

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

**ANNUAL REPORT
FOR
FEDERAL FISCAL YEAR 2009
(10/01/08 through 09/30/09)**



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	- 4 -
	C. SHORT-TERM GOALS	- 4 -
III.	DWSIRLF LOAN AND SET-ASIDE ACTIVITIES.....	- 6 -
	A. SOURCES OF DWSIRLF FUNDING	- 6 -
	<i>i. Capitalization Grant</i>	- 7 -
	<i>ii. State Match</i>	- 7 -
	<i>iii. Interest Earnings</i>	- 7 -
	<i>iv. Repayments</i>	- 7 -
	<i>v. Administrative Fees Received and Disbursed</i>	- 7 -
	B. USES OF DWSIRLF FUNDS	- 8 -
	TABLE 1: SOURCES OF DWSIRLF FUNDS	- 9 -
	TABLE 2: ACTUAL USES OF DWSIRLF FUNDING	- 10 -
	<i>i. Loan Assistance Status</i>	- 10 -
	TABLE 3: FY 2009 BINDING COMMITMENTS	- 11 -
	<i>ii. Set-Aside Activity Status</i>	- 14 -
IV.	FINANCIAL SUMMARY	- 17 -
	A. LOAN COMPLETION STATUS	- 17 -
	B. LOAN DISBURSEMENTS/CASH DRAW PROPORTIONALITY	- 17 -
	C. ADMINISTRATIVE DISBURSEMENTS	- 18 -
	D. ANNUAL REPAYMENTS	- 18 -
	E. INVESTMENTS	- 18 -
	F. AUDITS/FINANCIAL STATEMENTS	- 18 -
V.	PROGRAM CHANGES	- 18 -
	A. COMPARISON WITH THE INTENDED USE PLAN (IUP)	- 18 -
	B. MODIFICATION OF GOALS AND OBJECTIVES	- 18 -
	C. MODIFICATIONS OF THE PROGRAM	- 19 -
	D. LONG AND SHORT-TERM GOALS FOR FUTURE IUP'S	- 19 -
VI.	COMPLIANCE WITH OPERATING AGREEMENT AND GRANT CONDITIONS	- 19 -

EXHIBITS

EXHIBIT 1 PROJECTS RECEIVING DWSIRLF FINANCIAL ASSISTANCE IN FY-2009.....- 26 -
EXHIBIT 2 FY-2009 BINDING COMMITMENTS BY QUARTER- 28 -
EXHIBIT 3 SOURCE OF DWSIRLF FUNDS BY QUARTER DURING FY-2009.....- 29 -
EXHIBIT 4 BINDING COMMITMENTS BY QTR W/ RESPECT TO SCH ACH PAYMENTS....- 30 -
EXHIBIT 5 FEDERAL & STATE DISBURSEMENTS- 31 -
EXHIBIT 6 PAYMENT SCHEDULE ACTUAL AND PROTECTED INCREASE IN THE ACH ..- 32 -
EXHIBIT 7 DWSIRLF PROJECT FINANCIAL REPORT- 33 -
EXHIBIT 8 COMPARISON OF PROJECTED VERSUS ACTUAL DISBURSEMENTS*- 46 -
EXHIBIT 9 REPORT OF ANNUAL LOAN REPAYMENTS- 47 -
EXHIBIT 10 COMPLETED PROJECTS DURING FY-2009- 48 -
EXHIBIT 11 STATE OF MISSISSIPPI DWSIRLF CASH FLOWS- 56 -
EXHIBIT 12 FY-2009 DWSIRLF LOAN PAYMENTS DISBURSEMENTS BY QUARTER- 57 -
EXHIBIT 13 FUNDING USES FOR THE DWSIRLF IN MILLIONS- 58 -

ATTACHMENTS

ATTACHMENT 1 ANNUAL AUDIT REPORT 61

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 2009. The report outlines the operation of the DWSIRLF during the time period from October 1, 2008, through September 30, 2009.

This report outlines the accomplishments of the DWSIRLF as related to the goals and objectives set forth in the FY-2009 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-2009 IUP, the State of Mississippi set forth several goals, including both long-term and short-term goals that have been impacted by the inclusion of the American Recovery and Reinvestment Act of 2009 (ARRA). Some of the long-term goals are considered basic, unchanging goals due to their necessity, and are detailed separately below. As the goals will show, the impact of ARRA may be viewed as having impeded the program's ability to meet the established goals, while at the same time, providing additional funding for the State's drinking water infrastructure.

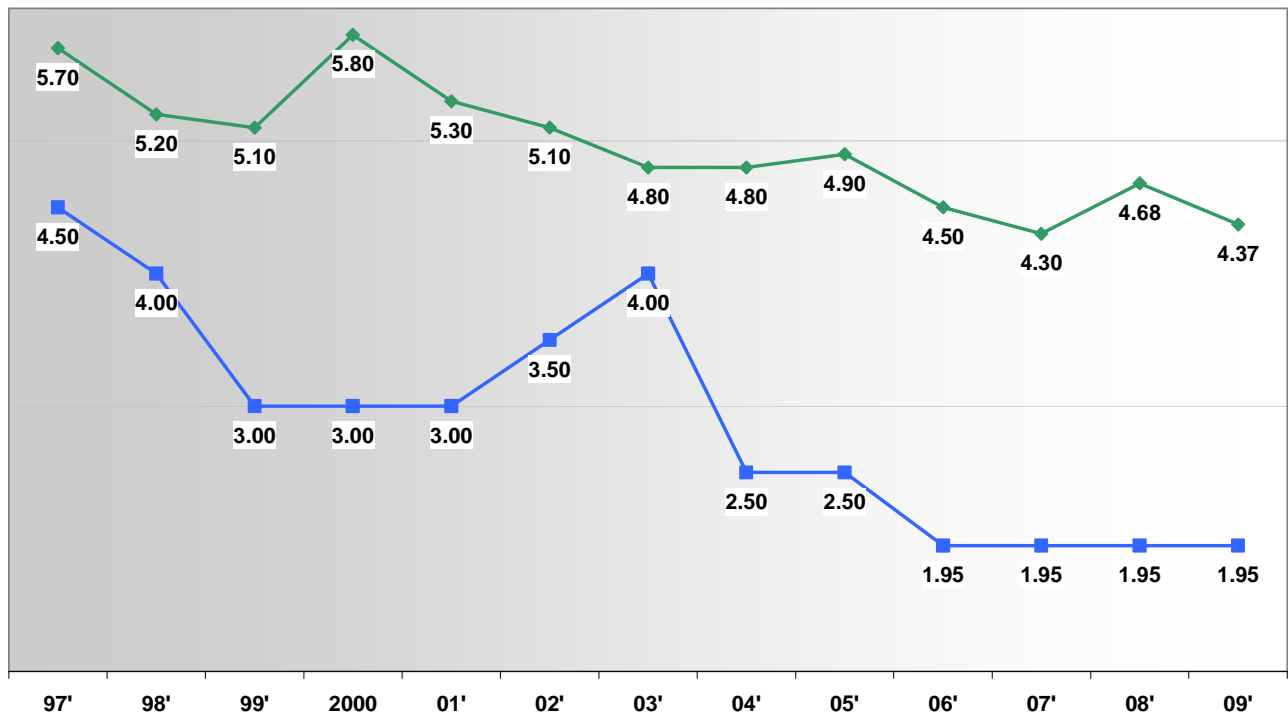
A. Basic Program Goals

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, even with the additional time constraints and programmatic requirements made necessary due to the ARRA funding. As usual, 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 schedules, 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 the community could afford the project, that funds were adequate to repay the loan as well as operate/maintain 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 met and for new public health concerns. During FY-2009 all projects ready to proceed were funded, provided they were going to be able to meet the ARRA February 17, 2010 deadline for projects to be under contract or construction. Only one recipient elected not to receive ARRA funds with their loan.

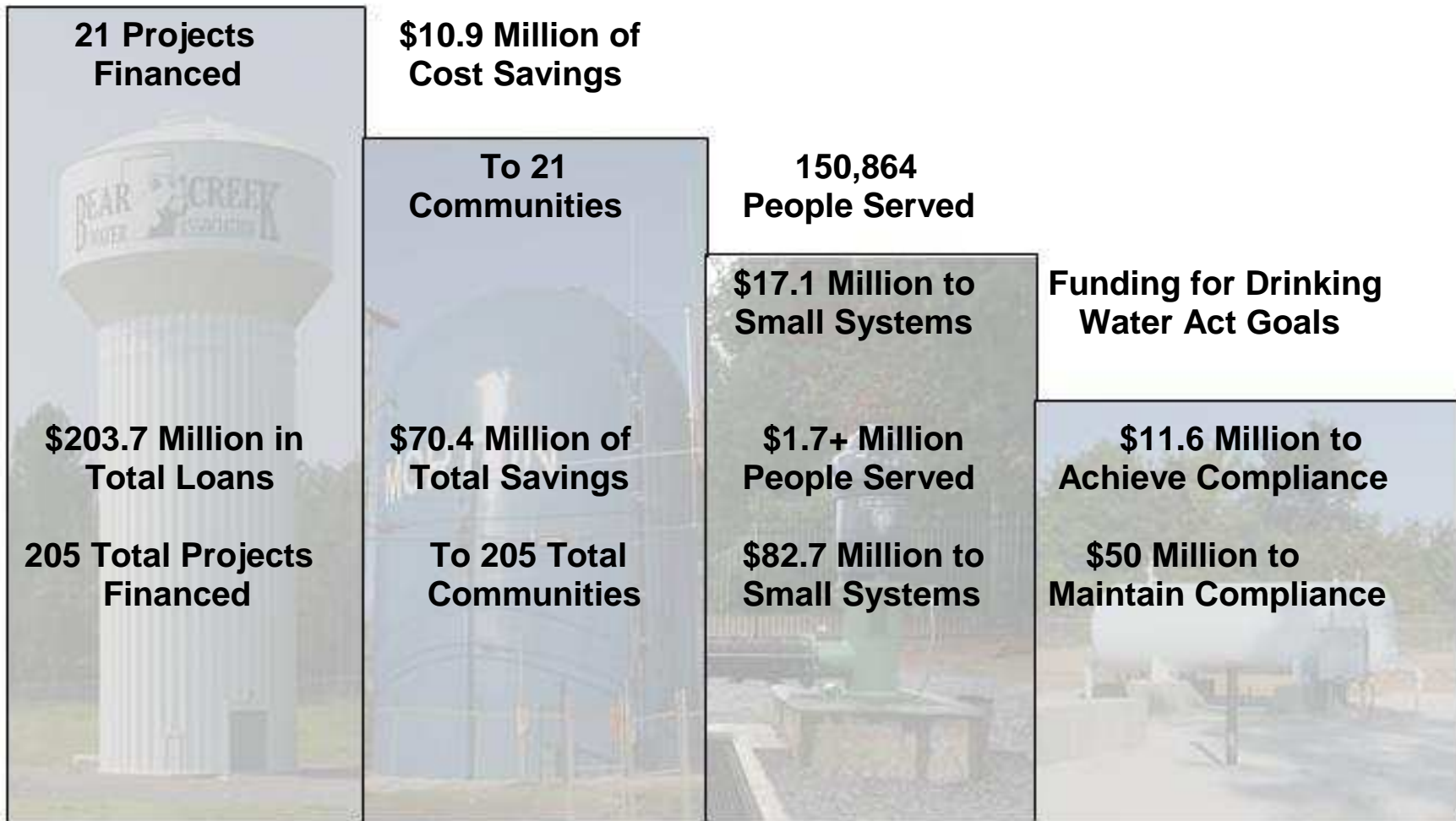
Figure 1: Market Rates vs. Mississippi DWSIRLF Rates



The interest rate for all FY-2009 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 that funds may be limited during FY-2010. As was developed in the IUP, an added incentive for loan recipients this year was the availability of principal forgiveness at the time of loan award. Varying amounts of principal forgiveness were given based on the loan recipient's median household income (MHI) in the service area of the water supply versus the MHI of the State of Mississippi. This enabled the program to give some amount of principal forgiveness to all loan recipients willing to comply with the increased provisions of ARRA. While the principal forgiveness incentive was great, many of the loan recipients were concerned about proceeding to loan award due to the delay in receiving details of many of the ARRA requirements that were being fettered out by the Environmental Protection Agency (EPA) and the Federal government. Once guidelines were determined, the remaining recipients progressed to loan award.

Mississippi Drinking Water Project Financing in 2009 to Protect the Public Health \$37,774,155 in Available Funds

**\$37.3 Million in
DWSIRLF Loans**



B. Long-Term Goals

1. Enhance and/or improve loan application and repayment procedures.

Progress Toward Long-Term Goal #1: *The introduction of ARRA funds into the State during this funding cycle prevented major progress toward this goal . The implementation of the ARRA requirements became the DWSIRLF staff's main priority. The federal provisions of ARRA caused the program to revise many standard procedures in order to accommodate the new increased requirements. However, the program was able to remove the 5% administrative fee that had been historically added to all loans through FY-2008. This removal of the 5% administrative fee requirement is now an attractive benefit to potential loan recipients thus making the program more appealing. If ARRA's requirements continue in future appropriations, progress towards this goal will continue to be minimal. It is hoped that some progress could be made once the country's economic conditions improve.*

2. Maintain Cooperative Agreements with Other Lending Agencies

Progress Toward Long-Term Goal #2: *As with the State's progress toward Goal #1, progress toward this goal has been slow. Plans to create a universal web-based ranking form for the State's lending agencies were sidelined due to the increased requirements related to receiving ARRA funds. Even so, a continuing connection with other lending agencies has been established through the membership of the Local Governments and Rural Water Systems Improvements Board (Board). Also, the DWSIRLF's publication, "News and Notes", advertises a listing of all water supply funding agencies along with a brief description of loan/grant conditions for each program. This "Funding Matrix", which helps potential fund recipients find which funding source will be ideal for their projects, is made available at each convention/conference the DWSIRLF attends and markets the Program.*

3. Use Set-Asides to Fund Planning Grants

Progress Toward Long-Term Goal #3: *Again, little progress has been made toward this goal, due to the country's current economic conditions and the redirection of the staff's focus to ensuring the requirements of ARRA were met. Additional information will need to be gathered to ensure that the systems receiving the special assistance outlined in Long-Term Goal #3 will progress to actual project construction of the needed infrastructure.*

C. Short-Term Goals

1. Enhance and/or improve the DWSIRLF Loan Program by making it more attractive to public water systems.

Progress Toward Short-Term Goal #1: *As stated previously, the attention of ARRA has made the program more appealing by the fact that additional subsidization was made available this year. This additional subsidization came in the form of complete or partial principal forgiveness of the loan.. This alone enhanced the interest of many potential*

loan recipients. The Program saw an unprecedented number of funding requests, many from potential loan recipients who had never expressed interest in the Program before this year. It is anticipated that future federal appropriations will have a portion of principal forgiveness associated with them. This, of course, will maintain the program's attractiveness as long as the potential loan recipients are willing to cope with the increased requirements of the recent federal appropriation provisions. A few recipients have expressed dissatisfaction with the added requirements such as the Green Project Reserve, the Davis-Bacon Act and "Buy American". As the country's economy improves, the added provisions may become a detriment to the program's marketing. One major success toward achieving this goal was realized this year when the 5% administrative fee requirement was "removed" from all loans made during FY-2009 and thereafter. The fee, which is still collected, now takes the form of interest forgiveness during the loan's repayment phase. Interest portions of all FY-2009 and after loan repayments will now be diverted into the administrative fee account monthly until 5% of the total project cost is received. In addition to this progress, staff members are regularly attending various conferences and meetings to "market" the program. This allows interaction with consulting engineers, operators, and responsible officials regarding potential improvements that could be made to the program.

- 2. Explore the possibility of developing web-based checklists and forms to electronically store and provide project management information.*

Progress Toward Short-Term Goal #2: Little progress has been made toward this goal, due to the required focus of the staff on ensuring the requirements of ARRA were met. It is our hope that once the economy rights itself, this goal can be obtained.

- 3. 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 Toward Short-Term Goal #3: The prioritization of ARRA and its deadlines have prevented the staff from making any progress toward this goal. Furthermore, the Bureau of Public Water Supply is still using only one computer contractor to develop both the DWSIRLF's project tracking program as well as the environmental laboratory's computerized sample tracking program. Priority at this point for the contractor is to implement the environmental laboratory's computerized sample tracking program. It is our hope that progress can be made toward achieving this goal in the coming year.

- 4. 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 Toward Short-Term Goal #4: 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 their projects. Also, free assistance is 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 this technical assistance, by receiving additional priority ranking

points for participation in the technical assistance program, and additional points for implementing any resulting recommendations.

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

Progress Toward Short-Term Goal #5: The DWSIRLF staff attended and participated in all available EPA trainings and/or conference calls, as well as those made available by other training providers such as the Council for Infrastructure Funding Authorities (CIFA).

6. *ARRA Goals*

- a. *Appropriately disburse ARRA funds in a manner consistent with Federal law and EPA guidelines.*
- b. *Achieve 20% “Green Infrastructure”.*
- c. *Provide additional subsidization using 50% of ARRA funds.*
- d. *Promote job growth, economic recovery, and generate long-term benefits from infrastructure investments using ARRA funds.*
- e. *Ensure that all ARRA funded projects comply with all applicable deadlines.*

Progress Toward Short-Term Goal #6: The program has disbursed funds in compliance with established ARRA guidelines. The “Green Infrastructure” goal has been met as required and has even been exceeded. The program has also achieved the 50% additional subsidization goal, by providing principal forgiveness to loan recipients based upon their Median Household Income (MHI) versus that of the MHI of the State. Recipients received from 15% to 55% principal forgiveness for their loans. To maximize the long-term growth of the total DWSRF fund, the Program only forgave the required minimal amount of half the federal ARRA appropriation. Regarding job growth, economic recovery, and long-term benefits from infrastructure, it is difficult to foresee the overall affect of this year’s work on the ultimate achievement of these goals at this time. All ARRA funds were disbursed and were under contract by the February 17, 2010, deadline. Construction will begin as scheduled thus providing jobs for those in the contracted businesses, as well as providing needed improvements to Drinking Water infrastructure.

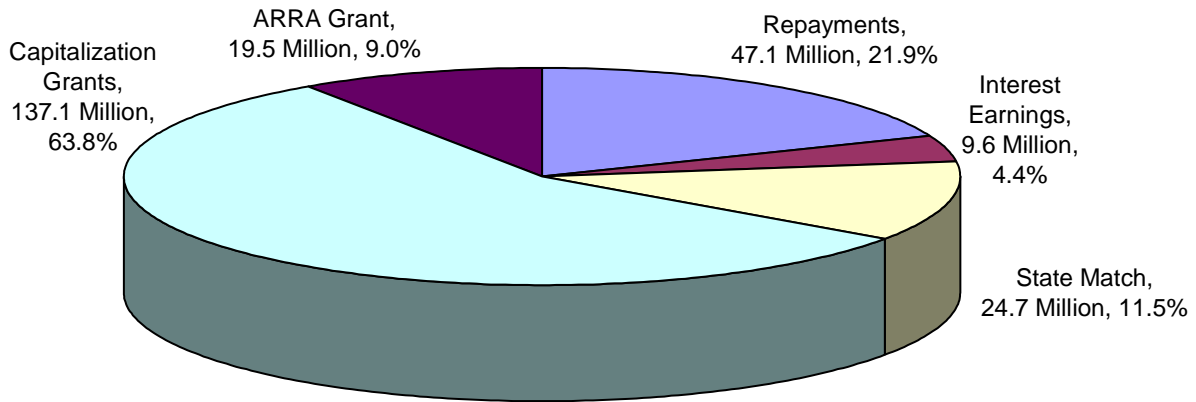
III. DWSIRLF Loan and Set-Aside Activities

This section includes details concerning the sources of DWSIRLF Funding and the use of these funds both within the loan program and the State’s set-asides. Table 1 provides a breakdown of FY-2009 DWSIRLF funding sources and related uses.

A. Sources of DWSIRLF Funding

Available funding since the DWSIRLF inception totals \$214.7 Million and includes \$19.5 Million supplied by ARRA. Figure 2 illustrates the various sources of that funding (capitalization grants, state match, interest on deposits, special appropriations and repayments), and their respective contribution to the total. The State of Mississippi does not utilize leveraging in funding the program. Further details of these funding sources are provided below and in Exhibit 3.

Figure 2: Available Funding Since Program's Inception



- 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 the EPA Drinking Water Needs Survey that is performed every four years. Since the program's inception, capitalization grants totaling \$137,188,190 have been received. The FY 2009 capitalization grant in the amount of \$8,146,000 was received in the 4th- quarter of FY 2009. The \$19,500,000 FY 2009 ARRA Grant was received in the 3rd quarter of FY2009.
- 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 \$9,665,035. During FY-2009, interest on deposits totaled \$1,561,383. Further interest income details are outlined in Exhibit 11.
- iv. **Repayments**
Since the program's inception, the DWSIRLF has received repayments totaling \$47,110,399. During the FY-2009, the repayments received totaled \$7,667,390. Further repayment details are outlined in Exhibit 11.
- v. **Administrative Fees Received and Disbursed**
During FY 2009 the administrative fee fund receipts totaled \$1,188,001 and disbursements were \$412,019.
- vi. **American Recovery and Reinvestment Act of 2009**

Due to the economic situation facing the country, Congress passed the American Recovery and Reinvestment Act of 2009. This put an additional \$2.0 billion dollars into the DWSRF nationwide of which the Mississippi's DWSIRLF received \$19.5 million. The State applied for and received this special Capitalization Grant from the EPA in accordance with ARRA requirements. The allotment was based on the EPA Drinking Water Needs Survey that is performed every four years. The ARRA capitalization grant in the amount of \$19,500,000 was received in the 3rd quarter of FY 2009.

B. Uses of DWSIRLF Funds

As illustrated in Figure 3, \$34.7 Million was available in FY 2009 for loans to public water systems after \$0.977 Million was set-aside for small system technical assistance and state program management, and \$0.300 Million was set-aside for program administration. Of these total set-aside amounts, ARRA provided \$390,000 to small system technical assistance, \$1,462,500 to state program management, and \$0.300 million for program administration.

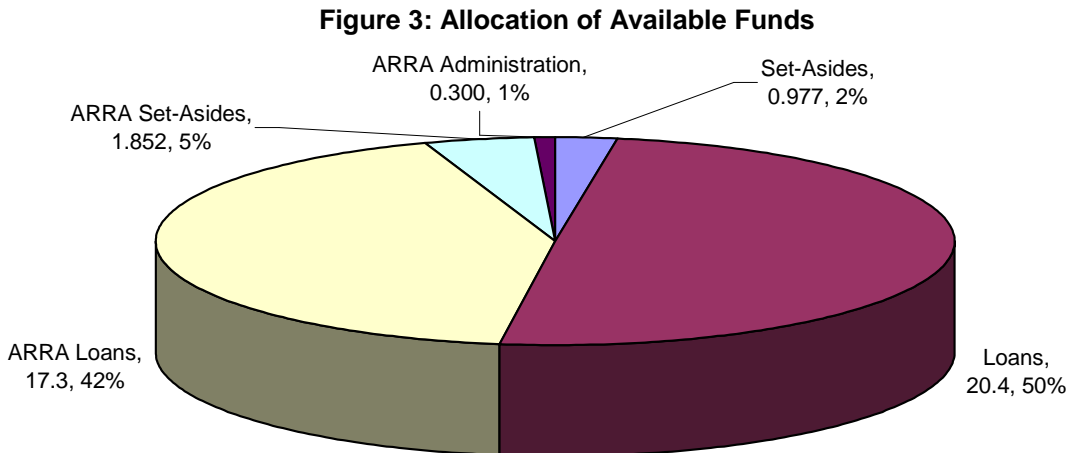


Table 1: Sources of DWSIRLF Funds

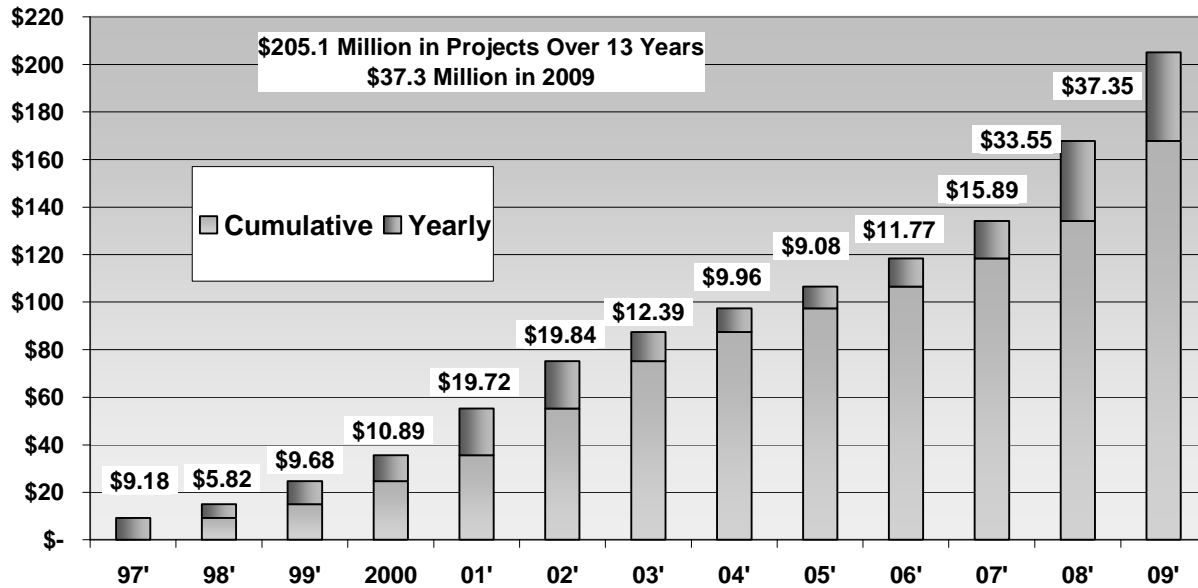
Sources of 2009 Funds		
Capitalization Grant		\$8,146,000
ARRA Capitalization Grant		\$19,500,000
State Match		\$0
Investment Interest Earnings		\$1,561,383
Loan Repayments		\$7,667,389
Funds Carried Over from Previous Year(s)		\$1,144,942
Additional State Match Provided		\$0
Net Loan Amendments (Increases/Decreases)		\$1,398,049
	Total	\$39,417,763
Projected Uses of Funds		
DWSIRLF Binding Commitments		
Standard Loan 1452 (a)		\$17,902,236
Small Systems 1452 (a)(2)		\$11,098,742
	Subtotals	\$29,000,978
Set-Aside Workplan Commitments		
Regular Administrative Set-Aside (max 4%) 1452 (g)(2)		\$0
Regular Technical Assistance Set-Aside (max 2%) 1452 (g)(2)		\$162,920
Contract 1: Small Systems Tech Asst	\$80,000	
Contract 2: Board Management Training	\$48,000	
Contract 3: Hands-On Operator Training	\$37,000	
Regular Program Mgt Set-Aside (max 10%) 1452 (g)(2)		\$814,600
Contract 4: Peer Review	\$20,000	
	Regular Set-Asides Subtotal	\$977,520
ARRA Administrative Set-Aside (max 4%)		\$300,000
ARRA Technical Assistance Set-Aside (max 2%)		\$390,000
Contract 1: SDWA Assistance to Small Sys	\$390,000	
ARRA Program Mgt Set-Aside (max 10%)		\$1,462,500
Contract 2: SDWA Assistance to Systems above 10K	\$400,000	
	ARRA Set-Asides Subtotal	\$2,152,500
	Total	\$32,130,998

Table 2: Actual Uses of DWSIRLF Funding

Uses of Committed Funds		
DWSIRLF Binding Commitments		
Standard Loan 1452 (a)		\$20,273,433
Small Systems 1452 (a)(2)		\$17,073,300
Subtotals		\$37,346,733
Set-Aside Workplan Commitments		
Regular Administrative Set-Aside (max 4%) 1452 (g)(2)		\$174,403
Regular Technical Assistance Set-Aside (max 2%) 1452 (g)(2)		\$162,547
Contract 1: Small Systems Tech Asst	\$80,000	
Contract 2: Board Management Training	\$48,764	
Contract 3: Hands-On Operator Training	\$33,783	
Regular Program Mgt Set-Aside (max 10%) 1452 (g)(2)		\$814,865
Contract 4: Peer Review	\$18,468	
State Program Management	\$796,397	
Regular Set-Asides Subtotal		\$1,151,815
ARRA Administrative Set-Aside (max 4%)	\$0	
ARRA Technical Assistance Set-Aside (max 2%)	\$0	
Contract 1: SDWA Assistance to Small Sys	\$0	
ARRA Program Mgt Set-Aside (max 10%)	\$0	
Contract 2: SDWA Assistance to Systems above 10K	\$0	
ARRA Set-Asides Subtotal		\$0
Total		\$38,498,548

i. Loan Assistance Status

During the Fiscal Year 2009 the State of Mississippi awarded loans totaling \$37.3 million. The individual loan amounts ranged in size from \$341,000 to \$9,547,000. The terms for all FY 2009 loans included an interest rate of 1.95% and a 20-year repayment period. Of the 21 loans made, only one loan recipient refused ARRA funds having principal forgiveness. Their refusal was based on the increased requirements of the ARRA funds. A combined population of 150,864 received the benefit of these loans. Individual populations affected by each loan ranged from 325 to 26,000.



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-2009 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-2009 loan amendments are provided in Exhibit 1, Part 3.

Table 3: FY 2009 Binding Commitments

Priority Ranking	Priority Points	Loan Recipient	PWS ID#	Amount	Project Description	Pop. Served	Small System
2 Priority	3514	Culkin Water District	MS	\$1,155,000	Aeration Treatment and Distribution Improvements	10,438	No
2 Priority	2749	Progress Community W/A	MS	\$822,375	Elevated Tank and Distribution	5,586	Yes
2 Priority	1347	Glade Water W/A	MS	\$1,264,713	Distribution Rehabilitation and Replacement	3,690	Yes
2 Planning	3491	Newton, City of	MS	\$638,060	Rehabilitate and Upgrade Existing Treatment Plant	4,000	Yes
3 Priority	1629	ACL W/A	MS	\$605,000	Water Well	3,500	Yes
3 Priority	629	SE Rankin W/A	MS	\$1,313,000	Water Well, Tank, and Transmission Line	5,000	Yes
3 Priority	426	Wheeler-Frankstown W/A	MS	\$1,182,200	Supply, Storage, and Treatment	4,500	Yes
4 Planning	1257	Highway 28 W/A	MS	\$341,000	Booster Station, Rahab Tank, and Distribution Improv.	2,033	Yes
4 Planning	812	New Hope W/A	MS	\$553,000	100,000 Gallon Elevated Storage Tank	3,000	Yes

6 Priority	653	Hub W/A	MS	\$562,500	New Well, Pressure Tank, Distribution Main	3,000	Yes
6 Planning	126	Adams County W/A	MS	\$2,022,543	Installation of Water Main and Treatment Plant Improv.	19,800	No
6 Planning	49	Nicholson W&S Assoc.	MS	\$1,507,700	Tank, Well, and Distribution to unserved users	2,900	Yes
7 Priority	700	Caledonia, Town of	MS	\$4,077,990	New Well and Treatment Plant	5,500	Yes
8 Priority	3179	Belzoni, City of	MS	\$641,964	Rehab Wells, New Well, and Dist.	5,319	Yes
8 Priority	207	Laurel, City of	MS	\$5,070,735	Distribution Improvements	22,000	No
8 Priority	35	Piney Woods Country Life School	MS	\$521,000	Elevated Storage Tank	325	No
8 Planning	807	Salem Water Association	MS	\$435,750	350 GPM Well	864	Yes
8 Planning	553	Hilldale Water District	MS	\$533,581	Distribution Improvements	5,505	Yes
11 Priority	843	Corinth Uty Commission	MS	\$9,547,000	Finished Water Trans. & Distribution Line	14,054	No
11 Planning	4124	Clinton, City of	MS	\$2,478,155	Radio Read Meters, Hardware and Software	26,000	No
11 Planning	1032	Greenfield W/A	MS	\$1,075,000	Elevated Tank	3,850	Yes

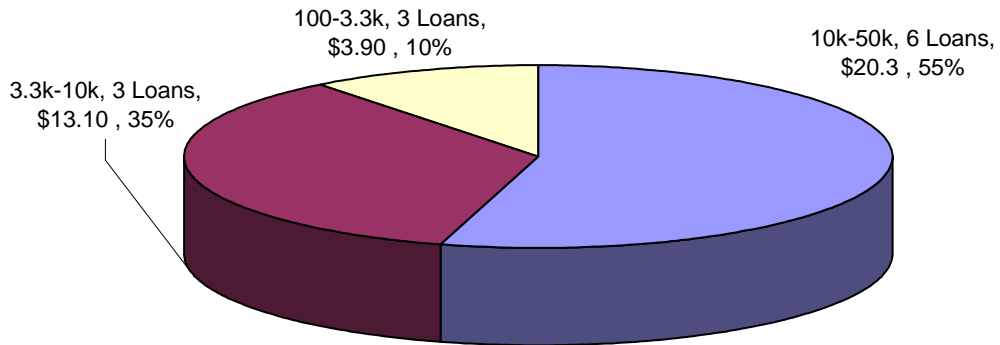
2. *Bypassed Projects*

During FY-2009, 2 projects on the adopted priority list chose not to proceed to loan award even with the prospect of receiving principal forgiveness from ARRA funds. In accordance with the approved Priority System and the requirements of ARRA, the funds reserved for those projects were released to projects ready to proceed, including those on the 2010 and After Planning List. Of those on that list, commonly referred to as “catch-up projects”, eight proceeded and were awarded FY-2009 loans.

3. *Small Systems*

During FY-2009 approximately \$17.0 million in DWSIRLF loans were awarded to small water systems, serving populations of 10,000 or less. Approximately \$8.7 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 45.7% of the FY-2009 funds awarded and loans to extra small systems (5,000 or less) accounted for 23.3%. Historically, such projects have accounted for 41.1% and 28.9% of the funds awarded, respectively.

Figure 5: Distribution of Dollars by Population



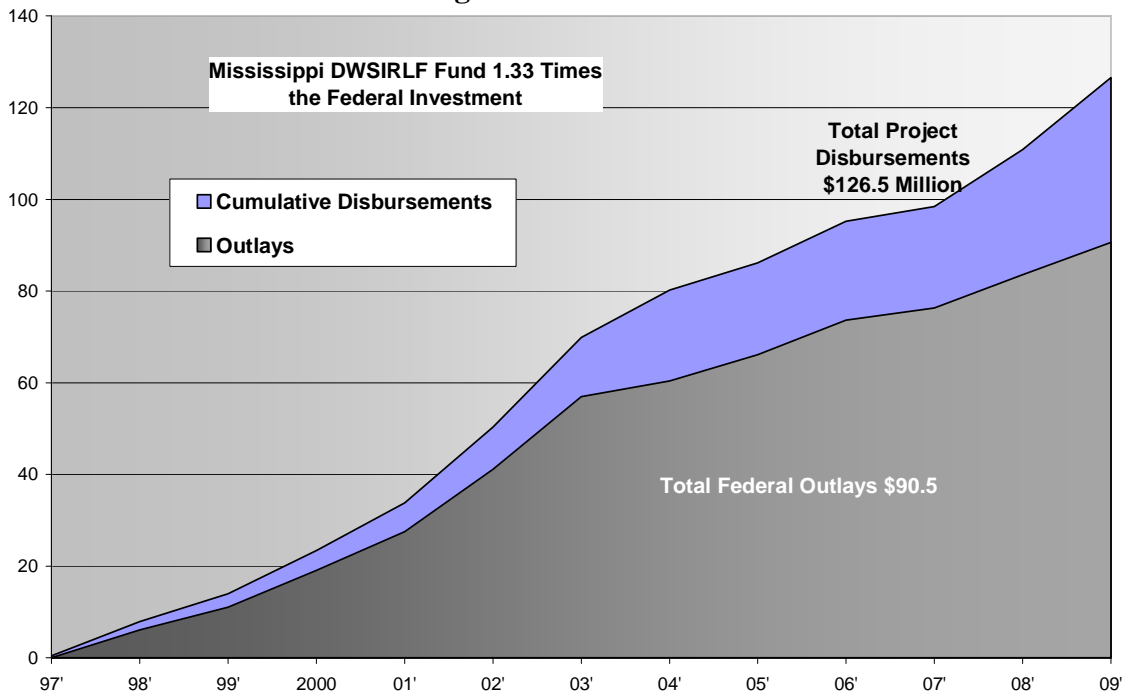
4. Disadvantaged Community Systems

As outlined in the FY-2009 IUP, the Board has not implemented a complete disadvantaged communities program.

5. Disbursements

During FY 2009, disbursements from the DWSIRLF to the various loan recipients totaled \$15,758,217 (See Exhibit 5 for a detailed breakdown of loan disbursements.) Of these disbursements, \$8,739,974 was made from State funds and \$7,018,243 was made from federal funds. Disbursements from the DWSIRLF administrative set-aside for program administration costs during FY-2009 totaled \$274,403. Administrative Fees disbursed for DWSIRLF program administration costs during FY 2009 totaled \$412,019.

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 that do not meet the State's criteria.

ii. Set-Aside Activity Status

During the FY-2009, 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 – The program elected not to take the administrative set-aside from the FY-2009 Capitalization Grant. Instead, the 4% set-aside amount will be reserved to be taken from a future capitalization grant. As was mentioned previously, the program has recently changed the method by which the administrative fee has historically been collected. Rather than collecting it during the loan award phase, it will now be collected during the repayment phase of all loans made during FY-2009 and future fiscal years. Implementing this new method requires reserved funds to assist in program operations until the FY-2009 projects begin repayments. The DWSIRLF will maintain these funds in reserve until the need arises to utilize them to cover the costs of administering the DWSIRLF Program. Additional administrative funds were provided by the 5% administrative fee assessed on each loan prior to FY-2009. During FY-2009, \$796,397 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 is designed to provide, through contractual agreements, specifically targeted technical assistance to the State's public water systems. This technical assistance includes comprehensive and intermediate technical assistance, Hands-On Operator Training, and Coordination of Board Management Training. During FY-2009, The Local Governments and Rural Water System Improvement Board (Board) renewed the current contracts and approved the current scope of technical assistance for small water systems. The workplan objectives for FY-2009 and actual accomplishments are summarized below as defined in the revised workplan.

a. Special Assistance to Referred Systems.

Objectives: For the period October 1, 2008, through September 30, 2009, the objective was to provide on-site technical support to systems that were referred by Mississippi State Department of Health (MSDH) to resolve problems and deficiencies. Since this contract follows the state fiscal year the information listed will be separated into two different time periods. For the period of October 1, 2008 through June 30, 2009 (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, 2009, through September 30, 2009, (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, 2008 to June 30, 2009, long-term technical assistance was provided under contract by Community Resources Group, Inc. (CRG) to 28 small community public water systems referred by MSDH. Intermediate assistance was provided to 9 public water systems. During the period of July 1, 2009, through September 30, 2009, long term assistance was begun to some of the 11 systems selected for long-term assistance with 4 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. Coordination of Board Management Training for Water System Officials.
Objectives: This portion of technical assistance involves the coordination of the Board Management Training for Water System Officials. It helps to inform newly elected water system board members of the state law requiring board management training for all private, non-profit water supplies. It also requires the training for municipal system with 10,000 population and less. The contractor along with the selected training partners provide trainings throughout the state for the system officials. The contractor gathers the training data and maintains an up-to-date database to maintain the information. The objective for the period of October 1, 2008, through September 30, 2009, 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 provided according to 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. Due to this fact, the information listed will be separated into two different time periods.

Accomplishments: During the period between October 1, 2008, and June 30, 2009, Mississippi State University Extension Service, the chosen contractor, successfully administrated the completion of 10 sessions to train 169 board members and managers in various technical and management skills necessary to effectively fulfill their duties. The accomplishments during the period between July 1, 2009, and September 30, 2009, include the completion of 4 sessions to train 72 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; the preparation and delivery of training material and notebooks in a timely manner to the training organization(s); the preparation of meeting facilities; providing qualified instructors and instruction as needed; the preparation and distribution of evaluation forms by attendees; random attendance at meetings to evaluate instructor(s) and material presented; the maintenance of a computerized database that tracks the attendance of each board member attending any board member training session(s); the preparation and distribution of reports for each training event and quarterly reports to both MSDH and 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” sessions 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, 2008, and June 30, 2009, provided 8 training sessions attended by 132 licensed water operators representing 138 different water supplies. From July 1, 2009, to September 30, 2009, no training sessions occurred.

The State set aside \$162,920 from the FY-2009 capitalization grant for small systems technical assistance activities. A total of \$159,193 was disbursed during FY-2009 for small systems technical assistance activities.

3. *State Program Management*

The State of Mississippi set aside \$814,600 of its FY-2009 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-2009, no disbursements were made from this set-aside. The entire amount of the set-aside will be expended in FY-2010. The workplan outlining the proposed expenditure of these funds in FY-2010 was previously approved by EPA, Region 4 during the 1st Quarter of FY-2009. During FY-2009, \$814,866 was disbursed for State Program Management activities from previous years’ set-asides, including FY-2006 and FY-2007.

Bill, we need to include the MSU Ext Service Peer Review Program with Objectives and Accomplishments

- a. Public Water Supply Supervision (PWSS) Program
As stated in the FY-2009 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.

- c. PEER Review Program
Objectives: The objectives of the peer review program between October 1, 2008, and September 30, 2009, were to train people to perform a peer review, advertise the peer review program and conduct a minimum of 12 peer reviews per calendar year using training materials approved by MSDH. At a minimum one peer review 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 accomplishments of the peer review program for the period between October 1, 2008, and June 30, 2009, were that no licensed water operators were trained and 8 peer reviews conducted. Reports are compiled and distributed to both MSDH and the Drinking Water SRF Board members. No PEER Review were performed during the July 1, 2009 to September 30, 2009 timeframe.

4. *Local Assistance and Other State Programs*

The State of Mississippi elected to not take this set-aside from the FY-2009 capitalization grant. Consequently, there were no disbursements for this set-aside during FY-2009.

IV. Financial Summary

A. Loan Completion Status

Since the Program's inception, 164 DWSIRLF projects totaling \$128 million have been completed. During FY-2009, 10 projects totaling \$11 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-2009, disbursements from the DWSIRLF to the various loan recipients were approximately \$15.7 million (See Exhibit 5 and 12 for a quarterly breakdown of FY-2009 loan disbursements.) Of these disbursements, \$8,739,974 was made from State funds and \$7,018,243 was made from Federal funds, which includes \$202,965 from ARRA funds. Mississippi has disbursed \$133,010,706 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

Since the Administrative set-aside amount was not taken from the FY-2009 Capitalization Grant, all funds were expended from the administrative reserve during the current year. Disbursements from the DWSIRLF administrative set-aside for program administration costs during FY 2009 totaled \$274,403. Administrative Fees disbursed for DWSIRLF program administration costs during FY 2009 totaled \$412,019.

D. Annual Repayments

As reflected by Exhibit 9, all DWSIRLF Loan Recipients are current on their loan repayments. During FY-2009 \$7,667,389 was received in loan repayments.

E. Investments

As outlined in the FY-2009 IUP, the Mississippi State Treasurer manages these funds in compliance with State investment practices. We monitor DWSIRLF investments 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-2009, based on the State FY-2009 (July 1, 2008 through June 30, 2009). Windham and Lacy, a local CPA firm, performed these audits. The audit report revealed no findings. A copy of the Audit Report is included as Attachment I. The audited financial statements are current through FY-2009 with comparative data from FY-2008. 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-2009 IUP as amended. In FY-2009, \$37,475,118 was obligated to projects through new loan awards. All projects ready to proceed were funded. Two of the original fourteen projects listed on the Priority List chose not to proceed in FY-2009. An excess of total available funds enabled nine additional projects to be funded from the FY-2010 and After Planning List. A total of 23 loan amendments (increases/decreases) were processed during FY-2009 totaling a net of -\$1,398,049. Amendment details are outlined in Exhibit 1, Part 3.

B. Modification of Goals and Objectives

As mentioned previously many of the FY-2009 IUP's outlined goals were not met or were pursued without significant progress. The interruption of normal activities by the

arrival of ARRA funds with many new requirements and additional workload overrode any meaningful progress toward the Program's IUP-outlined goals. It is our hope that progress will be made in the next fiscal year toward meeting the stated goals, provided any unforeseen complications do not arise.

C. Modifications of the Program

As mentioned in the 2008 Annual Report, appropriate revisions to the Operating Agreement and state regulations have been made. During the FY-2009 year further modifications were made to the Program on an as-needed basis to accommodate the increased ARRA provisions.

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

Continue to refine the DWSIRLF Loan Program to make it more attractive to the State's public water systems as well as their 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 monitor 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.

Develop a method to encourage construction of fluoridation treatment facilities by water supplies not currently providing that 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-1997, \$5,000,000 in FY-2001, \$1,740,000 in FY-2005, \$4,003,000 in FY-2006, and \$4,000,000 in FY-2008. As shown in Exhibit 3, this exceeds the 20 percent required to match the total grant payments through FY-2009. A request for an additional \$1.7 million is currently before the state legislature to provide additional state match to fully capture the FY-2010 Capitalization Grant.

- Binding Commitments within One Year

The State of Mississippi entered into binding commitments to provide assistance from the DWSIRLF in amounts substantially exceeding 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-2009 met the 120% requirement well in advance of the one-year timeframe.

- Expeditious and Timely Expenditure

The State of Mississippi has disbursed DWSIRLF funds in a timely and expeditious manner, providing disbursed payments totaling \$15,758,218 to loan recipients during FY-2009. 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 projects within the loan agreement schedule. Mississippi monitors and enforces 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-2009 projects met the requirements of the federal crosscutting laws and authorities. It is the intent 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-2009. 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-2009 DWSRF capitalization grant. The Standard Form 5700-52A provides documentation that the MBE participation achieved was .09% and the WBE participation achieved was 0.38%. While the figures are low during this fiscal year, it is anticipated that the participation will increase substantially in the coming FY-2010 year.

- Other Federal Authorities

The State of Mississippi and all recipients of DWSIRLF funds have complied with applicable federal authorities. Recipients of DWSIRLF assistance must agree to this condition as set forth in the loan agreement between the recipient and the State of Mississippi.

- State Environmental Review Process (SERP)

During FY-2009 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-2009, \$7,018,243 was drawn from the ACH for project funding and \$274,403 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-2009 to the disbursement projections submitted to EPA in the FY-2009 IUP.

- State's Attorney General Certification

During FY-2009 the State submitted the Attorney General's Certification along with the FY-2009 DWSIRLF Capitalization Grant Application.

- Administration Funding

Exhibit 1, Part 2 identifies the portion of the FY-2009 DWSIRLF Capitalization Grant and FY-2009 ARRA Cap Grant, which were set-aside to fund administration costs. Administrative fees received from loans in FY-2009 totaled \$1,188,001.

- Attendance at EPA Approved/Sponsored Seminars

DWSIRLF staff members attended all EPA approved/sponsored seminars, workshops, conferences, etc., which were determined to be useful by the State.

- Annual Audit

A financial audit of the DWSIRLF Program was performed for State FY-2009. See Attachment 1.

- 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 a 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 continues 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-2009

NO.	PROJECT NAME COMMUNITIES SERVED	PROJECT NUMBER DWI-L	ASSISTANCE AMOUNT		BINDING	CONSTR	INITIATE	*	INTEREST	DATE	
			TOTAL ASSISTANCE AMOUNT	ARRA AMOUNT	SRF AMOUNT	COMMITMENT	START		OPERATION	RATE	LOAN
					DATE	DATE	DATE		ON LOAN	MATURES	
1	ACL WATER ASSOCIATION	610001-04	\$605,000	\$605,000	\$0	8/31/2009	9/11/2009	8/7/2010	L	1.95	1/24/2030
2	ADAMS COUNTY WATER ASSOCIATIC	010009-05	\$2,022,543	\$910,144	\$1,112,399	9/30/2009	2/17/2010	10/5/2010	L	1.95	3/24/2030
3	BELZONI, CITY OF	270001-01	\$641,964	\$353,080	\$288,884	9/30/2009	2/17/2010	9/15/2010	L	1.95	3/4/2030
4	CALEDONIA, TOWN OF	440002-01	\$4,077,990	\$2,521,295	\$1,556,695	9/25/2009	2/17/2010	3/19/2011	L	1.95	9/5/2030
5	CLINTON, CITY OF	250003-02	\$2,606,540	\$209,171	\$2,397,369	9/30/2009	2/17/2010	7/12/2011	L	1.95	12/29/2030
6	CORINTH, CITY OF	020002-05	\$9,547,000	\$2,136,750	\$7,410,250	9/30/2009	2/17/2010	6/18/2011	L	1.95	12/5/2030
7	CULKIN WATER DISTRICT, INC.	750002-03	\$1,155,000	\$173,250	\$981,750	9/30/2009	2/17/2010	1/13/2011	L	1.95	7/2/2030
8	GLADE WATERWORKS ASSOCIATION	340005-01	\$1,264,713	\$1,264,713	\$0	8/24/2009	2/17/2010	11/14/2010	L	1.95	5/3/2030
9	GREENFIELD WATER ASSOCIATION,	610011-04	\$1,075,000	\$161,250	\$913,750	9/30/2009	2/17/2010	1/13/2011	L	1.95	7/2/2030
10	HIGHWAY 28 WATER ASSOCIATION	640005-03	\$341,000	\$119,350	\$221,650	9/30/2009	2/17/2010	1/13/2011	L	1.95	7/2/2030
11	HILLDALE WATER DISTRICT	750005-05	\$1,498,523	\$224,788	\$1,273,735	9/30/2009	3/1/2010	12/14/2010	L	1.95	6/2/2030
12	HUB WATER ASSOCIATION	460008-03	\$562,500	\$253,125	\$309,375	9/30/2009	2/17/2010	9/15/2010	L	1.95	3/4/2030
13	LAUREL, CITY OF	340021-01	\$5,070,735	\$5,070,735	\$0	9/15/2009	2/17/2010	3/14/2011	L	1.95	8/31/2030
14	NEW HOPE WATER ASSOCIATION	640008-03	\$553,000	\$193,550	\$359,450	9/30/2009	2/17/2010	12/14/2010	L	1.95	6/2/2030
15	NEWTON, CITY OF	510009-01	\$638,060	\$223,321	\$414,739	9/30/2009	2/17/2010	11/14/2010	L	1.95	5/3/2030
16	NICHOLSON WATER & SEWER ASSOI	550041-01	\$1,507,700	\$527,695	\$980,005	9/30/2009	2/17/2010	12/14/2010	L	1.95	6/2/2030
17	PINEY WOODS COUNTRY LIFE SCHO	610015-01	\$521,000	\$521,000	\$0	8/24/2009	9/4/2009	7/31/2010	L	1.95	1/17/2030
18	PROGRESS WATER ASSOCIATION	370008-02	\$855,900	\$0	\$855,900	9/15/2009	2/17/2010	3/14/2011	L	1.95	8/31/2030
19	SALEM WATER ASSOCIATION	160005-01	\$435,750	\$152,513	\$283,237	9/30/2009	2/17/2010	11/14/2010	L	1.95	5/3/2030
20	SOUTHEAST RANKIN COUNTY WATEI	610025-02	\$1,313,000	\$1,313,000	\$0	8/24/2009	9/5/2009	8/1/2010	L	1.95	1/18/2030
21	WHEELER-FRANKSTOWN WATER AS	590014-01	\$1,182,200	\$413,770	\$768,430	9/25/2009	2/17/2010	1/13/2011	L	1.95	7/2/2030
PART 1 TOTAL			\$37,475,118	\$17,347,500	\$20,127,618						

Part 2: Program Administration

CAPITALIZATION GRANT	PROG. ADMIN. ASSISTANCE AMOUNT
2009 Regular Cap Grant (reserved)	\$0
2009 ARRA Fund	\$300,000
PART 2 TOTAL	\$300,000

Exhibit 1 (cont.)

Part 3: Assistance Amount Changes During FY2009

	PROJECT NAME COMMUNITIES SERVED	PROJECT NUMBER DWI-L	ASSISTANCE AMOUNT CHANGE	BINDING COMMITMENT DATE	CONSTRUCTION START DATE	INITIATE OPERATION DATE	* TYPE	INTEREST RATE ON LOAN	DATE LOAN MATURES
1	BEAR CREEK WATER ASSOC	450002-07	-\$175,521	8/5/2005	7/3/2008	2/13/2009	L	2.50	1/14/2029
2	BILLY'S CREEK WATER ASSOC	810015-01	\$16,830	10/14/2008	3/6/2009	11/14/2009	L	1.95	10/1/2019
3	CULKIN WATER DISTRICT	750002-02	-\$229,197	7/13/2007	1/7/2008	9/29/2008	L	1.95	9/1/2028
4	DAYS WATER ASSOCIATION**	170005-01	-\$1,403,020	5/19/2008	2/13/2009	2/13/2009	L	1.95	5/19/2008
5	HOTOPHIA WATER ASSOCIATION	540009-01	\$134,485	2/23/2007	1/5/2009	3/31/2010	L	1.95	3/1/1930
6	HUB WATER ASSOCIATION	460008-02	\$208,676	9/28/2007	9/29/2008	9/23/2009	L	1.95	9/1/2029
7	LANGFORD WATER ASSOCIATION	610012-02	\$77,900	6/16/2008	1/15/2009	2/9/2010	L	1.95	1/10/1930
8	LOUIN WATERWORKS ASSOC.	310007-01	-\$40,250	7/27/2007	7/9/2008	10/14/2008	L	1.95	10/10/2028
9	MONTEREY WATER ASSOC	610016-01	\$53,582	9/28/2007	1/21/2008	3/16/2009	L	1.95	3/1/2029
10	MOOREVILLE-RICHMOND	410001-01	-\$253,811	9/30/2008	7/1/2009	6/6/2010	L	1.95	5/15/1930
11	MORTON, CITY OF	620009-03	-\$2,260	10/17/2007	4/7/2008	2/12/2009	L	1.95	1/15/2029
12	MOSS POINT, CITY OF	3000008-01	\$283,600	8/31/2007	9/22/2008	2/14/2010	L	1.95	2/1/1930
13	NEW HOPE WATER ASSOCIATION	640008-02	\$12,650	7/14/2008	5/18/2009	11/10/2009	L	1.95	10/10/2029
14	OCEAN SPRINGS, CITY OF	300005-04	-\$196,797	9/29/2006	10/27/2007	9/9/2008	L	1.95	9/15/2028
15	PEARL, CITY OF	610017-04	\$71,220	5/4/2007	8/14/2009	8/26/2010	L	1.95	8/1/1930
16	RAYMOND, CITY OF	250020-01	-\$35,435	9/28/2007	5/27/2008	12/8/2008	L	1.95	12/1/2028
17	RIDGELAND, CITY OF	450013-01	\$250,000	6/16/2008	1/5/2009	7/20/2010	L	1.95	5/1/1930
18	SOUTHAVEN, CITY OF	170018-05	-\$1,078,187	10/18/2007	1/12/2009	11/24/2009	L	1.95	11/1/2029
19	SOUTHAVEN, CITY OF	170018-06	\$658,380	9/7/2007	2/2/2009	11/5/2009	L	1.95	10/1/1930
20	SUNRISE UTILITY ASSOCIATION	180013-01	\$113,161	7/1/2008	4/14/2009	12/7/2009	L	1.95	11/10/2029
21	WALLS WATER ASSOCIATION	170019-02	-\$68,600	9/15/2006	9/3/2007	6/11/2009	L	1.95	1/17/2029
22	WEST JACKSON COUNTY UTIL DISTR	300156-03	\$67,624	1/19/2007	4/11/2008	3/18/2009	L	1.95	3/1/2029
23	WEST JACKSON COUNTY UTIL DISTR	300156-04	-\$38,600	9/29/2006	3/12/2008	3/18/2009	L	1.95	3/1/2029
PART 3 TOTAL			-\$1,398,049						
GRAND TOTAL			\$36,377,070						

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

**This Loan Recipient chose not to continue their DWSRF loan. A one-time repayment was made.

Exhibit 2 FY-2009 Binding Commitments by Quarter

NO.	PROJECT NAME COMMUNITIES SERVED	PROJECT NUMBER DWI-H280	BINDING COMMITMENT DATE	ASSISTANCE AMOUNT	BINDING COMMITMENTS					* TYPE
					QTR1	QTR2	QTR3	QTR 4		
								ARRA/SUB	SRF	
1	ACL WATER ASSOCIATION	610001-04	8/31/2009	\$605,000	\$0	\$0	\$0	\$605,000	\$0	L
2	ADAMS COUNTY WATER ASSOCIATI	010009-05	9/30/2009	\$2,022,543	\$0	\$0	\$0	\$910,144	\$1,112,399	L
3	BELZONI, CITY OF	270001-01	9/30/2009	\$641,964	\$0	\$0	\$0	\$353,080	\$288,884	L
4	CALEDONIA, TOWN OF	440002-01	9/25/2009	\$4,077,990	\$0	\$0	\$0	\$2,521,295	\$1,556,695	L
5	CLINTON, CITY OF	250003-02	9/30/2009	\$2,606,540	\$0	\$0	\$0	\$209,171	\$2,397,369	L
6	CORINTH, CITY OF	020002-05	9/30/2009	\$9,547,000	\$0	\$0	\$0	\$2,136,750	\$7,410,250	L
7	CULKIN WATER DISTRICT, INC.	750002-03	9/30/2009	\$1,155,000	\$0	\$0	\$0	\$173,250	\$981,750	L
8	GLADE WATERWORKS ASSOCIATIO	340005-01	8/24/2009	\$1,264,713	\$0	\$0	\$0	\$1,264,713	\$0	L
9	GREENFIELD WATER ASSOCIATION	610011-04	9/30/2009	\$1,075,000	\$0	\$0	\$0	\$161,250	\$913,750	L
10	HIGHWAY 28 WATER ASSOCIATION	640005-03	9/30/2009	\$341,000	\$0	\$0	\$0	\$119,350	\$221,650	L
11	HILLDALE WATER DISTRICT	750005-05	9/30/2009	\$1,498,523	\$0	\$0	\$0	\$224,788	\$1,273,735	L
12	HUB WATER ASSOCIATION	460008-03	9/30/2009	\$562,500	\$0	\$0	\$0	\$253,125	\$309,375	L
13	LAUREL, CITY OF	340021-01	9/15/2009	\$5,070,735	\$0	\$0	\$0	\$5,070,735	\$0	L
14	NEW HOPE WATER ASSOCIATION	640008-03	9/30/2009	\$553,000	\$0	\$0	\$0	\$193,550	\$359,450	L
15	NEWTON, CITY OF	510009-01	9/30/2009	\$638,060	\$0	\$0	\$0	\$223,321	\$414,739	L
16	NICHOLSON WATER & SEWER ASSC	550041-01	9/30/2009	\$1,507,700	\$0	\$0	\$0	\$527,695	\$980,005	L
17	PINEY WOODS COUNTRY LIFE SCH	610015-01	8/24/2009	\$521,000	\$0	\$0	\$0	\$521,000	\$0	L
18	PROGRESS WATER ASSOCIATION	370008-02	9/15/2009	\$855,900	\$0	\$0	\$0	\$0	\$855,900	L
19	SALEM WATER ASSOCIATION	160005-01	9/30/2009	\$435,750	\$0	\$0	\$0	\$152,513	\$283,237	L
20	SOUTHEAST RANKIN COUNTY WATI	610025-02	8/24/2009	\$1,313,000	\$0	\$0	\$0	\$1,313,000	\$0	L
21	WHEELER-FRANKSTOWN WATER A	590014-01	9/25/2009	\$1,182,200	\$0	\$0	\$0	\$413,770	\$768,430	L
TOTALS				\$37,475,118	\$0	\$0	\$0	\$17,347,500	\$20,127,618	

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

Exhibit 3 Source of DWSIRLF Funds by Quarter During FY-2009

**SOURCE OF DRINKING WATER SRF FEDERAL FUNDS
RECEIVED DURING FY2009 BY QUARTER**

SOURCE OF FUNDS	FY 2009 TOTALS	FY 2009			
		QTR 1	QTR 2	QTR 3	QTR 4
LOC PAYMENTS*					
FY 2008 GRANT	\$5,883,092	\$1,251,568	\$3,672,682	\$958,842	\$0
FY 2009 GRANT	\$0	\$0	\$0	\$0	\$0
FY 2009 ARRA GRANT	\$10,000,000	\$0	\$0	\$5,000,000	\$5,000,000
CASH DEPOSITS					
FY 2008 STATE MATCH (20% REQUIRED)**	\$1,176,618	\$250,314	\$734,536	\$191,768	\$0
2009 REGULAR STATE MATCH REQUIRED**	\$0	\$0	\$0	\$0	\$0
2009 ARRA STATE MATCH (0% REQUIRED)	\$0	\$0	\$0	\$0	\$0
EXCESS STATE MATCH (as of 9/30/2009)***	\$1,369,320	\$0	\$0	\$0	\$1,369,320
INTEREST EARNINGS ON					
STATE MATCH AND REPAYMENTS	\$1,561,383	\$494,231	\$434,632	\$303,414	\$329,106
LOAN REPAYMENTS	\$7,667,389	\$1,859,079	\$1,886,770	\$1,966,625	\$1,954,915
PENALTIES RECEIVED	\$0	\$0	\$0	\$0	\$0
FY 2009 TOTAL	\$27,657,802	\$3,855,192	\$6,728,620	\$8,420,649	\$8,653,341

*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 9/30/09 = \$24,743,000

The above figures reflect the state funds required to match all LOC deposits made directly to the SRF during FY'2009; 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'09 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
FY'09 Cap Grant	\$8,146,000	X 20% =	\$1,629,200	\$23,373,680
FY09 ARRA Grant	\$19,500,000		\$0	\$23,373,680
TOTAL	\$136,368,400		\$23,373,680	

State match required thru FY'2009 = \$23,373,680

State match received as of 9/30/09 = \$24,743,000.

Excess state match as of 9/30/09 = \$1,369,320.

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

-----BINDING COMMITMENTS-----

PROJECT NAME	PROJECT NUMBER	CONSTRUCTION START DATE	SUBSIDY/LOAN AMOUNT				TOTAL	
			QTR4				ASSISTANCE	
			ARRA	SRF	AMOUNT			
1 ACL WATER ASSOCIATION	610001-04	8/31/2009	\$0	\$0	\$0	\$605,000	\$0	\$605,000
2 ADAMS COUNTY WATER ASSOCIATION	010009-05	9/30/2009	\$0	\$0	\$0	\$910,144	\$1,112,399	\$2,022,543
3 BELZONI, CITY OF	270001-01	9/30/2009	\$0	\$0	\$0	\$353,080	\$288,884	\$641,964
4 CALEDONIA, TOWN OF	440002-01	9/25/2009	\$0	\$0	\$0	\$2,521,295	\$1,556,695	\$4,077,990
5 CLINTON, CITY OF	250003-02	9/30/2009	\$0	\$0	\$0	\$209,171	\$2,397,369	\$2,606,540
6 CORINTH, CITY OF	020002-05	9/30/2009	\$0	\$0	\$0	\$2,136,750	\$7,410,250	\$9,547,000
7 CULKIN WATER DISTRICT, INC.	750002-03	9/30/2009	\$0	\$0	\$0	\$173,250	\$981,750	\$1,155,000
8 GLADE WATERWORKS ASSOCIATION	340005-01	8/24/2009	\$0	\$0	\$0	\$1,264,713	\$0	\$1,264,713
9 GREENFIELD WATER ASSOCIATION, INC.	610011-04	9/30/2009	\$0	\$0	\$0	\$161,250	\$913,750	\$1,075,000
10 HIGHWAY 28 WATER ASSOCIATION	640005-03	9/30/2009	\$0	\$0	\$0	\$119,350	\$221,650	\$341,000
11 HILLDALE WATER DISTRICT	750005-05	9/30/2009	\$0	\$0	\$0	\$224,788	\$1,273,735	\$1,498,523
12 HUB WATER ASSOCIATION	460008-03	9/30/2009	\$0	\$0	\$0	\$253,125	\$309,375	\$562,500
13 LAUREL, CITY OF	340021-01	9/15/2009	\$0	\$0	\$0	\$5,070,735	\$0	\$5,070,735
14 NEW HOPE WATER ASSOCIATION	640008-03	9/30/2009	\$0	\$0	\$0	\$193,550	\$359,450	\$553,000
15 NEWTON, CITY OF	510009-01	9/30/2009	\$0	\$0	\$0	\$223,321	\$414,739	\$638,060
16 NICHOLSON WATER & SEWER ASSOCIATION	550041-01	9/30/2009	\$0	\$0	\$0	\$527,695	\$980,005	\$1,507,700
17 PINEY WOODS COUNTRY LIFE SCHOOL	610015-01	8/24/2009	\$0	\$0	\$0	\$521,000	\$0	\$521,000
18 PROGRESS WATER ASSOCIATION	370008-02	9/15/2009	\$0	\$0	\$0	\$0	\$855,900	\$855,900
19 SALEM WATER ASSOCIATION	160005-01	9/30/2009	\$0	\$0	\$0	\$152,513	\$283,237	\$435,750
20 SOUTHEAST RANKIN COUNTY WATER ASSOCI	610025-02	8/24/2009	\$0	\$0	\$0	\$1,313,000	\$0	\$1,313,000
21 WHEELER-FRANKSTOWN WATER ASSOCIATI	590014-01	9/25/2009	\$0	\$0	\$0	\$413,770	\$768,430	\$1,182,200
Subtotal			\$0	\$0	\$0	\$17,347,500	\$20,127,618	\$37,475,118
Program Administration FY2009 Regular CapGrant			\$0	\$0	\$0	\$0		\$0
2009 Binding Commitment Total			\$0	\$0	\$0	\$17,347,500	\$20,127,618	\$37,475,118
*Cumulative Binding Commitments	(FY'97 -FY'2009)	\$175,361,014	\$175,361,014	\$175,361,014	\$175,361,014	\$212,836,132		
**CUMULATIVE FEDERAL LOC PAYMENT SCHEDULE AMOUNTS THROUGH FY2008		\$80,885,433	\$83,085,433	\$84,885,433	\$89,532,933	\$94,678,933		
***ACTUAL BINDING COMMITMENTS THROUGH FY2009 AS A % OF PAYMENT SCHEDULE AMOUNTS THROUGH FY2008			211%	207%	196%	225%		

* Includes only binding commitments for loan projects and administration through FY2009.

**These figures do not include set-asides.

***The above percentages compare the actual binding commitments through FY2009 to the cumulative payment schedule amounts through FY2008.

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

Exhibit 5 Federal & State Disbursements

	DISBURSEMENTS						
	CUM THRU FY 2008	QTR 1	FISCAL YEAR 2009			QTR 4	FY 2009 CUMULATIVE
			QTR 2	QTR 3			
TOTAL DISBURSEMENTS (PROJECTS)	\$117,252,488	\$3,536,735	\$4,714,946	\$2,660,103	\$4,846,434	\$15,758,218	\$133,010,706
2009 CUMULATIVE TOTAL	N/A	\$3,536,735	\$8,251,681	\$10,911,784	\$15,758,218		
BEGIN BALANCE FED. FUNDS AVAIL.	N/A	\$6,368,001	\$6,446,722	\$443,703	\$5,284,861		
FED. LOC PMT. SCH. DEPOSITS	\$89,620,614	\$2,200,000	\$1,800,000	\$6,800,000	\$5,146,000	\$15,946,000	\$105,566,614
FED. DRAW FROM LOC (ACH DRAWS)	\$87,463,005	\$2,053,418	\$3,803,019	\$958,842	\$202,964	\$7,018,243	\$94,481,248
FEDERAL LOC AVAILABLE (END)	N/A	\$6,514,583	\$4,443,703	\$6,284,861	\$10,227,897		
STATE MATCH AND STATE FUNDS DRAWN FOR PMTS	\$29,664,729	\$1,483,317	\$911,927	\$1,701,261	\$4,643,469	\$8,739,974	\$38,404,703
2009 CUMULATIVE STATE SHARE	N/A	\$1,483,317	\$2,395,244	\$4,096,505	\$8,739,974		
CUM LOC / ACH DRAW AS % OF CUMULATIVE DISBURSEMENTS	74.59%	58.06%	80.66%	36.05%	4.19%	44.54%	71.03%

Exhibit 6 Payment Schedule Actual and Protected Increase in the ACH

CUMULATIVE THRU FY2009 - 4 QTR - 9/30/09	FY 2009				FY 2010				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	\$0	\$13,838,328
1998 GRANT	\$7,775,398	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,775,398
1999 GRANT	\$7,881,174	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,881,174
2000 GRANT	\$8,169,494	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,169,494
2001 GRANT	\$8,154,556	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,154,556
2002 GRANT	\$7,169,350	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,169,350
2003 GRANT	\$7,244,018	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,244,018
2004 GRANT	\$7,306,728	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,306,728
2005 GRANT	\$6,959,820	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,959,820
2006 GRANT	\$6,912,612	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,912,612
2007 GRANT	\$6,912,360	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,429,000
2008 GRANT	\$6,842,640	\$2,200,000	\$1,800,000	\$1,800,000	\$146,000	\$0	\$0	\$0	\$0	\$6,842,640
2009 GRANT	\$0	\$0	\$0	\$0	\$0	\$7,168,480	\$0	\$0	\$0	\$7,168,480
2009 ARRA	\$7,847,500	\$0	\$0	\$2,847,500	\$5,000,000	\$5,000,000	\$4,500,000	\$0	\$0	\$17,347,500
TOTALS	\$103,013,978	\$2,200,000	\$1,800,000	\$4,647,500	\$5,146,000	\$12,168,480	\$4,500,000	\$0	\$0	\$118,199,098
CUM PAYMENTS	\$103,013,978	\$113,022,978	\$114,822,978	\$119,470,478	\$124,616,478	\$136,784,958	\$141,284,958	\$141,284,958	\$141,284,958	

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

	YEARLY CAP GRANT SETASIDES			OTHER STATE PROGRAMS	SETASIDE TOTALS
	ADMIN	SS TECH ASSIST	STATE PROGRAM MGT		
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
FFY2009	\$0	\$162,920	\$814,600	\$0	\$977,520
FFY2009ARRA	\$300,000	\$390,000	\$1,462,500	\$0	\$2,152,500

Exhibit 7 DWSIRLF Project Financial Report

9/30/2009

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.)

9/30/2009

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.)

9/30/2009

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
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
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.)

9/30/2009

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.)

9/30/2009

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.)

9/30/2009

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.)

9/30/2009

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.)

9/30/2009

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.)

9/30/2009

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	-\$175,521	\$1,541,132	\$23,110	\$1,564,242
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	-\$475,021	\$9,121,298	\$47,937	\$9,169,235
Cum. FY 1997-2005		\$111,448,236	-\$1,431,797	\$125,905	-\$5,848,979	\$104,293,365	\$1,548,175	\$105,841,540

Exhibit 7 DWSIRLF Project Financial Report (cont.)

9/30/2009

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	-\$68,600	\$1,575,941	\$23,713	\$1,599,654
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	-\$38,600	\$714,035	\$5,058	\$719,093
2006 Totals		\$11,766,802	\$1,088,684	-\$48,404	-\$204,978	\$12,602,104	\$30,690	\$12,632,794
Cum. FY 1997-2006		\$123,215,038	-\$343,113	\$77,501	-\$6,053,957	\$116,895,469	\$1,578,865	\$118,474,334

Exhibit 7 DWSIRLF Project Financial Report (cont.)

9/30/2009

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	-\$46,990	\$495,944	\$2,127	\$498,071
Culkin WA	016-02	\$2,380,540	-\$899,303	\$0	-\$229,197	\$1,252,040	\$5,092	\$1,257,132
Hattiesburg-Laurel Rgl Air	122-01	\$94,190	-\$6,335	\$0	-\$1,865	\$85,990	\$0	\$85,990
Hotophia WA	118-01	\$451,500	\$134,485	\$0	\$0	\$585,985	\$0	\$585,985
Hub WA	042-02	\$557,812	\$208,676	\$0	\$0	\$766,488	\$0	\$766,488
Louin, Town of	119-01	\$136,868	\$0	\$0	-\$40,250	\$96,618	\$415	\$97,033
Monterey WA	124-01	\$1,050,000	\$175,000	\$0	-\$53,582	\$1,171,418	\$0	\$1,171,418
Morton, City of	089-03	\$867,473	\$84,361	\$0	-\$2,260	\$949,574	\$6,138	\$955,712
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	\$71,220	\$0	\$0	\$835,200	\$0	\$835,200
Pearl, City of	055-05	\$1,500,000	\$432,000	\$0	\$0	\$1,932,000	\$0	\$1,932,000
Raymond, City of	125-01	\$534,120	-\$39,984	\$0	-\$35,435	\$458,701	\$2,967	\$461,668
Southaven, City of	067-05	\$1,897,459	-\$1,078,187	\$0	-\$9	\$819,263	\$13,375	\$832,638
Southaven, City of	067-06	\$1,477,613	\$658,380	\$0	\$0	\$2,135,993	\$0	\$2,135,993
West Jackson County WD	061-03	\$1,280,265	\$224,800	\$0	-\$67,624	\$1,437,441	\$4,200	\$1,441,641
2007 Totals		\$15,888,754	\$390,713	\$0	-\$546,655	\$15,732,812	\$34,314	\$15,767,126
Cum. FY 1997-2007		\$139,103,792	\$47,600	\$77,501	-\$6,600,612	\$132,628,281	\$1,613,179	\$134,241,460

Exhibit 7 DWSIRLF Project Financial Report (cont.)

9/30/2009

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	\$16,830	\$0	-\$387,005	\$128,470	\$0	\$128,470
Brandon, City of *	031-01	\$2,205,000	\$0	\$0	-\$2,205,000	\$0	\$0	\$0
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	-\$1,403,020	\$89,030	\$0	\$89,030
Langford	046-02	\$681,669	\$77,900	\$0	\$0	\$759,569	\$0	\$759,569
Mooreville-Richmond	129-01	\$1,496,397	-\$253,811	\$0	\$0	\$1,242,586	\$0	\$1,242,586
New Hope WA	076-02	\$217,035	\$12,605	\$0	\$0	\$229,640	\$0	\$229,640
Ridgeland, City of	121-01	\$1,500,000	\$250,000	\$0	\$0	\$1,750,000	\$0	\$1,750,000
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	\$113,161	\$0	\$0	\$697,642	\$0	\$697,642
2008 Totals		\$33,569,703	\$216,685	\$0	-\$3,995,025	\$29,791,363	\$0	\$29,791,363
Cum. FY 1997-2008		\$172,673,495	\$264,285	\$77,501	-\$10,595,637	\$162,419,644	\$1,613,179	\$164,032,823

* No funds disbursed-loan closed at Loan Recipient's request

Exhibit 7 DWSIRLF Project Financial Report (cont.)

9/30/2009

Loan Recipient	Loan # DWI-L	Initial Loan Amount	Amendment No. 1	Amendment No. 2	Final Amendment	Loan Amt. Before Int. Added	Interest Accrued/Added to Principal	Final Principal
2009 Loans at 1.95%								
ACL WATER ASSOCIATION	610001-04	\$605,000	\$0	\$0	\$0	\$605,000	\$0	\$605,000
ADAMS COUNTY WATER ASSOCI	010009-05	\$2,022,543	\$0	\$0	\$0	\$2,022,543	\$0	\$2,022,543
BELZONI, CITY OF	270001-01	\$641,964	\$0	\$0	\$0	\$641,964	\$0	\$641,964
CALEDONIA, TOWN OF	440002-01	\$4,077,990	\$0	\$0	\$0	\$4,077,990	\$0	\$4,077,990
CLINTON, CITY OF	250003-02	\$2,478,155	\$0	\$0	\$0	\$2,478,155	\$0	\$2,478,155
CORINTH, CITY OF	020002-05	\$9,547,000	\$0	\$0	\$0	\$9,547,000	\$0	\$9,547,000
CULKIN WATER DISTRICT, INC.	750002-03	\$1,155,000	\$0	\$0	\$0	\$1,155,000	\$0	\$1,155,000
GLADE WATERWORKS ASSOCIA ^T	340005-01	\$1,264,713	\$0	\$0	\$0	\$1,264,713	\$0	\$1,264,713
GREENFIELD WATER ASSOCIATI ^H	610011-04	\$1,075,000	\$0	\$0	\$0	\$1,075,000	\$0	\$1,075,000
HIGHWAY 28 WATER ASSOCIATIC	640005-03	\$341,000	\$0	\$0	\$0	\$341,000	\$0	\$341,000
HILLDALE WATER DISTRICT	750005-05	\$1,498,523	\$0	\$0	\$0	\$1,498,523	\$0	\$1,498,523
HUB WATER ASSOCIATION	460008-03	\$562,500	\$0	\$0	\$0	\$562,500	\$0	\$562,500
LAUREL, CITY OF	340021-01	\$5,070,735	\$0	\$0	\$0	\$5,070,735	\$0	\$5,070,735
NEW HOPE WATER ASSOCIATIO ^H	640008-03	\$553,000	\$0	\$0	\$0	\$553,000	\$0	\$553,000
NEWTON, CITY OF	510009-01	\$638,060	\$0	\$0	\$0	\$638,060	\$0	\$638,060
NICHOLSON WATER & SEWER AS ^S	550041-01	\$1,507,700	\$0	\$0	\$0	\$1,507,700	\$0	\$1,507,700
PINEY WOODS COUNTRY LIFE SC	610015-01	\$521,000	\$0	\$0	\$0	\$521,000	\$0	\$521,000
PROGRESS WATER ASSOCIATIO ^H	370008-02	\$855,900	\$0	\$0	\$0	\$855,900	\$0	\$855,900
SALEM WATER ASSOCIATION	160005-01	\$435,750	\$0	\$0	\$0	\$435,750	\$0	\$435,750
SOUTHEAST RANKIN COUNTY W ^A	610025-02	\$1,313,000	\$0	\$0	\$0	\$1,313,000	\$0	\$1,313,000
WHEELER-FRANKSTOWN WATEF	590014-01	\$1,182,200	\$0	\$0	\$0	\$1,182,200	\$0	\$1,182,200
2009 Totals		\$37,346,733	\$0	\$0	\$0	\$37,346,733	\$0	\$37,346,733
Cum. FY 1997-2009		\$210,020,228	\$264,285	\$77,501	-\$10,595,637	\$37,576,373	\$1,613,179	\$201,379,556

Exhibit 8 Comparison of Projected Versus Actual Disbursements*

FY 2009 (October 1, 2008 - September 30, 2009)

PROJECTED FY 2009 DISBURSEMENTS	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	TOTAL
From 2008 IUP	\$2,075,000	\$2,150,000	\$1,680,000	\$1,625,000	\$7,530,000
From 2009 IUP - Regular Grant	\$0	\$0	\$0	\$0	\$0
From 2009 IUP - ARRA Grant	\$0	\$0	\$1,055,000	\$4,510,000	\$5,565,000
TOTAL PROJECTED FOR FY 2009	\$2,075,000	\$2,150,000	\$2,735,000	\$6,135,000	\$13,095,000
ACTUAL DWSIRLF DISBURSEMENT TOTAL	\$2,053,418	\$3,803,019	\$958,842	\$202,964	\$7,018,243
PERCENT DISBURSED OF PROJECTED	98.96%	176.88%	35.06%	3.31%	53.59%

*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, 2009**

	0-30	30-60	60-120	OVER 120 DAYS
LOAN REPAYMENTS OUTSTANDING 9/30/2009	\$0.00	\$0.00	\$0.00	\$0.00

Exhibit 10 Completed Projects During FY-2009

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 *
155	LOUIN WATERWORKS ASS	119-01	L	1.95%	07/27/07	07/09/08	09/22/08	09/22/08	10/14/08	12/15/08	01/08/09	03/10/09	NA	10/10/28	\$136,868
156	CULKIN WATER DISTRICT	016-02	L	1.95%	07/13/07	01/07/08	01/07/08	09/03/08	09/29/08	12/19/08	01/21/09	01/21/09	NA	09/01/28	\$2,380,540
157	RAYMOND, CITY OF	121-01	L	1.95%	09/28/07	05/27/08	05/27/08	12/08/08	12/08/08	02/13/09	03/05/09	05/21/09	NA	12/01/28	\$534,120
158	DAYS WATER ASSOCIATIO	123-01	L	1.95%	05/19/08	02/13/09	02/13/09	02/13/09	02/13/09	03/18/09	03/27/09	05/15/09	NA	05/15/09	\$1,492,050
159	MORTON, CITY OF	089-03	L	1.95%	10/17/07	04/07/08	04/07/08	02/11/09	02/12/09	04/02/09	04/08/09	05/15/09	NA	01/15/29	\$867,473
160	BEAR CREEK WATER ASSC	004-07	L	2.5%	08/05/05	07/03/08	07/03/08	01/14/09	02/13/09	04/20/09	04/22/09	05/14/09	NA	01/14/29	\$1,279,110
161	MONTEREY WATER ASSOC	124-01	L	1.95%	09/28/07	01/21/08	01/21/08	02/14/09	03/16/09	04/24/09	04/28/09	06/23/09	NA	03/01/29	\$1,050,000
162	WEST JACKSON COUNTY U	061-03	L	1.95%	02/19/07	04/11/08	05/15/08	02/19/09	03/18/09	05/28/09	06/02/09	08/13/09	NA	03/01/29	\$1,280,265
163	WEST JACKSON COUNTY U	061-04	L	1.95%	09/29/06	03/12/08	03/12/08	03/02/09	03/18/09	05/28/09	06/02/09	08/13/09	NA	03/01/29	\$486,990
164	WALLS WATER ASSOCIATI	101-02	L	1.95%	09/26/06	09/03/07	09/03/07	06/02/09	06/11/09	08/05/09	08/26/09	09/09/09	NA	05/01/29	\$1,499,715

Initial Loan Total for FY09 Completions \$11,007,131

*This is the initial loan amount

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

Cumulative Initial Loan Total for FY97 - FY2008 Completions \$117,006,749
(See next page for historical record)

GRAND TOTAL DWSRF LOANS COMPLETED \$128,013,880

Exhibit 10 (Continued) Historical Record of Projects Completed Through FY 2008

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 Utl. 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
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

Exhibit 10 (Continued) Historical Record of Projects Completed Through FY 2008

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 *
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
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

Exhibit 10 (Continued) Historical Record of Projects Completed Through FY 2008

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 *
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
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

Exhibit 10 (Continued) Historical Record of Projects Completed Through FY 2008

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 *
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
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

Exhibit 10 (Continued) Historical Record of Projects Completed Through FY 2008

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 *
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
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 Distri	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 Distri	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 Distri	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

Exhibit 10 (Continued) Historical Record of Projects Completed Through FY 2008

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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
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 Distri	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. Asoc.	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. Asoc.	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. Asoc.	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. Asoc.	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
142	Center Ridge WA	032-02	L	1.95%	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
143	Columbus, Light & Wate	015-03	L	1.95%	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
144	Culkin WD	016-02	L	1.95%	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

Exhibit 10 (Continued) Historical Record of Projects Completed Through FY 2008

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145	Evergreen WA	115-01	L	1.95%	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
146	Fannin WA	12-02	L	1.95%	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
147	Gautier, City of	114-02	L	1.95%	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
148	Hattiesburg-Laurel	122-01	L	1.95%	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
149	Lake Lorma UD	108-01	L	1.95%	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
150	N Hinds WA	047-02	L	1.95%	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
151	Ocean Springs, City of	035-05	L	1.95%	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
152	Ocean Springs, City of	035-04	L	1.95%	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
153	Tupelo, City of	090-02	L	1.95%	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
154	Walls WA	101-03	L	1.95%	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

FY1997 - FY2008 CUMULATIVE TOTAL \$117,006,749

**No construction was ever performed on this project.

Exhibit 11 State of Mississippi DWSIRLF Cash Flows

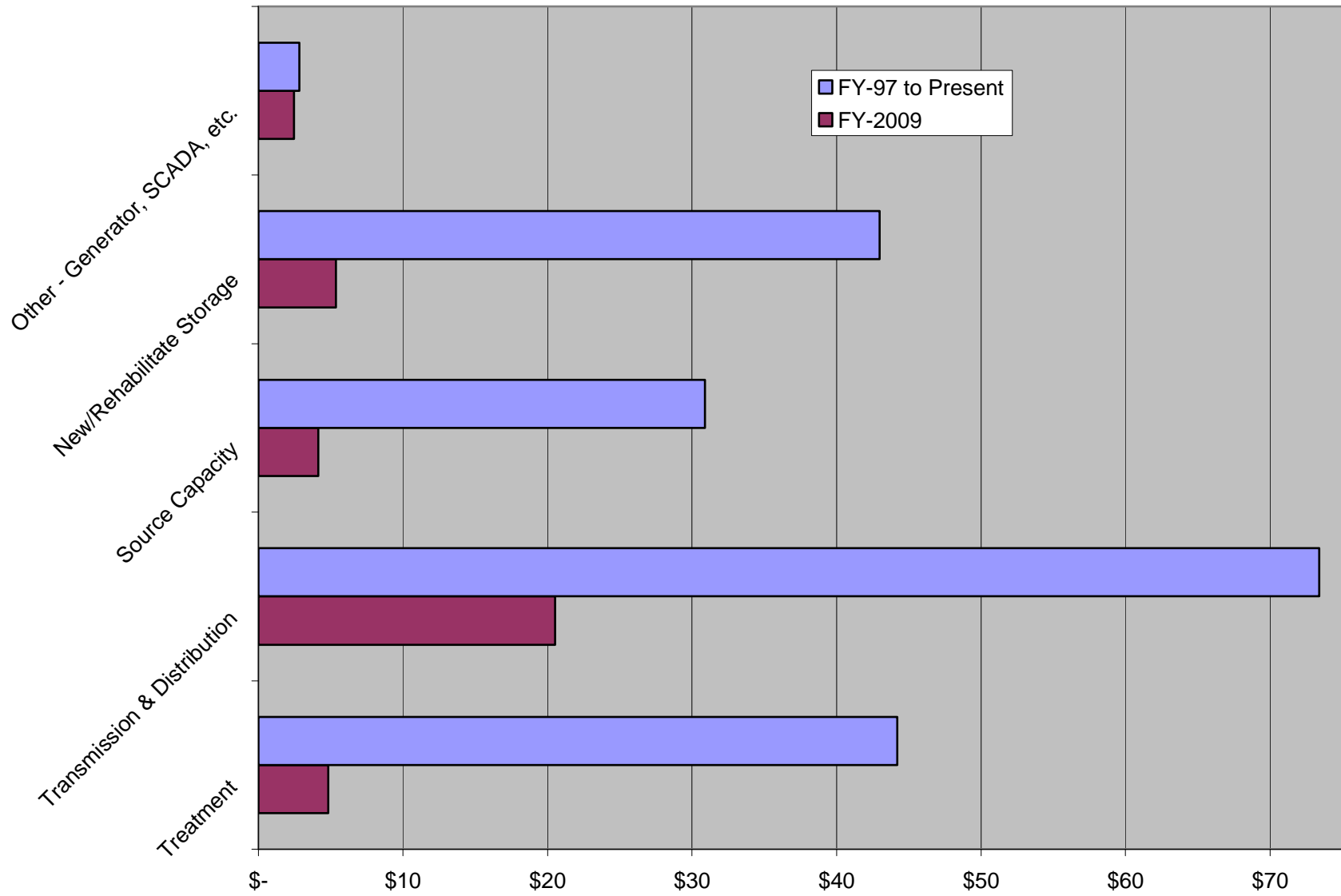
STATE OF MISSISSIPPI DRINKING WATER SRF CASH FLOWS (EXCLUDING FEDERAL CAP GRANT FUNDS)

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	\$10,000,000.00	\$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	\$5,000,000.00	\$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	\$0.00	\$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	\$0.00	\$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	\$0.00	\$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	\$1,740,000.00	\$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	\$4,003,000.00	\$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	\$0.00	\$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	\$4,000,000.00	\$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
2009	\$39,385,764.44	\$0.00	\$1,561,383.42	\$0.00	\$7,667,389.69	\$9,228,773.11	\$4,904,567.26	\$3,694,672.81	\$629,533.04	\$40,015,297.48

Exhibit 12 FY-2009 DWSIRLF Loan Payments Disbursements by Quarter

FY2009 QUARTER	# PROJECTS	STATE FUNDS	REGULAR FEDERAL FUNDS	ARRA FUNDS	TOTAL
1	31	\$1,483,317	\$2,053,418	\$0	\$3,536,735
2	36	\$911,927	\$3,803,019	\$0	\$4,714,946
3	30	\$1,701,261	\$958,842	\$0	\$2,660,103
4	36	\$4,643,469	\$0	\$202,965	\$4,846,434
YEARLY TOTALS	133	\$8,739,974	\$6,815,279	\$202,965	\$15,758,218

Exhibit 13 Funding Uses for the DWSIRLF in Millions



ATTACHMENTS

Attachment 1 Annual Audit Report

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

Audited Financial Statements
June 30, 2009
(With Comparative Totals for June 30, 2008)

State of Mississippi
Department of Health
Drinking Water Systems 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

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

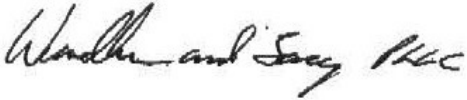
We have audited the accompanying financial statements of the Drinking Water Systems Improvements Revolving Loan Fund (the Fund) of the Local Governments and Rural Water Systems Improvements Board, as administered by the Mississippi State Department of Health, an agency of the State of Mississippi, as of and for the year ended June 30, 2009, 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 Systems 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, 2009, 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, 2009, on our consideration of the Drinking Water Systems 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 cursive script that reads "Windham and Lacey, PLLC".

Windham and Lacey, PLLC
September 25, 2009

DEPARTMENT OF HEALTH
DRINKING WATER SYSTEMS IMPROVEMENTS REVOLVING LOAN FUND

FINANCIAL STATEMENTS

STATE OF MISSISSIPPI
DEPARTMENT OF HEALTH
DRINKING WATER SYSTEMS IMPROVEMENTS
REVOLVING LOAN FUND PROGRAM
BALANCE SHEET
JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

ASSETS	<u>2009</u>	<u>2008</u>
Equity in internal investment pool	\$ 47,788,643	\$ 41,710,117
Receivables:		
Loans receivable	44,464,161	41,287,065
Due from other governments	52,306,442	48,032,673
Due from federal government	54,883	1,334,166
Interest receivable on investments	<u>18,827</u>	<u>28,187</u>
TOTAL ASSETS	<u>\$ 144,632,956</u>	<u>\$ 132,392,208</u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Warrants payable	\$ 141,053	\$ 447,418
Accounts payable	5,482	1,615,611
Due to other funds		8,677
Due to local governments	<u>1</u>	<u>1,153,545</u>
TOTAL LIABILITIES	<u>146,536</u>	<u>3,225,251</u>
 FUND BALANCE:		
Reserved for long-term portion of loans receivable	42,028,560	39,231,263
Reserved for long-term portion of due from other governments	49,708,143	45,748,648
Reserved for encumbrances	197,191	38,471
Unreserved	<u>52,552,526</u>	<u>44,148,575</u>
TOTAL FUND BALANCE	<u>144,486,420</u>	<u>129,166,957</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 144,632,956</u>	<u>\$ 132,392,208</u>

See accompanying Notes to Financial Statements.

STATE OF MISSISSIPPI
DEPARTMENT OF HEALTH
DRINKING WATER SYSTEMS IMPROVEMENTS
REVOLVING LOAN FUND PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	<u>2009</u>	<u>2008</u>
REVENUES:		
Interest on loans	\$ 3,203,112	\$ 2,977,261
Interest on investments	1,584,969	1,675,244
Federal programs	<u>7,919,413</u>	<u>9,388,235</u>
TOTAL REVENUES	<u>12,707,494</u>	<u>14,040,740</u>
EXPENDITURES:		
Administrative expenses	<u>231,344</u>	<u>322,602</u>
TOTAL EXPENDITURES	<u>231,344</u>	<u>322,602</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>12,476,150</u>	<u>13,718,138</u>
OTHER FINANCING SOURCES (USES):		
Proceeds from bonds issued	4,000,000	
Transfers, net	<u>(1,156,687)</u>	<u>(784,728)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,843,313</u>	<u>(784,728)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	15,319,463	12,933,410
FUND BALANCE:		
Beginning of Year	<u>129,166,957</u>	<u>116,233,547</u>
End of Year	<u>\$ 144,486,420</u>	<u>\$ 129,166,957</u>

See accompanying Notes to Financial Statements.

STATE OF MISSISSIPPI
Department of Health
Drinking Water Systems Improvements Revolving Loan Fund
Notes to Financial Statements
June 30, 2009

1. ORGANIZATION OF THE FUND.

The Mississippi State Legislature established the Drinking Water Systems 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 the loan program 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. \$24,743,000 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, 2009, the EPA had awarded \$108,722,400 in capitalization grants to the State, requiring \$21,744,480 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

STATE OF MISSISSIPPI
Department of Health
Drinking Water Systems Improvements Revolving Loan Fund
Notes to Financial Statements
June 30, 2009

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 Systems Improvements Revolving Loan Fund
Notes to Financial Statements
June 30, 2009

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

STATE OF MISSISSIPPI
Department of Health
Drinking Water Systems Improvements Revolving Loan Fund
Notes to Financial Statements
June 30, 2009

can be obtained from the State Treasurer. As of June 30, 2009, the State's total pooled deposits and investments for state agencies were approximately \$2.9 billion, and the average remaining life of the securities invested was 3.8 years.

STATE OF MISSISSIPPI
Department of Health
Drinking Water Systems Improvements Revolving Loan Fund
Notes to Financial Statements
June 30, 2009

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, 2009, the Fund had approximately \$48 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, 2009, 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, 2009, 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	\$ 113,125,828	\$	\$ 83,130,943
Projects in progress	<u>46,310,520</u>	<u>32,670,860</u>	<u>13,639,660</u>
Totals	<u>\$ 159,436,348</u>	<u>\$ 32,670,860</u>	96,770,603
Less amount due within one year on completed projects			<u>(5,033,676)</u>
Loans receivable and due from other governments, long-term			<u>\$ 91,736,927</u>

STATE OF MISSISSIPPI
Department of Health
Drinking Water Systems Improvements Revolving Loan Fund
Notes to Financial Statements
June 30, 2009

Loans mature at various intervals through June 30, 2029. The scheduled principal payments on loans maturing in subsequent years are as follows:

<u>Years Ending June 30</u>	<u>Amount</u>
Completed projects:	
2010	\$ 5,033,676
2011	5,235,290
2012	5,376,840
2013	5,542,284
2014	5,727,884
Thereafter	56,214,969
Projects in progress	<u>13,639,660</u>
 Total	 \$ <u><u>96,770,603</u></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, 2009, follow:

<u>Description</u>	<u>Unamortized Loan Origination Fees</u>
Completed projects	\$ 4,264,867
Projects in progress	<u>2,101,256</u>
 Total	 \$ <u><u>6,366,123</u></u>

Amortization of loan origination fees on completed projects was \$268,782 for the year ended June 30, 2009, 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 Systems Improvements Revolving Loan Fund
Notes to Financial Statements
June 30, 2009

Major Loans to Drinking Water Systems

As of June 30, 2009, the Fund had made loans to 25 drinking water systems that, in the aggregate, exceeded \$1,500,000. The outstanding balances of these loans represent approximately 71% 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	\$ 2,167,552
Bear Creek Water Association	8,989,445	7,869,206
City of Gautier	2,664,071	2,480,749
City of Hernando	1,599,753	1,208,165
City of Horn Lake	2,283,457	1,627,562
City of Long Beach	1,521,484	1,074,421
City of Ocean Springs	5,453,946	5,058,273
City of Olive Branch	4,734,818	3,929,237
City of Pascagoula	6,785,595	5,207,627
City of Southaven	11,994,830	5,601,224
City of Starkville	4,491,248	3,905,222
City of Tupelo	1,567,652	1,397,299
City of West Point	1,525,082	1,193,504
Collinsville Water Association	1,530,000	1,241,483
Columbus Utilities Commission	1,771,530	1,259,211
Corinth Utilities Commission	23,895,405	5,520,125
Culkin Water District	2,083,010	1,715,570
Fannin Water Association	1,566,435	1,275,628
Fisher Ferry Water District	3,058,950	2,719,042
Lewisburg Water Association	1,948,907	1,606,779
Town of Morton	2,188,373	2,012,446
Northeast Mississippi Regional Water Supply District	2,677,553	1,871,759
Pleasant Hill Water Association	1,935,359	641,814
Walls Water Association	3,775,222	3,505,463
West Jackson Utility District	2,283,795	2,246,597
	<u>\$ 105,064,136</u>	<u>\$ 68,335,958</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, 2009, the EPA has awarded capitalization grants of \$108,722,400 to the State, of which \$106,319,414 has been drawn for loans and administrative expenses. The State has provided matching funds of \$24,743,000 from five 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 Systems Improvements Revolving Loan Fund
Notes to Financial Statements
June 30, 2009

<u>Year</u>	<u>Grant Amount</u>	<u>Draws</u>			<u>Available June 30, 2009</u>
		<u>Through June 30, 2008</u>	<u>2009 Draws</u>	<u>Through June 30, 2009</u>	
1997	\$ 16,474,200	\$ 16,474,200	\$	\$ 16,474,200	\$ 0
1998	8,271,700	8,271,700		8,271,700	0
1999	8,669,500	8,669,500		8,669,500	0
2000	9,010,100	9,010,100		9,010,100	0
2001	9,047,400	9,047,400		9,047,400	0
2002	8,052,500	8,052,500		8,052,500	0
2003	8,004,100	8,004,100		8,004,100	0
2004	8,303,100	8,303,100		8,303,100	0
2005	8,285,500	8,139,000	145,898	8,284,898	602
2006	8,229,300	7,533,999	420,791	7,954,790	274,510
2007	8,229,000	5,615,119	1,749,107	7,364,226	864,774
2008	8,146,000	0	6,882,900	6,882,900	1,263,100
	<u>\$ 108,722,400</u>	<u>\$ 97,120,718</u>	9,198,696	<u>\$ 106,319,414</u>	2,402,986
Receivable, June 30, 2008			(1,334,166)		
Receivable, June 30, 2009			<u>54,883</u>		<u>(54,883)</u>
Grant revenues, modified accrual basis			<u>\$ 7,919,413</u>		
Amount available, modified accrual basis					<u>\$ 2,348,103</u>

As of June 30, 2008 and 2009, state matching contributions were as follows:

<u>Description</u>	<u>Contributions Through June 30, 2008</u>	<u>Fiscal Year 2009 Contributions</u>	<u>Contributions Through June 30, 2009</u>
State of Mississippi	<u>\$ 20,743,000</u>	<u>\$ 4,000,000</u>	<u>\$ 24,743,000</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 Systems 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, 2009, and have issued our report thereon dated September 25, 2009. 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 Systems 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.

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 that is more than inconsequential will not be prevented or detected by the Fund's internal control.

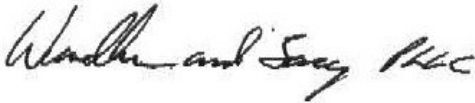
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Fund's internal control.

Our consideration of internal control 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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Drinking Water Systems 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, the Local Governments and Rural Water Systems Improvements Board, others within the entity, 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. However, this report is a matter of public record and its distribution is not limited.

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

Windham and Lacey, PLLC
September 25, 2009

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 Systems 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, 2009, and have issued our report thereon dated September 25, 2009.

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

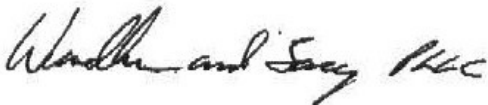
- Activities allowed or unallowed,
- Allowable costs/cost principles,
- Cash management,
- State matching,
- Period of availability of federal funds and binding commitments,
- Procurement, suspension and debarment,
- Program income,
- Reporting,
- Subrecipient monitoring, and
- Special tests and provisions

that are applicable to the Drinking Water Systems Improvements Revolving Loan Fund of the Local Governments and Rural Water Systems Improvements Board for the year ended June 30, 2009. The management of the Drinking Water Systems 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 Systems Improvements Revolving Loan Fund of the Local Governments and Rural Water Systems Improvements Board for the year ended June 30, 2009.

This report is intended for the information and use of management, the Local Governments and Rural Water Systems Improvements Board, others within the entity, 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. However, this report is a matter of public record and its distribution is not limited.

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Windham and Lacey, PLLC
September 25, 2009