,566,435	1,345,694
Fisher Ferry Water District	3,058,950	2,811,863
Lewisburg Water Association	1,948,907	1,678,678
Northeast Mississippi Regional Water Supply District	2,677,553	1,993,694
Pleasant Hill Water Association	1,935,359	752,359
Walls Water Association	3,820,135	2,801,607
	<u>\$ 78,783,587</u>	<u>\$ 59,318,574</u>

5. GRANT AWARDS.

The Fund is funded by Capitalization Grants from the EPA authorized by Section 1452 of the SDWA Amendments of 1996 and matching funds from the State. All federal funds drawn are recorded as grant awards from the EPA. As of June 30, 2008, the EPA has awarded capitalization grants of \$100,576,400 to the State, of which \$97,120,718 has been drawn for loans and administrative expenses. The State has provided matching funds of \$20,743,000 from four general obligation bond issues by the State. The proceeds from these bonds were deposited into the Fund for state matching. The following summarizes the capitalization grants awarded, amounts drawn on each grant and balances available for future loans:

STATE OF MISSISSIPPI
 Department of Health
 Drinking Water Improvements Revolving Loan Fund
 Notes to Financial Statements
 June 30, 2008

Year	Grant Amount	Draws		Available June 30, 2008
		Through June 30, 2007	2008 Draws	
1997	\$ 16,474,200	\$ 16,474,200	\$ 0	\$ 0
1998	8,271,700	8,271,700		0
1999	8,669,500	8,669,500		0
2000	9,010,100	9,010,100		0
2001	9,047,400	9,047,400		0
2002	8,052,500	8,052,500	0	0
2003	8,004,100	8,004,100		0
2004	8,303,100	8,303,100		0
2005	8,285,500	7,935,656	203,344	146,500
2006	8,229,300	3,886,664	3,647,335	695,301
2007	8,229,000	0	5,615,119	2,613,881
	<u>\$ 100,576,400</u>	<u>\$ 87,654,920</u>	9,465,798	<u>\$ 3,455,682</u>
Receivable, June 30, 2007			(1,411,729)	
Receivable, June 30, 2008			<u>1,334,166</u>	<u>(1,334,166)</u>
Grant revenues, modified accrual basis			<u>\$ 9,388,235</u>	
Amount available, modified accrual basis				<u>\$ 2,121,516</u>

As of June 30, 2007 and 2008, state matching contributions were as follows:

Description	Contributions Through June 30, 2007	Fiscal Year 2008 Contributions	Contributions Through June 30, 2008
State of Mississippi	<u>\$ 20,743,000</u>	<u>\$</u>	<u>\$ 20,743,000</u>

6. CONTINGENCIES.

The Fund is exposed to various risks of loss related to torts, thefts of assets, errors or omissions, and injuries to state employees while performing Fund business, or acts of God. MSDH maintains insurance for some risks of loss. Risks of loss related to torts are administered by the Mississippi Tort Claims Board. Since its inception in 1996, there have not been any claims against the Fund.

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**Independent Auditor's Report on
Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an
Audit of the Financial Statements
Performed in Accordance with
Government Auditing Standards**

The Local Governments and Rural
Water Systems Improvements Board
Mississippi State Department of Health

We have audited the financial statements of the Drinking Water Improvements Revolving Loan Fund (the Fund) of the Local Governments and Rural Water Systems Improvements Board, as administered by the Mississippi State Department of Health, an agency of the State of Mississippi, as of and for the year ended June 30, 2008, and have issued our report thereon dated September 25, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Drinking Water Improvements Revolving Loan Fund of the Local Governments and Rural Water Systems Improvements Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Fund's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Fund's financial statements is more than inconsequential will not be prevented or detected by the Fund's internal control. We consider the deficiency described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Fund's internal control.

Our consideration of the internal controls over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we consider the deficiency described above to be a material weakness

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Drinking Water Improvements Revolving Loan Fund of the Local Governments and Rural Water Systems Improvements Board's financial statements as administered by the Mississippi State Department of Health are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management of the Local Governments and Rural Water Systems Improvements Board, the Governor, Members of the Legislature and the United States Environmental Protection Agency and is not intended to be and should not be used by anyone other than the specified parties.


Windham and Lacey, PLLC
September 25, 2008

Windham and Lacey, PLLC

Certified Public Accountants

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**Independent Auditor's Report on Compliance
with the Requirements Applicable to the
Environmental Protection Agency's
Capitalization Grants for Drinking Water
State Revolving Funds in Accordance with
*Government Auditing Standards***

The Local Governments and Rural
Water Systems Improvements Board
Mississippi State Department of Health

We have audited the financial statements of the Drinking Water Improvements Revolving Loan Fund (the Fund) of the Local Governments and Rural Water Systems Improvements Board, as administered by the Mississippi State Department of Health, an agency of the State of Mississippi, as of and for the year ended June 30, 2008, and have issued our report thereon dated September 25, 2008.

We have also audited the Fund's compliance with requirements governing:

- Activities allowed or unallowed,
- Allowable costs/cost principles,
- Cash management,
- State matching,
- Period of availability of federal funds and binding commitments,
- Procurement, suspension and debarment,
- Program income,
- Reporting,
- Subrecipient monitoring, and
- Special tests and provisions

that are applicable to the Drinking Water Improvements Revolving Loan Fund of the Local Governments and Rural Water Systems Improvements Board for the year ended June 30, 2008. The management of the Drinking Water Improvements Revolving Loan Fund of the Local Governments and Rural Water Systems Improvements Board is responsible for the Fund's compliance with those requirements. Our responsibility is to express an opinion on those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Fund's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Fund's compliance with those requirements.

In our opinion, the Fund complied, in all material respects, with the requirements governing activities allowed or unallowed; allowable costs/cost principles; cash management; state matching; period of availability of federal funds and binding commitments; procurement, suspension and debarment; program income; reporting; subrecipient monitoring; and special tests and provisions that are applicable to the Drinking Water Improvements Revolving Loan Fund of the Local Governments and Rural Water Systems Improvements Board for the year ended June 30, 2008.

This report is intended for the information and use of management of the Local Governments and Rural Water Systems Improvements Board, the Governor, Members of the Legislature and the United States Environmental Protection Agency and is not intended to be and should not be used by anyone other than the specified parties.

A handwritten signature in cursive script that reads "Windham and Lacey, PLLC".

Windham and Lacey, PLLC
September 25, 2008

State of Mississippi
Department of Health
Drinking Water Improvements Revolving Loan Fund
Schedule of Findings
For the Year Ended June 30, 2008

08-1 Finding

The Fund's internal control over cutoff of disbursements during the year end lapse period did not identify economic events that occurred in the lapse period that should have been recorded in the current period.

Recommendation

Drinking Water SRF Director and Finance/Administrative Coordinator should provide a list of planned lapse period loan disbursements along with related grant drawdown amounts to the GAAP Coordinator prior to completion of the GAAP financial statements.

Fund Director's Response

At year-end, prior to completion of the GAAP financial statements, the Fund's Finance/Administrative Coordinator will prepare a list of planned lapse period loan disbursements along with related grant drawdown amounts to the GAAP Coordinator prior to completion of the GAAP financial statements.