

The State of Louisiana Drinking Water Revolving Loan Fund Program

Annual Report



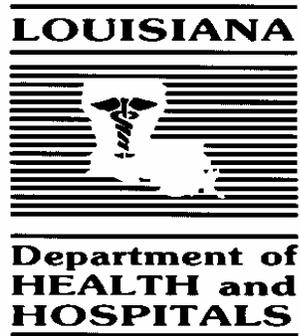
State Fiscal Year 2007

July 1, 2006 - June 30, 2007

**The State of Louisiana Department of Health and Hospitals Drinking Water
Revolving Loan Fund Program**

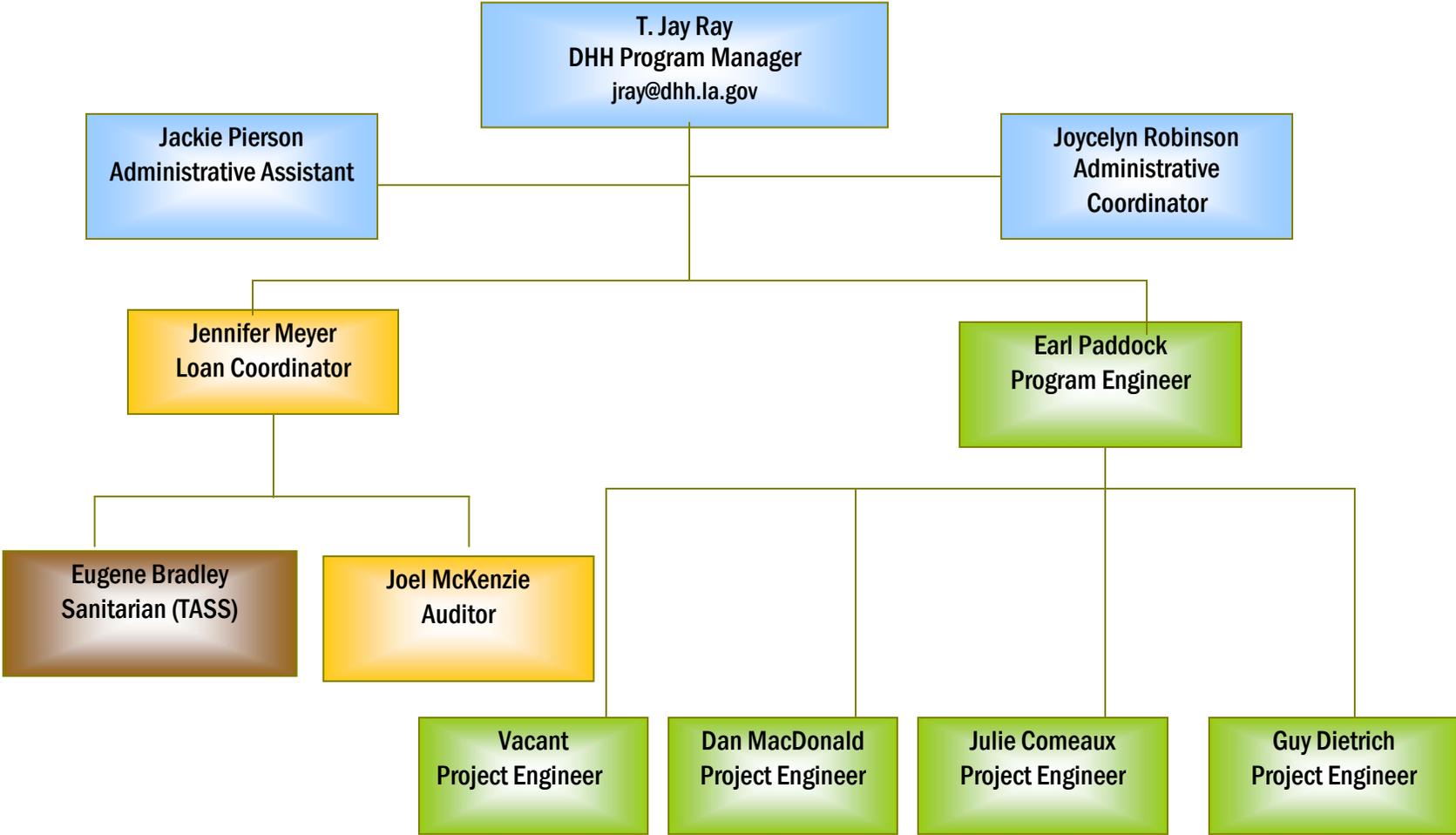
Annual Report

State Fiscal Year 2007



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Drinking Water Revolving Loan Fund Program
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Baton Rouge, Louisiana 70821
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The Drinking Water Revolving Loan Fund Staff and Organizational Chart



Staff Biographies

T. JAY RAY, MANAGER



T. Jay Ray currently serves as the Louisiana Department of Health and Hospitals (DHH), Office of Public Health (OPH), Manager of the Drinking Water Revolving Loan Fund (DWRLF) Program.

Mr. Ray was previously employed as an Environmental Scientist assigned to the Public Water Supply Section in the U.S. EPA Region 6, Dallas Texas. Mr. Ray worked with the States of Louisiana and Oklahoma in the implementation of the Public Water Supply Supervision Program and served as the DWSRF Coordinator assisting all of the Region 6 states in the establishment and implementation of the DWSRF. From 1986 to 1996, T. Jay Ray served as the Administrator of the Louisiana Safe Drinking Water Program. He also worked ten years in the Kansas City and Dallas EPA Regional Offices. Prior to employment with the EPA, T. Jay was Chief Chemist in charge of treatment for a 50 MGD surface water treatment facility in Lubbock, Texas.

He is also certified by EPA as a Microbiological Laboratory Certification Officer. Jay is a member of the American Water Works Association (AWWA), the Louisiana Public Health Association (LPHA) and the Louisiana Environmental Health Association (LEHA). Jay Ray has an M.S. Degree in Microbiology from Texas Tech. He has also attended Texas A&M University Short Courses and obtained 150 hours of Water Utilities Training, which enabled him to become a certified water and wastewater operator in the state of Texas.

JENNIFER MEYER, LOAN COORDINATOR



Jennifer Meyer has been the Loan Coordinator of the Drinking Water Revolving Loan Fund Program in the Louisiana Department of Health and Hospitals, Office of Public Health since 2001. She previously served as Capacity Coordinator and Auditor for the program beginning in 1998 and for a short period prior to that was a loan analyst in the Department of Environmental Quality's Clean Water Revolving Loan Fund Program.

Before joining the DWRLF Program, Ms. Meyer began her professional career working as staff accountant and field auditor for various CPA firms in the Jeff Davis Parish area. She subsequently worked for the City of Jennings, Louisiana - first as internal auditor, then as City Clerk, after which she was elected as Mayor.

Once her term ended, Jennifer did not run for re-election, but accepted the position of Nursing Home Administrator. She worked in this capacity until she purchased a day care center in Baton Rouge. She ran this business for six years prior to working for the State.

Jennifer earned her Bachelor of Science degree in Accounting from McNeese State University, Lake Charles, Louisiana, in 1980. She is also a notary public commissioned in Lafayette Parish.

EARL PADDOCK, PROGRAM ENGINEER



Earl Paddock has been the Program Engineer of the Drinking Water Revolving Loan Fund Program in the Louisiana Department of Health and Hospitals, Office of Public Health since 2003. He previously served as a Project Engineer for the program beginning in 2000.

Before joining the DWRLF Program, Mr. Paddock began his professional career in 1995 as the Staff Engineer with Water King, Inc., a company in Lafayette, Louisiana that designed and manufactured water treatment equipment and complex water treatment systems.

Mr. Paddock received a Bachelor of Science Degree in Mechanical Engineering from the University of Louisiana-Lafayette in 1991 and continued his coursework in chemistry and biology at the University of New Orleans before obtaining a Master's of Science Degree in Environmental Engineering from the University of Alabama in Tuscaloosa, Alabama in 1995. He is a registered Professional Engineer in the State of Louisiana.

JULIE COMEAUX, PROJECT ENGINEER



Julie has been with the Drinking Water Revolving Loan Fund (DWRLF) Program as a Project Engineer since 2002. She is the state coordinator for the 2003 Drinking Water Infrastructure Needs Survey. Julie oversees several projects using DWRLF monies and works to bring systems throughout the state into compliance with State and Federal regulations through the Capacity Development Program.

Before joining the DWRLF Program, Julie worked as an accountant for 20 years. A mid-life evaluation prompted her to return to college to obtain a degree that would allow her to begin a new career.

Julie received a Bachelor of Science Degree in Civil and Environmental Engineering in December 2001 from Louisiana State University at Baton Rouge. The majority of her course study dealt with Environmental Engineering. She is a registered Engineering Intern with the Louisiana Professional Engineering and Land Surveying Board and plans to obtain her Professional Engineering license in 2006.

JOEL MCKENZIE, LOAN ANALYST



Joel Mckenzie has been an Auditor 3 for the Drinking Water Revolving Loan Fund (DWRLF) Program in the Louisiana Department of Health and Hospitals (LDHH), Office of Public Health since 2003.

Mr. Mckenzie received a Bachelor of Science Degree in Accounting from Southeastern Louisiana University (SLU) in Hammond, Louisiana. He is currently pursuing a Master of Business Administration from SLU and will sit for the Louisiana CPA exam in the near future.

GUY DIETRICH, PROJECT ENGINEER



Guy Dietrich has served the Drinking Water Revolving Loan Fund (DWRLF) as a Project Engineer Since July, 2001. He is also the representative for DWRLF on the Area Wide Optimization Program (AWOP) serving on the Louisiana Performance Based Training (PBT) and Comprehensive Performance Evaluation (CPE) teams.

Before joining the DWRLF Program, Mr. Dietrich was employed in the Commodity Chemicals Manufacturing Industry for 35 years upon taking early retirement. Performing as a Chemical Engineer, Mr. Dietrich has held multiple positions including Process Engineer, Operations Supervision and Management, and Engineering Supervision and Project Management.

Mr. Dietrich received a Bachelor of Science Degree in Chemical Engineering from Louisiana State University in Baton Rouge, Louisiana in 1965 and a Masters of Business Administration from McNeese State University in Lake Charles, Louisiana in 1971. Mr. Dietrich is a licensed Professional Engineer in the State of Louisiana.

EUGENE BRADLEY, SANITARIAN



Eugene Bradley has served as the Sanitarian Program Coordinator for the Louisiana Office of Public Health Drinking Water Revolving Loan Fund Since July 16, 2001.

Mr. Bradley began working with the Office of Public Health as a parish sanitarian in Orleans Parish, eventually serving as the Sanitarian Parish Manager for St. Bernard Parish, and later jointly for both Madison & Tensas Parishes. This included work in various public health programs including but not limited to retail food, institutions, individual sewage, drinking water, and lead. While in St. Bernard Parish he served as the Animal Control Hearing Officer for the parish.

Mr. Bradley is a Registered Sanitarian in the State of Louisiana and holds a Bachelor of Science Degree from the University of Southern Mississippi.

JACKIE PIERSON, ADM. ASSISTANT



Jackie Pierson has been the Administrative Assistant for the Drinking Water Revolving Loan Fund Program (DWRLF) in the Louisiana Department of Health and Hospitals (LDHH), Office of Public Health (OPH) since September, 1998.

Before joining the DWRLF Program, Ms. Pierson worked for the Louisiana Department of Environmental Quality for 4 years.

Previous to this, Ms. Pierson worked for the Louisiana Department of Corrections for almost 11 years.

Dan MacDonald, Project Engineer



Dan MacDonald has been an Engineer with the Office of Public Health's Safe Drinking Water Program for almost 5 years. He joined the Drinking Water Revolving Loan Fund (DWRLF) staff as a Project Engineer in June 2005. Before joining the DWRLF program, Mr. MacDonald served as the Technical Program Manager/Engineer for the Safe Drinking Water Program's (SDWP) Engineering Services Section of the Louisiana Department of Health and Hospitals/Office of Public Health/Center for Environmental Health Services (LDHH/OPH/CEHS). While working for LDHH/OPH/CEHS – Engineering Services, Mr. MacDonald served as the Consumer Confidence Report (CCR) program manager and Area-Wide Optimization Program (AWOP) Manager. Prior to 2003, Mr. MacDonald had an extensive career in the private sector as a Consultant for Environmental and Civil Engineering firms in Louisiana and Virginia. His consulting work included industrial wastewater treatment system designs, environmental assessments, UST/AST installation and removal, lead/asbestos abatement, risk evaluation corrective action plans, monitoring and recovery well installations, and groundwater/soil remediation projects.

Mr. MacDonald was born and raised in Baton Rouge, Louisiana and is a graduate of Baton Rouge Magnet High School. In May of 1998, he received his Bachelor of Science degree from Louisiana State University (LSU) in Environmental Engineering. In January 2004, Mr. MacDonald became a licensed Professional Engineer registered in the State of Louisiana, as well as a member of both the Louisiana Engineering Society and the Water Environment Federation. In August of 2007, Mr. MacDonald re-enrolled at LSU's E.J. Ourso College of Business where he plans to obtain his Masters in Business Administration (MBA).

Currently, Mr. MacDonald conducts reviews of System Improvement Plans, NEPA environmental documents, plans and specifications, and assists with the implementation of DWRLF's Capacity Development program. Besides his contributions to the DWRLF program, Mr. MacDonald also serves as the Member Representative on the Louisiana Geographic Information Systems (GIS) Council (LGISC) representing LDHH/OPH/CEHS.



Joycelyn S. Robinson

Ms. Robinson began her employment with the DWRLF in 2006 as an Administrative Coordinator, in charge of the vehicle fleet. Mrs. Robinson was an Over The Road Owner-Operator for 18 years before retiring.

Mrs. Robinson is a 2007 graduate with a Bachelor of Science in Business Management and minors in Human Resources and Finance.

DWRLF Program Contractors

Louisiana Department of Environmental Quality (LDEQ)

LDEQ is the state agency whose mission is to promote environmental quality in the State of Louisiana. The purpose of their contract with LDHH is to assist DHH with the environmental aspects of the projects.

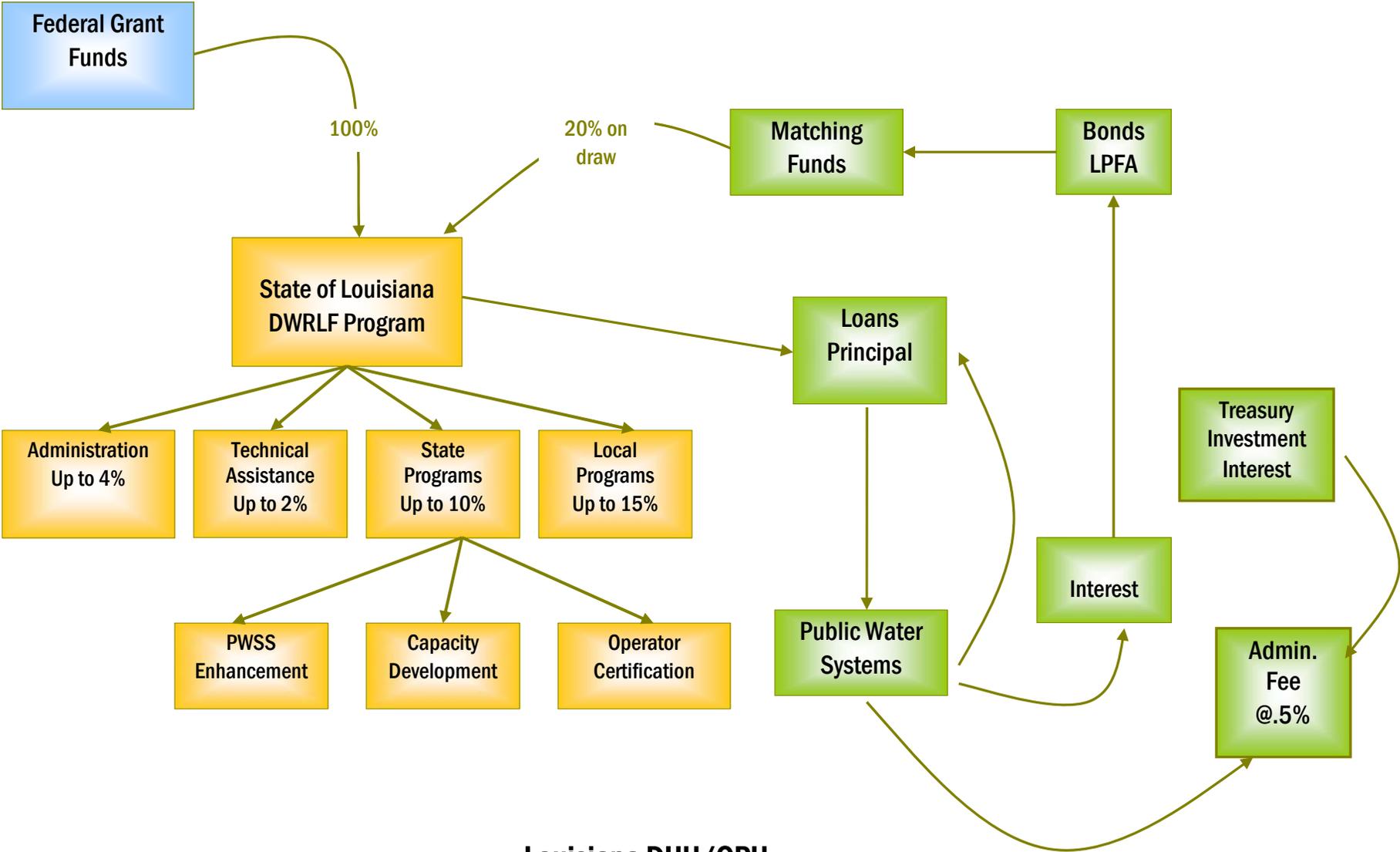
Louisiana Rural Water Association (LRWA)

LRWA has one contract with LDHH. The contract is to provide a circuit rider to make onsite technical assistance visits to small water systems and provide quarterly operator training sessions.

Adams & Reese, LLP

The contract with Adams and Reese, LLP is to provide counsel in three areas:

- Closing loans involving the purchase of bonds from borrowers;
- Sale of bonds for state matching funds or expanding the activities of the program;
- General legal advice and assistance relative to the program, its policies, procedures, and rules.



**Louisiana DHH/OPH
Drinking Water Revolving Loan Fund Program**

MISSION AND GOAL

The goal of the Louisiana Drinking Water Revolving Loan Fund (DWRLF) is to provide assistance in the form of low-interest loans and technical assistance to public water systems in Louisiana to assist them with complying with state and federal drinking water regulations ensuring that their customers are provided with safe drinking water thereby protecting the public health.

The recipients of the services provided by the DWRLF Program are the consumers of water from all publicly and privately owned community water systems and nonprofit, non-community publicly owned water systems in the state of Louisiana. The DWRLF program provides low-interest loans to these water systems for construction of eligible projects, as well as assistance through the capacity development programs and technical assistance. This affects all persons who are direct customers of these water systems which ultimately improves their quality of life.

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Annual Report

INTRODUCTION

The Louisiana Department of Health and Hospitals, Office of Public Health (DHH-OPH) in compliance with the Environmental Protection Agency (the “EPA”) rules and regulations and federal grant requirements, herewith submit this Annual Report for the State’s fiscal year ending June 30, 2007 (reporting period July 1, 2006 through June 30, 2007 or SFY07). This report describes how the State of Louisiana has met the goals and objectives identified in its 2007 Intended Use Plans, work plans and grant agreements.

The Drinking Water Revolving Loan Fund (DWRLF) Program, within the Louisiana Department of Health and Hospitals (DHH), Office of Public Health (OPH) is responsible for the operations of the program in the State of Louisiana. By Legislative Act, the DHH is responsible for the administration of the fund and the Louisiana Department of Environmental Quality (LDEQ) is responsible for the environmental reviews of loan projects. DHH-OPH provides assistance to public water systems in many forms, which will be further described in this report.

This report consists of three main sections. The *Executive Summary* section provides an overview of the DWRLF program and the SFY 2007 activities. The next section addresses the *Goals and Objectives* the State of Louisiana identified in its 2007 Intended Use Plan and the steps that have been taken to meet these measures. The *Details of Activities* section provides information on the financial status of the program, the financial assistance provided during SFY 2007, and compliance with the EPA grant and operating agreement conditions. The Annual Report is followed by a brief history of the DWSRF program.

The *Program History* is followed by the DWRLF *Loan Portfolio*. The loan portfolio provides information on the interest rates, loan amounts, projects, and loan terms. The Exhibits follow the *Loan Portfolio* and are self explanatory.

EXECUTIVE SUMMARY

The Louisiana DWRLF Program was awarded one Environmental Protection Agency (EPA) capitalization grant during this reporting period. The amount of grant #FS99696809-0 awarded on September 21, 2006 was \$11,658,600. All federal funds are matched by the State of Louisiana with a letter of credit like instrument consisting of authorization of the State Bond Commission to issue Revenue Bonds. In compliance with Federal guidelines, as Louisiana draws federal funds into the State Drinking Water Revolving Loan Fund (DWRLF), the appropriate amount of State Match is simultaneously deposited into the DWRLF.

DWRLF Loans

Four binding commitments totaling \$10,500,000 were executed during this reporting period. Five loans totaling \$18,000,000 were awarded during the reporting period. A breakdown of the binding commitments made during SFY 2007 is detailed in Table 1 and Exhibit I. On a cumulative basis, the DWRLF has obligated a total of twenty-eight binding commitments with face values totaling \$97,354,700. A list of all the binding commitments and a brief description of each project can be found in the loan portfolio section. The loans closed this reporting period were for City of Springhill, French Settlement Water Company, Ascension Water Company #2, Louisiana Water Company #2-New Iberia project and, Savoy Swords Water System, Inc. Exhibit II depicts the Needs Categories for the closed loans.

**Table 1
Drinking Water Binding Commitments
State Fiscal Year 2007**

Recipient	Project Description	Assistance Amount	Rate/Term
French Settlement Water Company	Water System Improvements	\$1,000,000	3.95%/20
Ascension Water Co. #2 Louisiana Water Company #2 - New Iberia Project	Water System Improvements	\$5,000,000	3.95%/20
Savoy Swords Water System, Inc.	Water System Improvements	\$3,500,000	3.95%/20
		\$1,000,000	3.95%/20
Total		\$10,500,000	

Loan disbursements of \$11,386,416 to the various recipients were made during this fiscal year. See Exhibit III for a breakdown of loan disbursements during SFY 2007.

Since the program was initiated in SFY 1999, 27 loans have been awarded. The projects associated with 14 loans are fully constructed or complete and in operation. Seven projects initiated operations this past year:

The DWRLF program forms are updated as necessary by staff. These forms are designed to satisfy two goals: (1) to assure compliance with the Federal guidelines and (2) to expedite the submission and review process of the program. The loan application incorporates the Capacity Development Business Plan Package for managerial and financial capacity. The Safe Drinking Water Act requires that a public water system applying for a Drinking Water Revolving Loan Fund loan must demonstrate that it has the financial, managerial and technical capacity to operate its system in full compliance with the Act. The System Improvement Plan serves as compliance for the technical portion of the Capacity review. All DWRLF forms are available upon request from program staff.

Assistance to Small Systems

A requirement of the 40 CFR 35.3525 (a) (5) is to use at least 15% of the amount available for assistance from the fund to provide assistance to communities with populations less than 10,000, to the extent such funds can be obligated for eligible projects. In SFY 2007, \$2,000,000 of the binding commitments were made to small systems serving under 10,000 and \$8,500,000 of the binding commitments were made to systems serving populations over 10,000. However, since the inception of the program \$19,794,700 (20 percent of the amount available for assistance from the fund) of the binding commitments were made to systems serving less than 10,000. (See Table 2 and Figure 1.) Figure 2 depicts the binding commitments awarded to small systems annually in SFY 2000 through 2007.

Table 2

PROJECTS SERVING UNDER 10,000		Binding Com. Award	Percentage of DWRLF Funds	PROJECTS SERVING OVER 10,000		Binding Com. Award	Percentage of DWRLF Funds
POPULATION				POPULATION			
Town of Church Point	6,000	\$2,500,000	20.33%	Ward 2, Water Dist., Livingston Parish	18,000	\$9,000,000	79.67%
City of Oakdale	6,832	\$1,500,000		Shreveport #1	201,568	\$7,000,000	
Town of Many #1	3,600	\$1,000,000		Shreveport #2	201,568	\$7,000,000	
Town of Many #2	3,600	\$1,100,000		Shreveport #3	201,568	\$5,540,000	
Town of Many #3	3,600	\$1,500,000		Natchitoches	17,141	\$3,500,000	
Town of Baldwin	2,400	\$1,250,000		Lafayette Parish WW District North	12,000	\$2,800,000	
West Winnsboro	1,854	\$747,100		Ascension Water Co.	36,500	\$6,000,000	
Village of Quitman	246	\$480,000		New Iberia-LAWCO	48,000	\$6,000,000	
DeSoto Parish WWD #1	5,000	\$2,350,000		Ward 2, Water Dist., Livingston Parish	18,000	\$6,000,000	
Colyell Comm. WS	2,250	\$948,600		Lafayette Parish WW District North #2	12,000	\$5,720,000	
Culbertson WS, Inc.	2,640	\$669,000		Monroe	73,250	\$3,000,000	
Westlake, City of	6,000	\$3,750,000		Springhill	10,300	\$7,500,000	
French Settlement	2,134	\$1,000,000		Ascension Water Co. #2	36,500	\$5,000,000	
Savoy Swords	7,840	\$1,000,000		New Iberia-LAWCO #2	48,000	\$3,500,000	
Total		\$19,794,700		Total		\$77,560,000	
Funds Available for Assistance			\$97,354,700				

Assistance to Privately Owned Systems

Louisiana has loaned funds to both governmentally owned and privately owned water systems. Those systems which are privately owned are loaned 100% federal funds and the corresponding state match is deposited into the fund. Figure 3 depicts those systems which are privately owned.

Figure 1

Binding Commitments Made to Small Systems Through SFY 2007

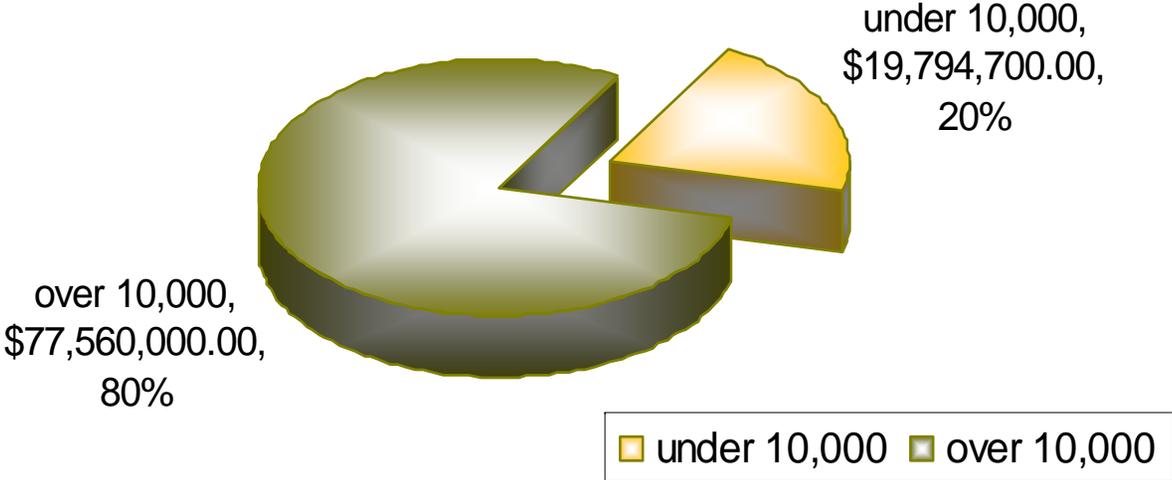


Figure 2
DWRLF Binding Commitments by Service Population
by State Fiscal Year

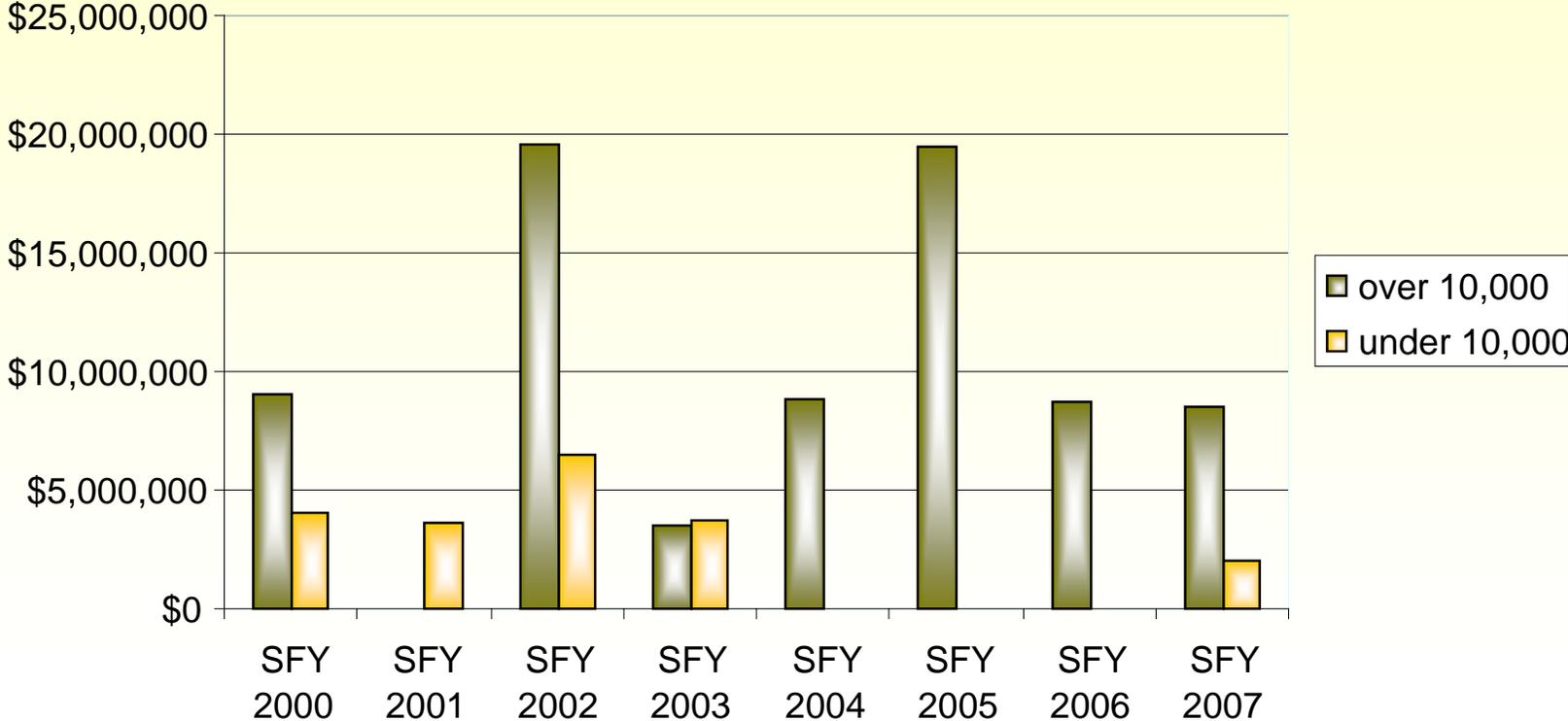
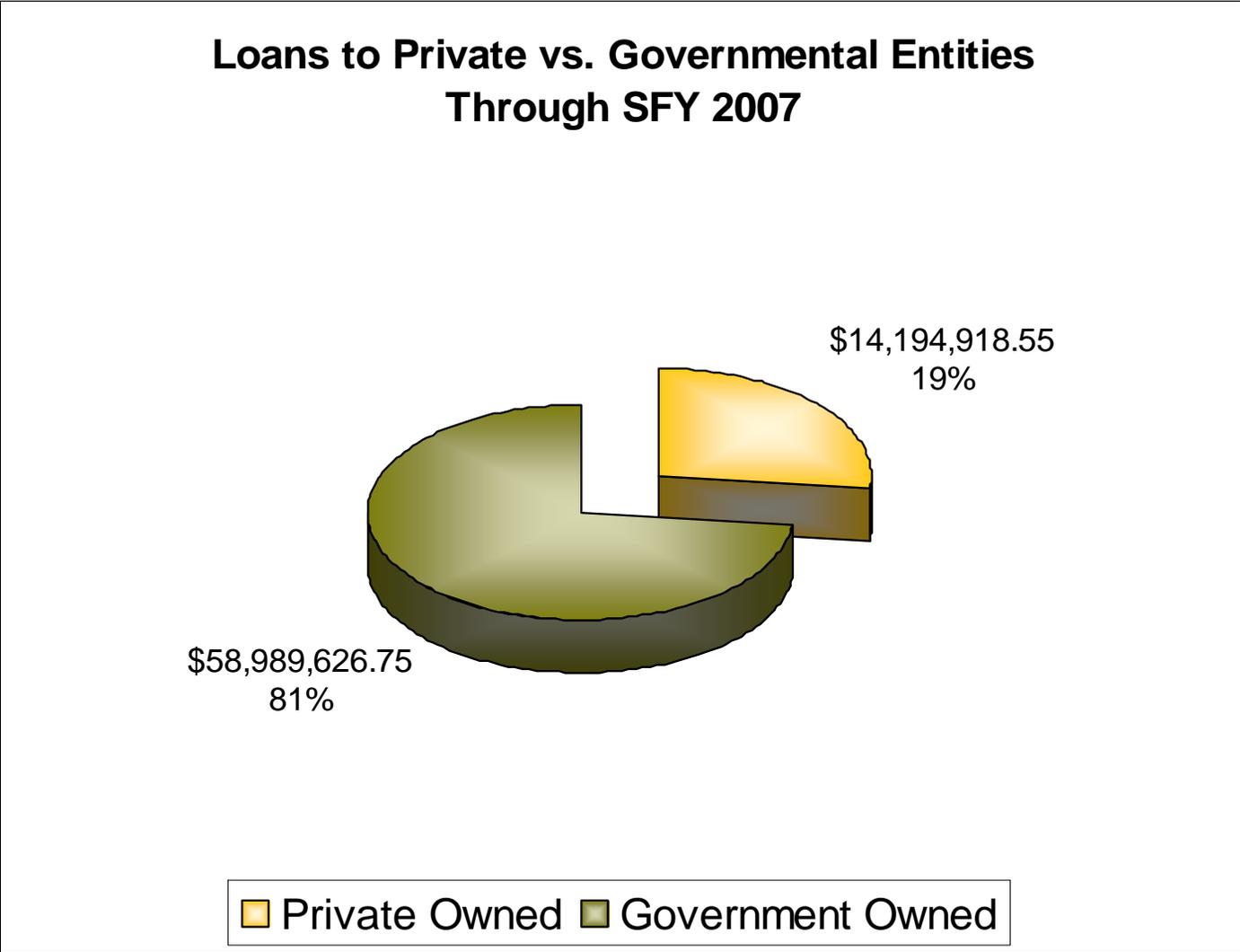


Figure 3



Note: Loan figures are net of write downs

Interest Rates

The Secretary of the Department of Health and Hospitals is responsible for setting the interest rate for the DWRLF program. In determining the rate, the Secretary entertains recommendations from the DWRLF staff. The current rate is 3.45% interest and .5% administrative fee for a total effective annual rate of 3.95%. In determining when to make recommendations to the Secretary, the DWRLF staff members remain alert and cognizant of the market rates to remain competitive and in compliance. Staff is in contact with the responsible parties of water systems on a continual basis. They inquire about the market rates that are available to water systems from all sources. Their responses have ranged from 4% to 12% with variables such as credit worthiness, corporate structure, size, existing debt, etc. as the reasons for the variations. DWRLF staff members also attend the monthly State Bond Commission meetings to glean the market rates of bond issuances for similar type projects. And finally, the DWRLF has a contractual relationship with bond attorneys who regularly provide advice regarding the current market rates and make recommendations therein. As a result, the rates are reviewed monthly.

An administrative fee of 0.5% is assessed on all outstanding loan balances. These fees are held outside of the federal SRF in the Administrative Fee Fund for purposes of perpetuity.

Repayments

Nineteen loans are currently in repayment. Repayments equaled \$4,823,285 for SFY 2007 and consisted of \$2,472,300 in principal, \$2,053,392 in interest, and \$297,593 in administrative fees. Exhibit IV depicts the loan principal repayments during the SFY 2007.

Set-Aside Activities

The Safe Drinking Water Act authorizes states to set aside funding for certain non-project activities, provided that the amount of that funding does not exceed certain ceilings. Unused set-aside funds are banked for future use, where allowable, or transferred to the project loan account at the discretion of the State and with concurrence from EPA Regional Administrator. EPA issued a white paper which gives direction to states for managing the set-asides in February 1999. The term "banking" was replaced with "unspecified". In its annual intended use plan submitted with its grant application, Louisiana is required to "specify" the amount of set-aside funds it plans to spend, "unspecify" the funds it plans to use in the future, and then deposit the "unspecified" funds into the loan fund for current loan projects. Exhibit V is the most recent Set-Aside Chart detailing the amounts specified and unspecified for each set-aside from each grant to date. Louisiana utilizes the first in first out method in spending the specified set-aside funds. This means that the oldest grant funds are spent first as activities take place and expenses are actually paid.

The set-aside activities for which the funds have been specified are explained in detail in the workplan associated with each grant award. Funds for set-aside activities cannot be drawn from the grant until these workplans are approved by the Regional EPA staff.

The workplans associated with each grant list specific activities to be accomplished in order to achieve the goal of each set-aside activity. These workplans also list deliverables and provide for outcome measures of the actual activities planned. The state is required to submit a Biennial Report describing how it has met the goals and objectives of the previous two fiscal years as listed in the Intended Use Plans. Louisiana has

opted to perform this task annually. Following are the descriptions of how Louisiana has met its goals and objectives for its specified set-asides.

Administration

The Safe Drinking Water Act allows a state to use up to four per cent of its allotment to cover the costs of administering the program. The Act also affirms that states do not need to submit workplans for the Administration set-aside; however, Louisiana prefers to explain the activities it plans to pay for with the set-aside funds.

OPH is responsible for the administration and implementation of the DWRLF Program, which includes the loan and set-aside programs. All personnel activities are conducted under the administrative function. This includes the securing of needed positions from the State Civil Service system, advertising for the positions, interviewing, hiring, and performing all required Civil Service steps to ultimately bring personnel on board. Administrative staff members also prepare Requests for Proposals (RFPs) and review proposals for contracts that are needed to implement the loan program and various set-aside activities.

A portion of the engineers' time is now charged to the administration of the program. Most of this time is spent on engineering document review and approval that is not considered a Safe Drinking Water Program Activity. During this fiscal year, the engineers conducted activities associated with review of five system improvement plans for the program.

Annual planning for individual personnel and evaluation of personnel performance are strict requirements of the State Civil Service system. Another part of the administrative function involves the securing of State Match for the program. The research required to explore various options along with the coordination of key people is critical to succeed in securing the State Match. Budget preparation for the State is accomplished under the Administrative section of the program. In addition the Administrative staff is responsible for the promotion of the program. This involves time-consuming activities of preparing promotional items, display items, and coordinating personnel to work in the booth at various functions as described in the goals section of this report. The administrative personnel are also responsible for all correspondence from the program staff, correspondence with loan recipients, and potential loan recipients. This includes the negotiation process of determining collateral for the recipients and meetings with potential recipients to explain the process. The administrative personnel are also responsible for all correspondence with EPA, i.e. Intended Use Plan, Grant Applications, workplans, Grant Amendments, Annual Reports, Annual Reviews, Needs Survey, and Drinking Water National Information Management System. Effort is also expended in monthly meetings with DHH personnel for review of project status.

DHH possesses a contract with bond attorneys to secure the State Match through a bond issuance. During SFY06, the DWRLF obtained approval from the State Bond Commission to sell up to \$7,300,000 in bonds to obtain the state matching funds for the EPA Capitalization Grants. The bonds are structured as a non-revolving line of credit secured by the revenue of the Fund. The terms allow for a 10-year amortization with an interest rate of 0.5 point above LIBOR (London Inter-Bank Offer Rate). LIBOR rates are published interest rate quotes available daily on an international basis. Unlike US Prime Rate which can refer to numerous different bank or Wall-Street published indices, LIBOR is a single rate published for different periods such as 1 month LIBOR or 3 month LIBOR. LIBOR rates are currently much lower than US Prime rates. In negotiating with banks for the most optimal interest rates, the banks have selected LIBOR rates

and it is they who loan the money and set the terms. Bond counsel advises that the LIBOR rate formula is a reliable formula and encourages us not to object to a LIBOR plus points interest rate when it is a lesser interest rate than a US Prime Rate based rate. The state sold \$1,500,000 of the bonds during this reporting period to satisfy the requirements of depositing matching funds into the Fund as Federal funds are drawn from the ACH.

In summary, specific activities funded from this set-aside include the following:

Salaries	Benefits
Travel	Operating Services
Contractual Services	Supplies

During SFY 2007 \$314,482 was expended for administrative expenses. Table 3 depicts the current and cumulative status of the Administration Set-Aside.

**Table 3
Administration Set-Aside**

Grant Year	Grant #	Reserved	Specified	Unspecified (cumulative)	Expended	Specified Amount Available
1997	FS-9969801	\$816,812	\$700,403	\$116,409	\$700,403	\$0
1998	FS-9969802	\$397,968	\$397,968	\$116,409	\$397,968	\$0
1999	FS-9969803	\$417,108	\$415,737	\$117,780	\$415,737	\$0
2000	FS-9969804	\$433,496	\$425,511	\$125,765	\$425,511	\$0
2001 & 2002	FS-9969805	\$757,392	\$0	\$883,157	\$0	\$0
2003	FS-9969806	\$320,164	\$290,000	\$913,321	\$290,000	\$0
2004	FS-9969807	\$332,124	\$400,000	\$845,445	\$284,873	\$115,127
2005	FS-9969808	\$331,420	\$230,000	\$946,865		\$230,000
2006	FS-9969809	\$466,344	\$0	\$1,413,209		\$0
Totals		\$4,272,828	\$2,859,619		\$2,514,492	\$345,127

Small System Technical Assistance

The Safe Drinking Water Act allows a state to use up to two per cent of its allotment to cover the costs of providing technical assistance to small systems (systems serving under 10,000 population). During this reporting period, the contracted Circuit Rider, Louisiana Rural Water Association (LRWA), performed 402 visits to small water systems to provide general technical assistance and training. These visits included assistance for the completion of the Consumer Confidence Report, Lead and Copper Sampling, Capacity Assessments, and miscellaneous items at the request of either the water system itself or DHH staff. The program hosted its quarterly training sessions for small systems in the fiscal year 2007. At these training sessions, water system personnel were provided training manuals, technical assistance and other information as necessary for compliance. Approximately 200 water system personnel attended these sessions.

The workplans indicated the State's intention of performing approximately 20 technical assistance type activities per month to small systems. The total number of activities performed before fiscal year end by the DWRLF staff was 161. Activities included technical assistance visits to small systems (issues w/ CCRs, disinfection, operator certification, etc.), promoted loan program during visits, assisted small systems in completing the technical and managerial portions of the capacity assessment packet, wrote post capacity assessment survey letters which included deficiencies and recommendations regarding those deficiencies, and assisted w/ operator certification exams.

During SFY 2007 \$207,535 was expended for small system technical assistance expenses. Table 4 depicts the current and cumulative status of the Small System Technical Assistance Set-Aside.

**Table 4
Small System Technical Assistance Set-Aside**

Grant Year	Grant #	Reserved	Specified	Unspecified (cumulative)	Expended	Specified Amount Available
1997	FS-9969801	\$408,406	\$168,100	\$240,306	\$168,100	\$0
1998	FS-9969802	\$198,984	\$161,100	\$278,190	\$161,100	\$0
1999	FS-9969803	\$208,554	\$161,100	\$325,644	\$161,100	\$0
2000	FS-9969804	\$216,748	\$161,100	\$381,292	\$161,100	\$0
2001 & 2002	FS-9969805	\$378,696	\$0	\$759,988	\$0	\$0
2003	FS-9969806	\$160,082	\$170,000	\$750,070	\$170,000	\$0
2004	FS-9969807	\$166,062	\$170,000	\$746,132	\$170,000	\$0
2005	FS-9969808	\$165,710	\$185,000	\$726,842	\$185,000	\$0
2006	FS-9969809	\$233,172	\$236,662	\$723,352	\$191,086	\$45,576
Totals		\$2,136,414	\$1,413,062		\$1,367,486	\$45,576

State Programs

The Safe Drinking Water Act allows a state to use up to ten per cent of its allotment to cover the costs of administering certain programs. In its Intended Use Plan, the State of Louisiana outlined three major programs to be funded utilizing the state program set-aside funds. These programs were the Public Water Supply Supervision Program, Operator Certification Program, and Capacity Development Program.

During SFY 2007 \$855,839 was expended for state program expenses. Table 5 depicts the current and cumulative status of the State Program Set-Aside.

**Table 5
State Programs Set-Aside**

Grant Year	Grant #	Reserved	Specified	Unspecified (cumulative)	Expended	Specified Amount Available
1997	FS-9969801	\$2,042,030	\$1,396,523	\$645,507	\$1,396,523	\$0
1998	FS-9969802	\$994,920	\$994,920	\$645,507	\$994,920	\$0
1999	FS-9969803	\$1,042,770	\$968,406	\$719,871	\$968,406	\$0
2000	FS-9969804	\$1,083,740	\$484,215	\$1,319,396	\$484,215	\$0
2001 & 2002	FS-9969805	\$1,893,480	\$0	\$3,212,876	\$0	\$0
2003	FS-9969806	\$800,410	\$840,000	\$3,173,286	\$840,000	\$0
2004	FS-9969807	\$830,310	\$900,000	\$3,103,596	\$887,402	\$12,598
2005	FS-9969808	\$828,550	\$750,000	\$3,182,146	\$0	\$750,000
2006	FS-9969809	\$1,165,860	\$1,275,000	\$3,073,006		
Totals		\$10,682,070	\$7,609,064		\$5,571,466	\$762,598

Public Water Supply Supervision Program

All engineering positions remained filled during this year. The staff reviewed six sets of plans and specifications for loan projects during the fiscal year, adhering to a thirty-day turnaround goal. These included the following projects: City of Springhill Water System, French Settlement Water Company, Louisiana Water Company-New Iberia Water System (Second Loan), Lafayette Parish Waterworks District North (Phase 5E), Colyell Community Water System (Second Loan) and Point Wilhite Water System. The staff also reviewed 12 sets of plans and specifications for systems applying for permits. These are included in the table below.

Applicant Water System	Date Submitted for Review	Date Permitted
Stone Hill Subdivision	7/19/06	11/9/06
LA Highway 22 Water well	9/18/06	11/9/06
84 Lumber	10/9/06	In Process
LA Highway 1088 High School	10/16/06	2/15/07
Afton Villa Townhomes	10/20/06	In Process
Dunham-Price Group	12/27/06	2/8/07
Eagle Landing	1/18/07	In Process
Deerfields Subdivision	5/17/07	In Process
Turning Pines Subdivision	5/17/07	In Process
Goodbee Regional	5/31/07	In Process
Wadsworth Subdivision	5/31/07	In Process
Lake Shreve Estates	6/8/07	In Process

The staff provided training to PWSs as requested by various training providers around the state. They performed sanitary surveys of PWSs. DWRLF engineers provided technical assistance to PWSs by responding to their requests for information such as Operations and Maintenance Manual guidance, general information, loan information (not necessarily DWRLF), operator certification, management training information, treatment processes, etc. DWRLF engineers participated in all DW Needs Survey at the state

and national level, including the regional training in Dallas and survey assistance to selected water systems. DWRLF engineers assisted and participated in administering the operator certification examinations at the end of the training provided by approved trainers.

The DWRLF engineers participated in Louisiana's Area Wide Optimization Program (AWOP). A contract was continued thru DWRLF to supply a Technical Assistance Provider for Louisiana's AWOP. Julie LeBlanc, P.E. continued her contract as LA AWOP's Technical Assistance Provider and provided professional engineering services to assist LA AWOP with providing AWOP activities to Louisiana's 59 surface water systems that serve nearly half of Louisiana's population. The goal of the program is to optimize particle removal and minimize disinfection by-product (DBP) formation at existing surface water treatment plants (SWTPs) in order to achieve higher quality finished water and maximize public health protection. The program follows the Comprehensive Composite Program (CCP), an approach that features two main phases that include a system evaluation phase known as Comprehensive Performance Evaluation (CPE) and a technical assistance phase known as Performance Based Training (PBT). Prior to FY07, 35 CPEs and 3 PBTs had been conducted in Louisiana since the program's inception in 1995. During FY07, DWRLF staff served as Facilitators for one additional CPE, compiled the FY06 SWTP Turbidity Ranking, attended the Quarterly EPA Region 6 Multi-state meetings in various locations, and held several regional-level LA AWOP meetings to determine future AWOP activities and needs. LA AWOP is currently developing its disinfection by-product (DBP) technical assistance program including a SWTP DBP Ranking.

DWRLF engineers also managed the Consumer Confidence Report (CCR) program and transitioned the CCR program thru training to other PWSS Program staff.

DWRLF supplied an Engineer to serve on the LA Geographic Information Systems (GIS) Council to represent interests of the PWSSP through obtaining GIS training and data, as well as data-sharing with other state agencies and organizations, through monthly council meetings.

The Data Management position is monitoring the statewide chemical drinking water sampling program as well as implementing the SDWIS/State. These activities include overseeing TCR compliance determination by district offices via SDWIS/State non-comp process; assisting regions/districts with data entry SOP, SDWIS training, sample entry; providing/coordinating ongoing training for SDWIS users; and assisting compliance officers with development and implementation of SDWIS to accommodate oversight of primacy requirements.

The Geologist position continues to compile and interpret the hydro geological information relative to Louisiana aquifers. This includes such activities as developing and maintaining interagency relationships to promote and support the Drinking Water Program as well as maintaining a statewide water well database.

The DWRLF provided another position in the PWSS Program to assist the Enforcement Program. This position issues Administrative Orders, resends Administrative Orders and provides assistance in tackling technical enforcement issues.

Capacity Development

The Environmental Protection Agency (EPA) has developed a strategic plan to express clear and measurable environmental and public health goals for clean and safe water. The strategy related to the drinking water program has specific objectives for demonstrating improvements in public health. The objectives that express public health improvements by 2008, and the status of Louisiana Department of Health and Hospitals (LDHH) in this effort, are as follows:

The capacity development program is an essential program to assist LDHH in meeting the Program Activity Measure (PAM) objectives. The capacity development program addresses compliance goals by helping to ensure that public water systems have technical, managerial, and financial capacity with respect to each National Primary Drinking Water Regulation. The capacity development program consists of a new system program, to ensure compliance and long term system viability, and an existing system strategy to ensure and improve system capacity, as well as a loan system strategy to ensure viability and creditworthiness of the entity. DHH has entered into contracts with technical assistance providers to assist with the implementation of the program. Once systems are assessed and problem areas identified, the technical assistance providers can assist the systems with solving the problems on a personal, on-site level. Each of the following strategies lists the activities accomplished during the fiscal year.

New Systems – During this reporting period, twelve new systems applied for permits to operate and construct. Of these, four were issued permits and eight were still in the process of satisfying the requirements of the capacity development program at year end.

Existing Systems – During this reporting period, eighty systems were selected for assessment under the Capacity Development program. Of these, sanitary surveys were performed on sixty-eight of those who had not undergone a survey within the last year. Additionally, the Capacity Development Questionnaire Assessment was completed on all of these systems.

Loan Systems – During this reporting period, the Point-Wilhite Water System submitted its business plan and it is in the process of being reviewed by the Capacity Development staff. Additionally, Colyell Community Water System submitted a revised business plan updating their original submission to obtain a second loan from the program. We are waiting on addition information before an approval can be given

Management Training – The State of Louisiana did not conduct its management training sessions during this fiscal year. This was due to the inability to get a contract approved by LDHH's contracts division. The financial effects of hurricane's Katrina and Rita on LDHH caused hundreds of contracts within the agency to be cancelled. Over the past fiscal year, LDHH's contracts division has been trying to re-instate these hundreds of contracts that were lost two years ago. A Request for Proposal for a contractor to restart our management trainings across the state was sent out and a contractor has been chosen to help us accomplish our goals. We expect the contract with this firm to be approved and trainings to restart by January 2008.

Operator Certification

Operator Certification activities were not funded by the DWRLF grant during SFY07.

Local Programs

The Safe Drinking Water Act allows a state to use up to 15 per cent of its allotment to cover the costs of local programs. No more than 10 per cent of the capitalization grant amount can be used for any one authorized activity. This set-aside is also restricted from “banking” the funds. Consequently, funds specified for this set-aside must be spent during the four year budget period; any excess must be deposited into the loan fund. In its Intended Use Plan, Louisiana planned to use this set aside to provide technical and financial assistance to Public Water Systems working through the Capacity Development Program. Contractors are utilized to provide the required assistance to those systems DHH staff have assigned to them. Specifically, they evaluate public water system’s technical, managerial and financial capabilities and provide recommendations and assistance to systems to help them achieve adequate capabilities in these areas where deficiencies are found. These activities are to insure the provision of safe drinking water to the public through long-term compliance with federal and state drinking water rules, standards, and regulations. During SFY 2006 \$6,913 was expended for local program expenses. Table 6 depicts the current and cumulative status of the Local Program Set-Aside.

**Table6
Local Programs Set-Aside**

Grant Year	Grant #	Reserved	Specified	Unspecified (cumulative)	Expended	Specified Amount Available
1997	FS-9969801	\$2,042,030	\$2,042,030	N/A	\$2,042,030	\$0
1998	FS-9969802	\$0	\$0	N/A	\$0	\$0
1999	FS-9969803	\$97,684	\$97,684	N/A	\$97,684	\$0
2000	FS-9969804	\$0	\$0	N/A	\$0	\$0
2001 & 2002	FS-9969805	\$0	\$0	N/A	\$0	\$0
2003	FS-9969806	\$11,487	\$11,487	N/A	\$11,487	\$0
2004	FS-9969807	\$0	\$0	N/A	\$0	\$0
2005	FS-9969808	\$0	\$0	N/A	\$0	\$0
Totals		\$2,151,201	\$2,151,201		\$2,151,201	\$0

GOALS AND OBJECTIVES

The following goals were developed for the SFY 2007 Intended Use Plan. The short-term goals support the implementation of the program's long-term goals. The long-term goals provide a framework that guides management decisions for the Drinking Water Revolving Loan Fund Program.

Short-Term Goals

Goal 1. To provide financing to the water suppliers by making loan offers and entering into binding commitments with systems listed in the Fundable List. It is anticipated that approximately 7 binding commitments will be entered into by the end of State fiscal year (SFY) 2007.

During SFY07, Louisiana entered into binding commitments with 4 of the systems listed on the Fundable list. As of June 30, 2007, Louisiana has made binding commitments equal to \$97,354,700. The State of Louisiana has assisted and will continue to assist public water systems in procuring loans for eligible project work. Some of the systems in the IUP are in the process of obtaining financing from other sources such as the Rural Utilities Service or the sale of their bonds to private parties. As these projects are identified, they will be by-passed in accordance with the by-pass procedures described in the Intended Use Plan. In addition, any projects not progressing or accomplishing the loan process requirements are notified and subsequently by-passed to allow those systems that are "ready to proceed" access to funds.

Goal 2. Louisiana hopes to close 7 loans totaling approximately \$20,000,000 during SFY 2007. The population total for these projects is approximately 96,440.

Louisiana closed 5 loans in SFY2007 totaling \$18,000,000. The population total for these projects is 94,474. Although the goal of 7 loans closed was not met, several projects on the fundable list are continuing to work through the process.

Goal 3. Through SFY 2006 our fund utilization rate was 75% which is lower than the national average. In the coming year, Louisiana intends to increase our pace to 76%.

Louisiana increased its pace during SFY2007. Line 419 of the Drinking Water National Information System indicated the Assistance Provided as a Percentage of Funds Available to be 77.4% for SFY2007.

Goal 4. To provide at least 15% of DWRLF loan funds to assist public water systems which regularly serve fewer than 10,000 persons to the extent that there are sufficient projects eligible and ready to receive such assistance.

The majority of the projects listed on the Comprehensive List are systems serving a population of less than 10,000 persons on a regular basis. As is depicted in Figures 1 and 2, the State of Louisiana is currently providing 20% of the DWRLF available loan funds to systems of this size at the close of the fiscal year ended June 30, 2007.

Goal 5. To promote the benefits of the program to as many water systems as possible, in an attempt to assure equitable distribution of available financing resources. DWRLF anticipate 12 such opportunities during SFY 2007.

In order to promote the program, several staff members attend and distribute information on the program to interested parties at the Louisiana Municipal Association's annual convention, the Louisiana Police Jury Association's annual convention, the Louisiana Rural Water Association's Annual Training & Technical Conference, and the Environmental Regulatory Compliance Conference. Additionally, we perform mail-outs to systems on our public water system inventory and to engineers across the state, distributing information for their participation. We are also allowed space in the Safe Drinking Water newsletter *The Water Funnel*. We also provide pictures and articles for the Louisiana Rural Water Association's quarterly magazine. From these contacts, we set up meetings with individual system decision makers to provide additional information on a more personal level of contact. The DWRLF staff is often invited to participate as presenters in many training sessions across the state. Our normal procedure is to accept these opportunities to present the requested information and also promote the loan program.

Goal 6. Install and implement computer software to track loan projects through the loan process by close of SFY 2009.

Other responsibilities with the projects prevented the staff from pursuing this goal. The staff will continue to explore products and systems available to accomplish the tracking of the internal workings of the program.

Goal 7. Establish written policies and procedures for the financial and managerial capacity development portions of the program by close of SFY 2008.

Other responsibilities with the projects prevented the staff from pursuing this goal. The staff will continue to work on this goal in the future.

Goal 8. Apply for and secure approval on FFY07 capitalization grant before the close of state fiscal year 2007.

The DWRLF submitted its application in late June, 2007. Therefore, award of the grant could not take place until after the close of the fiscal year..

Goal 9. To provide expedited financial aid to those systems qualifying as emergency projects or disadvantaged community systems. DWRLF anticipates 1 such project by close of SFY 2008.

Louisiana added this goal by amending its SFY2006 IUP shortly after Hurricanes Katrina and Rita struck the Louisiana Coast. To date, no projects have been included under either category. We had anticipated one such project for SFY2007, however, the project is moving through the loan process slower than anticipated. We are optimistic and believe this project will close in SFY2008.

Long-Term Goals

Goal 1. To assist water systems throughout the state in achieving and maintaining the health and compliance objectives of the Safe Drinking Water Act by providing financial assistance to meet infrastructure needs in a prioritized manner.

The DWRLF program is promoted throughout the State of Louisiana as a means of assistance to water systems in maintaining compliance with the Safe Drinking Water Act. As of June 30, 2007, twenty-seven

loans to water systems have been awarded. (See Table 12, Loan Portfolio) Each project contributes to the furtherance of this goal.

Goal 2. Promote the efficient use of all funds, and ensure that the Fund corpus is available in perpetuity for providing financial assistance to public water systems.

The DWRLF program maintains its accounting records in accordance with generally accepted accounting principals (GAAP) as applicable to governments. In addition, all financial transactions of the Fund are audited annually by the State of Louisiana's Legislative Auditor's Office in accordance with the Single Audit Act. This audit is included in this report as Exhibit XI. The Fund corpus is required to be maintained into perpetuity for providing financial assistance to public water systems. This is accomplished statutorily through the repayments of principal to the fund. However, EPA Region VI requires Louisiana to project the cash flows for 20 years to demonstrate this scenario. The cash flows model can be reviewed in Exhibit XII.

Goal 3. Use the DWRLF set-aside funds strategically and in coordination with the program loans to maximize the DWRLF loan account's impact on achieving affordable compliance and public health protection.

The loan documents and actual loans require a dedicated revenue source to secure with relative certainty the repayment of the loan. No loan will be made without this requirement satisfied. Interest is assessed on all SRF loans, no loans are in default, and loan-underwriting criteria (described in the Provisions to the Operating Agreement) require borrowers to have debt service reserves and excess revenue coverage to insure prompt payment of all principal and interest due.

Goal 4. Promote the development of the technical, managerial, and financial capability of all public water systems to maintain or come into compliance with state drinking water federal SDWA requirements.

This past fiscal year the DWRLF continued to provide assistance to public water systems across the state through the Capacity Development program. The program was able to help many systems come back into compliance and even more to stay off of the violations list. The Louisiana Capacity Development program will continue our partnership with the public water systems throughout the state to provide our citizens with the most dependable and safe drinking water possible.

DETAILS OF ACTIVITIES

Loan Fund Financial Status

Binding Commitments. In order to provide financial assistance for drinking water projects, the state entered into four binding commitments totaling \$10,500,000. Exhibit I details the Drinking Water Revolving Loan Fund binding commitments made during SFY 2007.

Sources of Funds. During SFY 2007, the state was awarded a federal capitalization grant totaling \$11,658,600. State match totaling \$1,500,000 was provided through the sale of revenue bonds to match Federal funds deposited into the DWRLF.

Revenues and Expenses. Fund revenues consisted of federal funds for set-aside programs, interest earned on loans outstanding and interest earned on cash invested. These revenues totaled \$3,970,765. Fund expenses included set-aside expenses, interest expense on bonds issued and bond issuance costs. The expenses totaled \$1,391,118. The audited financial statements are included as Exhibit XI.

Administrative Fee Fund Financial Status

Revenues and Expenses. During SFY 2007, the state charged and collected the .5% administrative fee on all loans outstanding. This fee assessed with each interest billing or every six months as specified in the loan documents. These revenues totaled \$299,056. In addition, interest earned on investments was \$69,935. There were no expenses associated with this fund during the state fiscal year. The audited financial statements are included as Exhibit XI and include the full accounting of the fund.

Program Status

Findings of the Annual Audit. The Drinking Water Revolving Loan Fund Program was audited by the State Legislative Auditor for State Fiscal Year Ending June 30, 2007 and the report is found in Exhibit XI. The SFY 2007 audit contained a report on Compliance with requirements applicable to the Capitalization Grants for Drinking Water State Revolving Funds Program. The report contained no findings.

EPA Oversight Review. Region VI conducted its SFY 2006 annual review of the Louisiana Drinking Water Revolving Loan Fund Program in September 2007. (SFY 2008)

Assistance Activity

Exhibits I through IV and VI illustrate the assistance activity of the Drinking Water Revolving Loan Fund Program in SFY 2007.

Exhibit I	Binding Commitments & Loans
Exhibit II	Binding Commitments by Need
Exhibit III	Project Disbursements
Exhibit IV	Loan Repayments
Exhibit VI	DWRLF Binding Commitment Requirement

Provisions of the Operating Agreement

Effective July 1, 2003, the Department of Environmental Quality ceased and the Department of Health and Hospitals commenced administration of the Louisiana Drinking Water Revolving Loan Fund. As a result, the operating agreement between EPA and Louisiana was amended to reflect these changes in the program. This operating agreement lists several conditions which Louisiana agreed to. The following conditions have been met or are discussed in other areas in this report:

1. *Intent of the State*
2. *Technical Capacity to Operate the Program*
3. *Payment Schedule*
4. *Capitalization Grant Funds*
5. *Comply with State Laws and Procedures*
6. *Annual Report*
7. *Intended Use Plan*
8. *Federal Cross-cutting authorities*

The following conditions are described in more detail:

9. *State Matching Funds*

The State provides a Letter Of Credit (LOC) for an amount that equals 20 percent of each capitalization grant payment. Cash is then drawn from this LOC into the Fund as cash is drawn from the Federal Automated Clearing House.

Nine grants totaling \$106,820,700 have been awarded to the State of Louisiana as of SFY 2007. The State of Louisiana has provided its required state matching share of federal grant payments through General Fund cash appropriations and the sale of revenue bonds. The actual Bond Indenture is equivalent to the Letter of Credit. At fiscal year end, the State's Bond Indenture was sufficient to meet the requirement as is evidenced in Exhibit X. Revenue bonds are usually paid off shortly after the draw on the line of credit; therefore there were no bonds payable at fiscal year end. The State has drawn \$70,950,635 of the available payments into the Fund to date. Cash contributions from General Fund appropriations and sales of revenue bonds have totaled \$14,309,626. Matching contributions are as follows:

Table 7
State Match Contributions

Cumulative State Match as of June 30, 2006 as adjusted	2007 Contribution	Cumulative State Match as of June 30, 2007
\$12,821,956	\$1,487,670	\$14,309,626

10. Environmental Review

The State of Louisiana reviews all projects that are assisted through the program utilizing capitalization grant funds in accordance with the EPA approved State Environmental Review Process (SERP). There were reviews being conducted at the close of the fiscal year, three Findings Of No Significant Impact (FONSI) and no Categorical Exclusions were issued during the fiscal year.

Savoy Swords Water System	FONSI	11/11/06
French Settlement Water Company	FONSI	04/19/07
City of Springhill Water System	FONSI	05/11/07

11. Binding Commitments of 120% Grant Payments

The State agreed to enter into binding commitments in an amount equal to 120 percent of each quarterly grant payment within one year of receipt of each grant payment. Exhibit VI depicts the cumulative requirement to satisfy this condition along with the activity accomplished by Louisiana.

12. Timely Expenditure

The State agreed to expend all funds in an expeditious and timely manner. Table 8 illustrates the grant funds available to the state and those drawn down to date.

**Table 8
Grant Funds Available/Grant Funds Drawn**

Grant Award Number	Amount Awarded	Drawn Set-Asides	Drawn Loans	Total Drawn	Balance
FS996968-01	\$20,420,300	\$4,307,056	\$16,113,244	\$20,420,300	\$0
FS996968-02	\$9,949,200	\$1,553,988	\$8,395,212	\$9,949,200	\$0
FS996968-03	\$10,427,700	\$1,642,927	\$8,784,773	\$10,427,700	\$0
FS996968-04	\$10,837,400	\$1,070,826	\$9,766,574	\$10,837,400	\$0
FS996968-05	\$18,934,800	\$0	\$16,468,195	\$16,468,195	\$2,466,605
FS996968-06	\$8,004,100	\$1,311,487	\$0	\$1,311,487	\$6,692,613
FS996968-07	\$8,303,100	\$1,190,173		\$1,190,173	\$7,112,927
FS996968-08	\$8,285,500	\$185,000		\$185,000	\$8,100,500
FS996968-09	\$11,658,600	\$161,180		\$161,180	\$11,497,420
Totals	\$106,820,700	\$11,422,637	\$59,527,998	\$70,950,635	\$35,870,065

13. State Auditing Procedures

The State annually submits to an independent audit conducted on the Drinking Water Revolving Loan Fund Program. The program funds are included again in the audit of the State of Louisiana in accordance with the Single Audit Act as performed by the Legislative Auditor. Both audits are in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States. The independent audit of the program contains an opinion on the financial statements, a report on internal controls, and a report on compliance with laws and regulations. The audit of the DWRLF Program for State Fiscal Year 2007 is included in this report as Exhibit XI.

14. State and DWRLF Assistance Recipient Accounting

The State has established fiscal controls and accounting procedures, according to Generally Accepted Accounting Procedures (GAAP), that are sufficient to account for and report DWRLF program activities. The State agreed that it would require assistance recipients to maintain project accounts in accordance with GAAP and have an annual audit of these accounts in accordance with the Office of Management and Budget Circular A-133. DWRLF staff annually request the appropriate financial statements from the loan recipients. These statements are then reviewed for compliance and creditworthiness. Any discrepancies are addressed in a meeting with the loan recipient's responsible party and an equitable solution is agreed upon to correct the discrepancy.

15. Repayments to the Fund

The State has adopted policies and procedures to assure that borrowers have a dedicated source of revenue for the repayment of loans. As evidence of its obligations to pay principal and interest on the loans, each borrower must establish a dedicated source of revenue (or in the case of a privately owned system, demonstrate that there is adequate security) for repayment of the loan. For substantially all of these loans, the loan recipient issues bonds that are purchased by DHH, as administrator of the DWRLF, to secure the repayment of the principal loaned. Principal and interest on the bonds are paid to the DWRLF and upon repayment of the loan, the bonds are returned to the loan recipient. Minimum required coverage ratios are established depending on the nature of the bonded indebtedness issued by the loan recipient as follows:

For limited tax bonds, the principal and interest due in any year on the amount borrowed shall not exceed 75% of the revenues estimated to be received from the levy of the pledged millage in the year in which the indebtedness is issued.

For sales tax bonds, the total amount of principal and interest falling due in any year, together with principal and interest falling due in such year on any previously issued sales tax bonds, shall never exceed 75% of the amount of sales tax revenues estimated by the governing authority of the issue to be received by it in the calendar year in which the bonds are issued.

For revenue bonds, the requirements for coverage are established contractually in the loan documents. Expected coverage ratios might range from 110% to 130% or more. The DWRLF goal for collections of the dedicated revenues for repayment of the loan secured by revenue bonds is 125%; however, many factors can create deviation from this goal. It is customary to use the same minimum required coverage ratio as was previously established for outstanding debt of the loan recipient.

For general obligation bonds, the requirements for coverage are statutorily set. The governing authority of the issuer is required to impose and collect annually, in excess of all other taxes, a tax on all property subject to taxation by the issuer sufficient in amount to pay the interest and the principal falling due each year, or such amount as may be required for any sinking fund necessary as to generate enough revenues to pay debt service in the ensuing calendar year. No coverage requirements or debt service reserves exist, because the tax can be adjusted each year without any limitation whatsoever to collect the appropriate amount each year.

Conditions of the Grant

The State of Louisiana agreed to 29 conditions in the Capitalization Grant Agreement. The following 26 conditions have been met and require no further explanation:

Comply with

1. *40 CFR Chapter 1, Subchapter B, Parts 31, 32, 34, & 35*
2. *OMB Circulars A-87, A-102, A-110, A-133, 40 CFR 31*
3. *Section 6002, Resource Conservation & Recovery Act*
4. *EPA Order 1000.25 & Executive Order 13101*
5. *40 CFR Part 31.41 Financial Reporting*
6. *Hotel & Motel Fire Safety Act of 1990*
7. *Paperwork Reduction Act of 1995*
8. *OMB Circular A-21, A-87, A-122; Lobbying*
9. *OMB Circular A-133; Single Audit Act*
10. *Sect. 129 of Public Law 100-50, 40 CFR 30.44(b) & 31.36(e) Procurement Procedures*
11. *40 CFR 30.27(b) or 31.36(j)(1) Allowable Costs & Procurement*
12. *40 CFR Part 25, Subpart L*
13. *40 CFR 35.3535(d)(2) Match Requirement.*
14. *40 CFR 35.3560(a) General Payment and Cash Draw Rules*
15. *40 CFR 35.3560(c)-(g) and 35.3565 Cash Draws*
16. *40 CFR 31.32 Equipment*
17. *40 CFR 3570(a) Biennial Report*
18. *40 CFR 35.3575 Federal Crosscutting Authorities*
19. *40 CFR 35.3540(c.) (3) Workplans.*
20. *40 CFR 31.45 Quality Assurance*
21. *40 CFR 35.3515(b)(i)-(ii) Withholdings of Funds*

- 22. EPA may take corrective action for failure to comply with MBE/WBE requirements.*
- 23. Quality Management Plan*
- 24. Quality Assurance Project Plan*
- 25. Use of the Automated Standard Application for Payments (ASAP)*
- 26. Report annually on the indicators of the pace of the program. (loan issuance, project construction and repayment of loans) and minimum levels of expected performance, which are updated annually, for each of the indicators.*

The following conditions are described in detail below:

- 27. Compliance with requirements of EPA's Program for Utilization of Small, Minority and Women's Business Enterprises in procurement under assistance agreements.*

DHH-OPH monitors all loan recipients for compliance with EPA Minority- and Woman-owned business enterprises (MBE/WBE) fair share efforts. DHH-OPH reviews all contracts prior to award of loan, as well as in-house purchasing, to ensure compliance with the six Good Faith Efforts in the following four categories: Supplies, Equipment, Services, and Construction. In the case of loan awards, all prime contractors are required to furnish DHH-OPH with copies of all MBE/WBE solicitation efforts and correspondence, as well as any subcontracts as they are signed. This requirement is emphasized in our Disadvantaged Business Guidance document, which is mandatory in all construction specifications, again at the pre-construction conference and finally in our instructions for payment requests. Documentation explaining the six good faith efforts taken to ensure that maximum opportunity was provided for MBE/WBE participation exists in each loan file. DHH-OPH also monitors all set-aside activities for compliance with EPA MBE/WBE fair share efforts.

For all figures used in computing these efforts, the actual cash figures were utilized. The dollar amounts for each category include only the federal grant money and does not include the state match portion. The adjustments for timing differences were not taken into account. The State goals for FY 2007 as determined by our lead agency for the program (LDEQ) were as follows:

	SUPPLIES	EQUIPMENT	SERVICES	CONSTRUCTION
MBE	11.0 %	3.4 %	13.0 %	5.5 %
WBE	8.8 %	10.0 %	19.0 %	16.0 %

The actual amount of MBE/WBE procurement activities accomplished by the DWRLF program this fiscal year is as follows:

	SUPPLIES	EQUIPMENT	SERVICES	CONSTRUCTION
MBE	\$ 78	\$ 146	\$ 0	\$ 108,465
WBE	\$ 201	\$ 0	\$ 1,740	\$ 55,000

28. Provide a quarterly schedule of estimated cash draws to the EPA.

The State submits the following quarterly schedule of estimated cash draws:

Table 10
FFY 08 Quarterly Schedule of Estimated Cash Draws

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$10,000,000

29. Establish an accounting system and internal controls which will ensure the recording and safeguarding of all DWRLF activities in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB).

The State of Louisiana requires DHH-OPH to utilize the Integrated Statewide Information System (ISIS). The ISIS system is a comprehensive financial management system. ISIS has been designed to meet the common accounting, management, and informational needs of all departments and branches of Louisiana State Government, including the central fiscal control agencies. ISIS provides accounting, audit, and fiscal procedures conforming to Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board. ISIS also provides reporting, forms, cash and budgetary control over all financial transactions including the financial operations of the DWRLF program and other federal programs.

Assurances of 40 CFR 35.3570(3)

In accordance with EPA requirements and in addition to the above operating agreement requirements and grant conditions, the state must certify that it has complied with section 1452 of the Act and subpart 40 CFR 35.3570(3). Some of these assurances have been explained in other sections of this report and are listed here:

1. *General Grant Regulations*
2. *Made binding commitments*
3. *Provided assistance only to eligible public water systems*
4. *Provided assistance only for eligible set-aside activities*
5. *Federal cross-cutting authorities*
6. *Provide loan assistance to small systems*
7. *Used Fees for eligible purposes*
8. *Environmental review of funded projects*
9. *Deposited its match (cash or LOC) into the Fund*

The following assurances are discussed more fully below:

10. *Prudent management of the fund*

The State of Louisiana has and will continue to manage the DWSRF program in a fiscally prudent manner. The DWRLF staff meet monthly to discuss projects and status of the fund. The minutes of the meetings along with attendance sheets are kept on file. At these meetings, items of policy are also discussed which involve the long-term financial health of the fund. The staff of the fiscal office of DHH is consulted often and provides the manager with financial status reports.

11. *Funded priority projects*

In its 2007 Intended Use Plan, the State of Louisiana included the Fundable List of projects. This list is developed from the Comprehensive List of projects by ranking the projects in order of priority and available funds. The current Fundable List is included in Exhibit VII. As was previously stated Louisiana funded French Settlement Water Co., Inc., Ascension Water Co., Inc. Loan #2, Louisiana Water Co., Inc.-New Iberia Loan #2, and Savoy Swords Water System, Inc. during this reporting period. These projects were on the 2007 priority list.

12. *Provide loan assistance to disadvantaged communities*

During SFY06, Louisiana amended its SFY06 IUP to include provisions for emergency projects and disadvantaged systems and EPA subsequently approved it. The amendment was made immediately following the hurricanes in anticipation of a need by damaged systems, but to date, we have experienced no interest in these funds.

13. *Procedures for transfers of funds/cross-collateralization*

To date, the State of Louisiana has adopted no procedures for transfer of funds between the Clean Water SRF and the Drinking Water SRF. There has been no need for these procedures because there have been no plans for transfers or cross-collateralization of the assets. Should it become necessary in the future, DEQ and DHH staff would adopt such procedures.

PROGRAM CHANGES

The Annual Report reflects any changes from the state's IUP. Differences are due to the fact that the IUP is a plan and the annual report reflects actual events. Changes are also due to delays by systems in submission of required project information necessary to receive funding and loans, changes in required legal resolutions, or because systems withdrew from active pursuit of state funding.

LOUISIANA

DRINKING WATER

REVOLVING LOAN FUND PROGRAM

HISTORY

INITIATION OF THE PROGRAM

The Louisiana Department of Health and Hospitals, Office of Public Health (DHH-OPH) is a department of the State of Louisiana. DHH-OPH was created in accordance with Louisiana Revised Statutes (R.S.) 36:251(c) and 258(b) as a part of the executive branch of government. DHH-OPH is charged with protection of the public health of residents of the State of Louisiana.

The Louisiana Department of Environmental Quality (DEQ) is a department of the State of Louisiana. DEQ was created in accordance with R.S. 30:2011 as a part of the executive branch of government. DEQ is charged with environmental protection within the State of Louisiana.

The Drinking Water Revolving Loan Fund (DWRLF) program was established pursuant to the federal Safe Drinking Water Act Amendments of 1996 (SDWA). The DWRLF program provides financial assistance to both public and privately owned community water systems and nonprofit non-community water systems for projects eligible under the SDWA. The DWRLF program presently operates under R.S. 40:2821-2826. These statutes establish a DWRLF program capitalized by federal grants (Capitalization Grants for Drinking Water State Revolving Fund, CFDA 66.468), by state funds when required or available, and by any other funds generated by the operation of the program. The DWRLF program provides assistance through loans for infrastructure projects and other assistance in the form of set-aside activities for program administration, technical assistance, state program management, and source water protection. All efforts are directed toward improving drinking water quality by assisting systems in providing drinking water that meets established standards and that achieves the goals of the SDWA.

The DHH-OPH is responsible for the operations of the DWRLF program. The department coordinates the implementation and administration of the DWRLF program. DHH-OPH is authorized to apply for and accept capitalization grants from the United States Environmental Protection Agency, to establish assistance priorities, to perform oversight and other related activities, and to provide financial administration of the set-aside accounts and loan account for the DWRLF program. DEQ, through a memorandum of understanding was authorized to provide the financial administration of the fund and the project environmental reviews for the DWRLF program. Effective July 1, 2003, DHH assumed responsibility for the financial administration of the fund. Effective July 1, 2006, DHH assumed responsibility for the environmental reviews of the projects. The Memorandum of Understanding between the two agencies was cancelled at that time.

The DWRLF does not have any full-time employees. However, time spent on the DWRLF program by employees of DHH-OPH and DEQ is captured and the departments are subsequently reimbursed for their salaries and benefits (including compensated absences) as well as other operating expenses of the fund.

CAPITALIZATION GRANT AND STATE MATCHING FUNDS

Since SFY 1999, Louisiana Drinking Water Revolving Loan Fund Program has been awarded federal capitalization grants totaling \$106,820,700. In order to receive each of the capitalization grants, the federal grant must be matched with either state funds or a letter of credit like instrument equal to at least 20 percent of the grant payments. To meet this requirement, state appropriations as well as revenue bonds have provided the required state matching funds. Exhibit X depicts the types and amounts of state match provided by Louisiana.

The bonds provide for a non-revolving line of credit from Capital One Bank. The bonds must be purchased in minimum amounts of \$200,000 and interest on the unpaid principal is payable at the rate of fifty (50) basis points plus LIBOR. In addition, DHH must pay a commitment fee equal to one fourth of one percent (.25%) of the unfunded commitment amount annually in advance.

Principal Repayment Loans

The DWRLF is intended to last into perpetuity. As borrowers repay their loans, the principal repayments are then available to be loaned out to other eligible systems. When federal capitalization grants are discontinued, all loans will be made from the principal repayments of other borrowers. The administrative costs of the program will be funded from those administrative fees collected from the loans outstanding or from funds provided by DHH.

Investment of Funds

All excess cash funds are managed and invested by the State of Louisiana Treasury for the DWRLF program. Interest earnings are credited to the DWRLF accounts and the proper allocations and accruals are posted by the DHH fiscal staff.

Trustee

Hancock Bank serves as the trustee for the DWRLF in all its transactions involving the revenue bonds for state match. The trustee is responsible for transferring the funds from the purchaser of the bonds (Capital One Bank) to the State Treasury for deposit into the DWRLF account. The trustee is also responsible for the transfer of funds from the DWRLF to the Hibernia National Bank when the bonds are retired.

Conduit Issuer

The Louisiana Public Facilities Authority, a public trust and public corporation of the State of Louisiana has legal authority to act as the issuer on behalf of DHH for the sale of the revenue bonds for the state match.

Bond Counsel

Since July 2003, Adams & Reese, LLP has acted as Bond Counsel for the DWRLF. A contractual relationship was established between the parties and the Bond Counsel is responsible for advising the DWRLF staff on all matters pertaining to loans to recipients, revenue bonds for state match, and general administration of the program.

Purchaser of the Bonds

The Capital One Bank purchased the revenue bonds of the DWRLF. The purchase/sale was privately negotiated between the parties and a commitment letter exists as the document verifying the negotiated terms.

EPA Region VI

Region VI of the Environmental Protection Agency oversees the Drinking Water Revolving Loan Fund Program. EPA assists the state in securing capitalization grants and guides the DWRLF staff in its administration of the program.

LOUISIANA

DRINKING WATER

REVOLVING LOAN FUND PROGRAM

LOAN PORTFOLIO

Table 12
DWRLF schedule of Binding Commitments & Loans Closed

	PROJECT NAME	PROJECT NUMBER	LOAN AWARD	BINDING COMMITMENT DATE	LOAN CLOSING DATE	LOAN AWARDS NET OF WRITE-DOWNS	TYPE	LOAN INTEREST RATE	LOAN MATURITY DATE
1	Town of Church Point	1001001	\$2,500,000	08/17/99	08/17/99	\$2,500,000.00	loan	3.45%	Feb-19
2	City of Oakdale	1003006	\$1,500,000	01/21/00	01/21/00	\$1,500,000.00	loan	3.45%	Feb-21
3	Ward 2, Water Dist., Livingston Parish	1063039	\$9,000,000	06/15/00	06/15/00	\$9,000,000.00	loan	3.45%	Apr-22
4	Town of Many #1	1085016-01	\$1,000,000	12/19/00	12/19/00	\$1,000,000.00	loan	3.45%	Dec-08
5	Town of Many #2	1085016-02	\$1,100,000	12/19/00	12/19/00	\$1,100,000.00	loan	3.45%	Jun-10
6	Town of Many #3	1085016-03	\$1,500,000	12/19/00	12/19/00	\$1,500,000.00	loan	3.45%	Dec-11
7	City of Shreveport #1	1017031-01	\$7,000,000	06/28/01	11/08/01	\$7,000,000.00	loan	3.45%	Oct-22
8	City of Shreveport #2	1017031-02	\$7,000,000	06/28/01	11/08/01	\$7,000,000.00	loan	3.45%	Oct-22
9	City of Shreveport #3	1017031-03	\$5,540,000	06/28/01	12/28/01	\$5,540,000.00	loan	3.45%	Oct-22
10	Town of Baldwin	110101-01	\$1,250,000	08/28/01	08/28/01	\$1,249,626.75	loan	3.45%	May-21
11	West Winnsboro	1041009	\$747,100	09/28/01	09/28/01	\$648,093.00	loan	3.45%	Jul-21
12	DeSoto Parish WWD #1	1031030-01	\$2,350,000	02/19/02	02/19/02	\$2,350,000.00	loan	3.45%	Aug-22
13	Village of Quitman	1049014	\$480,000	05/23/02	05/23/02	\$480,000.00	loan	3.45%	May-22
14	Colyell Community Water System	1063003-01	\$948,600	06/27/02	06/27/02	\$948,600.00	loan	3.45%	Jul-23
15	Culbertson Water System, Inc.	1061024-01	\$669,000	06/27/02	06/27/02	\$598,225.75	loan	3.45%	Jun-22
16	City of Natchitoches	1069007-01	\$3,500,000	08/15/02	08/15/02	\$3,500,000.00	loan	3.45%	Jan-23
17	City of Westlake	1019054	\$3,750,000	03/27/03	03/27/03	\$3,750,000.00	loan	3.45%	Nov-24
18	Ascension Water Co., Inc.	1005194	\$6,000,000	10/01/03	12/22/03	\$6,000,000.00	loan	3.45%	Dec-25
19	Lafayette Waterworks Dist. North	1055171	\$2,800,000	03/26/04	06/03/04	\$2,800,000.00	loan	3.45%	Oct-25
20	New Iberia - Louisiana Water Co.	1045009-1	\$6,000,000	06/29/04	11/30/04	\$6,000,000.00	loan	3.45%	Nov-26
21	Ward 2, Water Dist., Livingston Parish	1063039-02	\$6,000,000	09/30/04	07/12/05	\$6,000,000.00	loan	3.45%	Apr-26
22	City of Springhill	1119028-01	\$7,500,000	06/13/05	06/15/07	\$7,500,000.00	loan	3.45%	Jun-29
23	Lafayette Waterworks Dist. North #2	1055171-02	\$5,720,000	03/17/06					
24	City of Monroe	1073031-01	\$3,000,000	06/28/06	06/28/06	\$3,000,000.00	loan	3.45%	Jul-28
25	French Settlement	1105010	\$1,000,000	07/15/06	05/01/07	\$1,000,000.00	loan	3.45%	
26	Ascension Water Co., Inc. #2	1005194-02	\$5,000,000	09/28/06	12/19/06	\$5,000,000.00	loan	3.45%	Dec-28
27	New Iberia - Louisiana Water Co. #2	1046009-2	\$3,500,000	09/28/06	12/19/06	\$3,500,000.00	loan	3.45%	Dec-28
28	Savoy Swords Water System, Inc.	1097024	\$1,000,000	12/19/06	12/19/06	\$1,000,000.00	loan	3.45%	Dec-27
29									
Total			\$97,354,700			\$91,464,545.50			

Bold indicates completed projects.

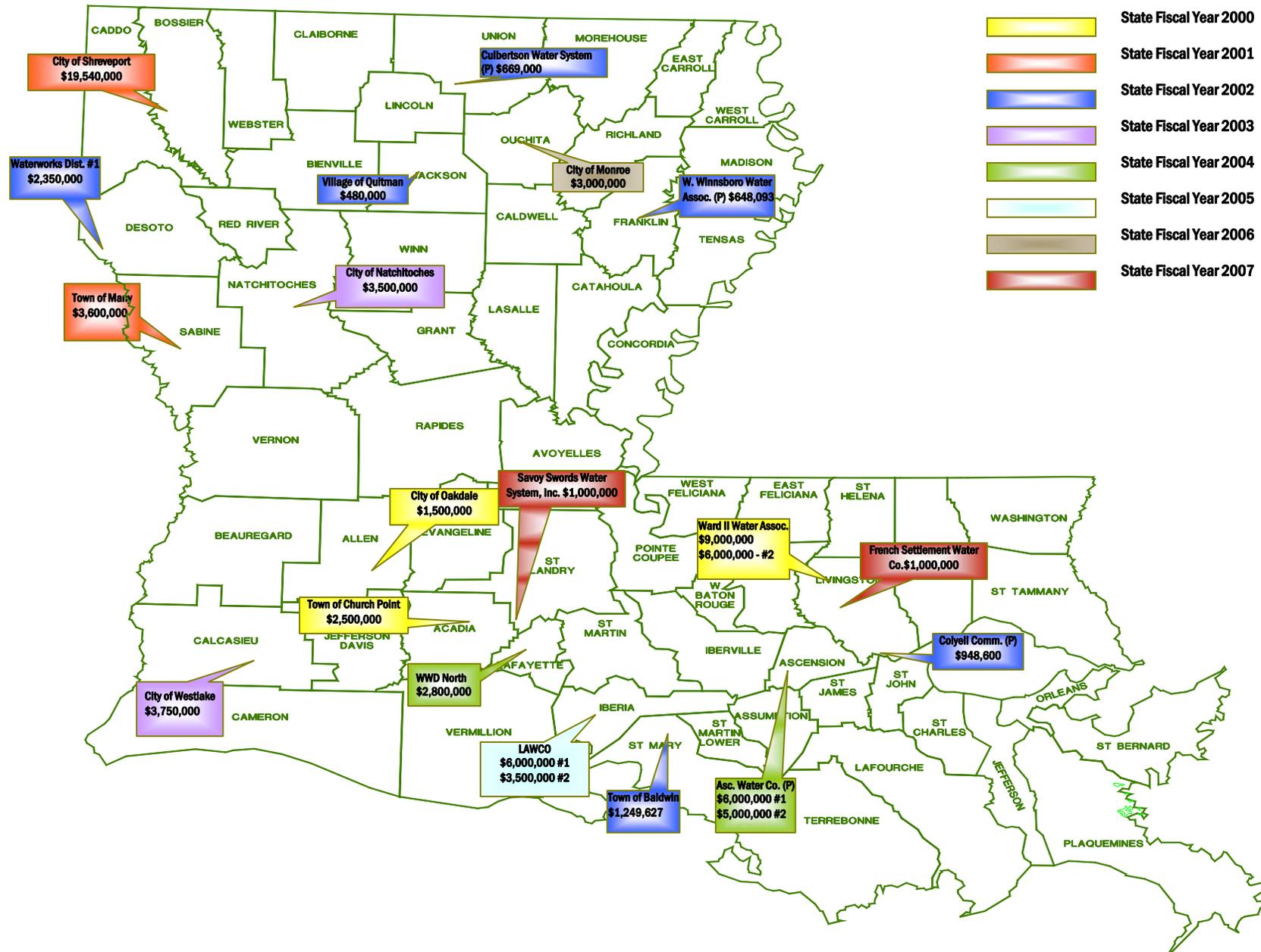


Figure 4

PROJECT DESCRIPTIONS

Loans approved for funding and still under construction at June 30, 2007 are as follows:

Town of Many (\$3,600,000)

Many's water system is unique in that it is served by both a surface water plant and groundwater wells. The Town is using their loan to repair and upgrade both the treatment plant and the wells. They are also improving distribution lines throughout the Town. The project started construction in May of 2001 and should be completed in 2004. The engineer for the project is Rick Nowlin of N & A in Natchitoches.

City of Westlake (\$3,700,000)

The City of Westlake is using their loan to construct a new ground water treatment facility, including ground water storage with booster pumps, a new well, and greensand pressure filtration. Included in the project is the installation of new water meters throughout the distribution system. The engineer for the project is Mr. Vernon Meyer of Meyer and Associates in Sulphur.

Lafayette Parish Water Works District North (\$2,800,000)

Lafayette Parish Water Works District North is using their loan for the expansion of and improvements to their existing distribution system, as well as eliminating dead ends and correcting pressure problems. The project will incorporate several subdivisions, individuals on private wells, and mobile home parks. The engineer for the project is Mr. Bill Neef of Neef Engineering in Lafayette.

Ward 2 of Livingston Parish, Loan #2 (\$6,000,000)

Ward 2 of Livingston Parish will be using their second loan with the DWLRF Program for water line expansion, water line replacements, a computer system upgrade, a security system upgrade, the purchase of French Settlement customer base, and the consolidation of seven small water systems. The engineer for the project is Mr. Roy Waggenpack of Owen and White in Baton Rouge.

City of Monroe (\$3,000,000)

The City of Monroe will use their loan to construct a new 3 million gallon ground storage tank at the site of the existing water treatment plant to add additional water storage capacity to their water system. The engineer for the project is Mr. Kenny Ferachi of CDM in Baton Rouge.

Ascension Water Company, Loan #2 (\$5,000,000)

Ascension Water Company is using their second loan to upgrade and install additional water distribution mains, install a 1-million gallon ground storage tank with booster pumps, and absorb several smaller water systems, all in order to resolve issues with water quality, supply, dependability, and pressure to their existing system. The engineer for the project is Mr. Roy Waggenpack of Owen and White in Baton Rouge.

Louisiana Water Company- New Iberia, Loan #1 (\$6,000,000)

Louisiana Water Company (LAWCO)-New Iberia is using their first loan to drill two new water wells, install a new raw water transmission main, add new filter automation to the existing water treatment plant, and add a new 3-million gallon ground storage tank. The engineer for the project is Mr. Roy Waggenpack of Owen and White in Baton Rouge.

Louisiana Water Company- New Iberia, Loan #2 (\$3,500,000)

Louisiana Water Company (LAWCO)-New Iberia is using their second loan to upgrade existing clarifiers, add a new 9-million gallon per day upflow clarifier, adding six high service transmission pumps, and a treated water transmission main from treatment plant to new ground water storage tank. Water quality, system efficiency, and treatment capacity will be improved as a result of the project as well as the water quality of several other systems which purchase water from LAWCO-New Iberia. The engineer for the project is Mr. Roy Waggenpack of Owen and White in Baton Rouge.

French Settlement Water Company (\$1,000,000)

French Settlement Water Company is using their loan to install a new well, and add new and replace old existing distribution lines. The project will improve system redundancy, supply and low pressure areas in the distribution system which includes 3 interconnected existing systems. It will also eliminate existing dead-end lines. The engineer for the project is Mr. Roy Waggenpack of Owen and White in Baton Rouge.

Savoy Swords Water Company (\$1,000,000)

Savoy Swords Water Company is using their loan to drill a new 500 Gallon per minute water well; construct a new 4" transmission line along Hwy 367 from Hwy 190 to Richard; connect distribution lines in the Prudhomme area to the Richard Community along Hwy 1105; and add a water treatment system for the new well. The engineer for the project is Mr. David Naomi of CPS Engineering in Lafayette.

City of Springhill Water System (\$7,500,000)

The City of Springhill will be using their loan to Construct a new 100,000-gallon elevated storage tank and install a new 300 gallon per minute water well; demolish the existing standpipe storage tank; rehabilitate their existing booster station and eliminate their hydropneumatic tank; install 6" distribution water mains to connect the water wells sites, as well as providing a large main in an area where needed to increase customer flow rate. The engineer for the project is Mr. John French of Alliance Engineering in Shreveport.

Figure 4 is a map of the State of Louisiana with points added for the loans made to date by the Drinking Water Revolving Loan Fund Program.

EXHIBITS

**Exhibit I
Drinking Water Binding Commitments
State Fiscal Year 2007**

Recipient	Binding Commitment Date	Assistance Amount by Population		Rate/Term
		< 10,000	> 10,000	
French Settlement Water Company	15-Jul-06	\$1,000,000		3.95%/20
Ascension Water Co. Loan #2	28-Sep-06		\$5,000,000	3.95%/20
Louisiana Water Co. Loan #2	28-Sep-06		\$3,500,000	3.95%/20
Savoy Swords Water Co.	19-Dec-06	\$1,000,000		3.95%/20
Total		\$2,000,000	\$8,500,000	

**Exhibit II
DWRLF Needs Categories for Closed Loans
State Fiscal Year 2007**

Loan Recipient	Storage	Source	Distribution	Treatment
French Settlement Water Company			\$1,000,000	
Ascension Water Co. Loan #2	\$2,000,000		\$3,000,000	
Louisiana Water Co. Loan #2				\$3,500,000
Savoy Swords Water Co.		\$250,000	\$250,000	\$500,000
City of Springhill	\$2,500,000	\$500,000	\$4,500,000	\$0
Total	\$4,500,000	\$750,000	\$8,750,000	\$4,000,000

Project	Disbursement Date	Disbursement Amount	Loan Disbursements by Quarter			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
Ascension #1005194-01	08/01/06	\$147,884.74	\$147,884.74			
	12/08/06	\$663,573.92		\$663,573.92		
	Total	\$811,458.66	\$147,884.74	\$663,573.92	0	\$0.00
Ascension #2 #1005194-02	12/15/2006	\$408,389.83		\$408,389.83		
	12/15/2006	\$143,262.15		\$143,262.15		
	4/3/2007	\$248,621.45				\$248,621.45
	Total	\$800,273.43	\$0.00	\$551,651.98	0	\$248,621.45
DeSoto WWD #1 #1031030-01	07/18/06	\$29,636.30	\$29,636.30			
	Total	\$29,636.30	\$29,636.30	\$0.00	\$0.00	\$0.00
French Settlement	04/27/07	\$86,177.79				\$86,177.79
	Total	\$86,177.79	\$0.00	\$0.00	\$0.00	\$86,177.79
Lafayette WWDistrict #North #1055171-01	07/18/06	\$157,185.90	\$157,185.90			
	08/18/06	\$112,934.78	\$112,934.78			
	09/01/06	\$132,866.28	\$132,866.28			
	09/01/06	\$43,442.83	\$43,442.83			
	10/20/2006	\$148,902.85		\$148,902.85		
	11/28/2006	\$149,592.36		\$149,592.36		
	12/15/2006	\$78,141.12		\$78,141.12		
	12/29/2006	\$16,818.32		\$16,818.32		
	4/3/2007	\$37,824.94				\$37,824.94
	4/3/2007	\$180,333.12				\$180,333.12
	5/25/2007	\$138,935.06				\$138,935.06
	Total	\$1,196,977.56	\$446,429.79	\$393,454.65	\$0.00	\$357,093.12
	Livingston Parish Ward 2 #1063039-02	8/1/2006	\$344,318.95	\$344,318.95		
9/15/2006		\$224,947.34	\$224,947.34			
11/3/2006		\$337,251.08		\$337,251.08		
12/8/2006		\$228,317.60		\$228,317.60		
1/9/2007		\$102,362.16			\$102,362.16	
3/9/2007		\$87,593.35			\$87,593.35	
4/3/2007		\$343,751.76				\$343,751.76
5/15/2007		\$267,005.86				\$267,005.86
6/29/2007		\$370,599.62				\$370,599.62
Total		\$2,306,147.72	\$569,266.29	\$565,568.68	\$189,955.51	\$981,357.24
Monroe #1073031	8/29/2006	\$391,464.45	\$391,464.45			
	10/10/2006	\$337,471.00		\$337,471.00		
	10/17/2006	\$106,451.30		\$106,451.30		
	12/1/2006	\$456,695.00		\$456,695.00		
	1/9/2007	\$710,792.33			\$710,792.33	
	2/9/2007	\$325,190.90			\$325,190.90	
	3/6/2007	\$141,635.61			\$141,635.61	
	4/3/2007	\$77,094.73				\$77,094.73
	4/24/2007	\$61,800.00				\$61,800.00
	6/29/2007	\$32,095.67				\$32,095.67
Total	\$2,640,690.99	\$391,464.45	\$900,617.30	\$1,177,618.84	\$170,990.40	
Natchitoches #1069007-01	12/1/2006	\$262,977.60		\$262,977.60		
	Total	\$262,977.60	\$0.00	\$262,977.60	\$0.00	\$0.00
New Iberia #1045009-01	01/12/07	\$1,545,248.02			\$1,545,248.02	
	Total	\$1,545,248.02	\$0.00	\$0.00	\$1,545,248.02	\$0.00
Quitman	10/17/2006	\$19,218.60		\$19,218.60		
	12/29/2006	\$870.84		\$870.84		
	Total	\$20,089.44	\$0.00	\$20,089.44	\$0.00	\$0.00
Savoy Swords	12/15/06	\$105,355.09		\$105,355.09		
	02/09/07	\$3,937.00			\$3,937.00	
	06/08/07	\$41,535.81				\$41,535.81
	06/15/07	\$39,206.63				\$39,206.63
Total	\$190,034.53	\$0.00	\$105,355.09	\$3,937.00	\$80,742.44	
Shreveport #3	5/11/07	\$782,579.89				\$782,579.89
	Total	\$782,579.89	\$0.00	\$0.00	\$0.00	\$782,579.89
Springhill	6/12/07	\$714,124.00				\$714,124.00
	Total	\$714,124.00	\$0.00	\$0.00	\$0.00	\$714,124.00
TOTAL LOAN DISBURSEMENTS		\$11,386,415.93	\$1,584,681.57	\$3,463,288.66	\$2,916,759.37	\$3,421,686.33

Exhibit III
Disbursements by Project/Fiscal Quarter
July 1, 2006 through June 30, 2007

Exhibit IV
Drinking Water Revolving Loan Fund
Loan Principal Repayments
July 1, 2006 through June 30, 2007

EXHIBIT IV

**DRINKING WATER REVOLVING LOAN FUND
LOAN REPAYMENTS**

DATE	LOAN	SFY07 AMOUNT
6/1/2007	Many#2	\$117,000
7/12/2006	West Winnsboro	\$25,000
6/18/2007		\$26,000
8/1/2006	Church point	\$110,000
8/7/2006	DeSoto	\$89,000
10/1/2007	Lafayette	\$71,000
10/1/2007	Shreveport #1	\$265,000
10/1/2007	Shreveport #2	\$265,000
10/1/2007	Shreveport #3	\$210,000
11/28/2006	Many#1	\$132,000
12/29/2006	Many #3	\$146,000
12/27/2006	Natchitoches	\$133,000
1/17/2007	Oakdale	\$65,000
4/5/2007	Livingston	\$355,000
4/16/2007	Baldwin	\$53,000.00
4/20/2007	Quitman	\$17,500
5/23/2007	Culbertson	\$25,000.00
6/15/2007	Colyell	\$35,800.00
10/24/2006	Westlake	\$127,000
11/29/2006	Ascension-A	\$160,000
	Ascension-B	\$45,000
	Totals	\$2,472,300

Exhibit V
Set-Aside Chart

GRANT YEAR	GRANT NUMBER	GRANT AMOUNT	NEW SET-ASIDES RESERVED					% Reserved	SPECIFIED FUNDS				RECLAIMED SPECIFIED FROM AVAILABLE UNSPECIFIED			
			4% ADMIN.	2% TECH	10% STATE	15% LOCAL	TOTAL Grant Yr.		4% ADMIN.	2% TECH	10% STATE	15% LOCAL	4% ADMIN.	2% TECH	10% STATE	15% LOCAL
1997	FS99698-01	20,420,300	\$816,812	408,406	2,042,030	2,042,030	5,309,278	26.00%	700,403	168,100	1,396,523	2,042,030	-	-	-	-
1998	02	9,949,200	\$397,968	198,984	994,920	-	1,591,872	16.00%	397,968	161,100	994,920	-	-	-	-	-
1999	03	10,427,700	\$417,108	208,554	1,042,770	97,684	1,766,116	16.94%	415,737	161,100	968,406	97,684	-	-	-	-
2000	04	10,837,400	\$433,496	216,748	1,083,740	-	1,733,984	16.00%	425,511	161,100	1,083,740	-	-	-	-	-
2001	05	18,934,800	\$757,392	378,696	1,893,480	-	3,029,568	16.00%	-	-	-	-	-	-	-	-
2003	06	8,004,100	\$320,164	160,082	800,410	11,487	1,292,143	16.14%	290,000	160,082	800,410	11,487	-	9,918	39,590	-
2004	07	8,303,100	\$332,124	166,062	830,310	-	1,328,496	16.00%	332,124	166,062	830,310	-	67,876	3,938	69,690	-
2005	08	8,285,500	\$331,420	165,710	828,550	-	1,325,680	16.00%	230,000	165,710	750,000	-	-	19,290	-	-
2006	09	11,658,600	\$466,344	233,172	1,165,860	-	1,865,376	16.00%	-	233,172	1,165,860	-	-	3,490	109,140	-
Totals		106,820,700	4,272,828	2,136,414	10,682,070	2,151,201	19,242,513									

GRANT YEAR	GRANT NUMBER	GRANT AMOUNT	TOTAL SET-ASIDES SPECIFIED					% Specified	NEW UNSPECIFIED FUNDS*				CUMULATIVE AVAILABLE UNSPECIFIED				
			4% ADMIN.	2% TECH	10% STATE	15% LOCAL	TOTAL FOR YR		4% ADMIN.	2% TECH	10% STATE	15% LOCAL	4% ADMIN.	2% TECH	10% STATE	15% LOCAL	TOTAL
1997	FS99698-01	20,420,300	700,403	168,100	1,396,523	2,042,030	4,307,056	21.09%	116,409	240,306	645,507	-	116,409	240,306	645,507	-	1,002,222
1998	02	9,949,200	397,968	161,100	994,920	-	1,553,988	15.62%	-	37,884	-	-	116,409	278,190	645,507	-	1,040,106
1999	03	10,427,700	415,737	161,100	968,406	97,684	1,642,927	15.70%	1,371	47,454	74,364	-	117,780	325,644	719,871	-	1,163,295
2000	04	10,837,400	425,511	161,100	484,215	-	1,070,826	9.88%	7,985	55,648	599,525	-	125,765	381,292	1,319,396	-	1,826,453
2001	05	18,934,800	-	-	-	-	-	0.00%	757,392	378,696	1,893,480	-	883,157	759,988	3,212,876	-	4,856,021
2003	06	8,004,100	290,000	170,000	840,000	11,487	1,311,487	16.39%	30,164	-	-	-	913,321	750,070	3,173,286	-	4,836,677
2004	07	8,303,100	400,000	170,000	900,000	-	1,470,000	17.70%	-	-	-	-	845,445	746,132	3,103,596	-	4,695,173
2005	08	8,285,500	230,000	185,000	750,000	-	1,165,000	14.06%	101,420	-	78,550	-	946,865	726,842	3,182,146	-	4,855,853
2006	09	11,658,600	-	236,662	1,275,000	-	1,511,662	12.97%	466,344	-	-	-	1,413,209	723,352	3,073,006	-	5,209,567
Totals		106,820,700	2,859,619	1,413,062	7,609,064	2,151,201	14,032,946										

* Difference between the "new set-asides reserved" and the "specified funds"

Exhibit VI - DWRLF binding Commitments Required

FED QTR/ YEAR	FEDERAL GRANT PAYMENT							Grant Pmt. times 120%	Associated Set Aside Amounts	REQUIRED COMMIT.	REQUIRED COMM. CUMULATIVE	ACTUAL COMMIT.	ACTUAL COMMIT. CUMULATIVE
	2001	2002	2003	2004	2005	2006	2007						
4/98												\$0	\$0
1/99												0	\$0
2/99												0	\$0
3/99												0	\$0
4/99								\$949,550	\$205,736	\$743,814	\$743,814	\$2,500,000 a	\$2,500,000
1/00								\$1,682,486	\$364,539	\$1,317,948	\$2,061,762		\$2,500,000
2/00								\$1,682,486	\$364,539	\$1,317,948	\$3,379,710	\$1,500,000 b	\$4,000,000
3/00								\$3,364,973	\$729,077	\$2,635,895	\$6,015,605	\$9,000,000 c	\$13,000,000
4/00								\$4,857,353	\$928,061	\$3,929,291	\$9,944,897		\$13,000,000
1/01								\$4,857,353	\$928,061	\$3,929,291	\$13,874,188	\$3,600,000 d	\$16,600,000
2/01								\$4,857,353	\$928,061	\$3,929,291	\$17,803,479		\$16,600,000
3/01								\$4,857,353	\$928,061	\$3,929,291	\$21,732,771	\$19,540,000 e	\$36,140,000
4/01								\$4,857,353	\$928,061	\$3,929,291	\$25,662,062	\$1,997,100 f	\$38,137,100
1/02								\$1,492,380	\$198,984	\$1,293,396	\$26,955,458		\$38,137,100
2/02								\$1,492,380	\$198,984	\$1,293,396	\$28,248,854	\$2,350,000 g	\$40,487,100
3/02								\$1,492,380	\$198,984	\$1,293,396	\$29,542,250	\$2,097,600 h	\$42,584,700
4/02								\$4,165,130	\$567,561	\$3,597,569	\$33,139,819	\$3,500,000 i	\$46,084,700
1/03	\$2,720,575	\$1,006,562						\$4,165,130	\$567,561	\$3,597,569	\$36,737,388		\$46,084,700
2/03	\$2,720,575	\$1,006,563						\$4,165,132	\$567,561	\$3,597,570	\$40,334,959	\$3,750,000 m	\$49,834,700
3/03	\$2,720,575	\$1,006,562						\$4,165,132	\$567,561	\$3,597,570	\$43,932,529		\$49,834,700
4/03	\$2,720,575	\$1,006,563						\$4,165,130	\$567,561	\$3,597,569	\$47,530,098		\$49,834,700
1/04		\$1,006,562	\$1,000,512					\$6,036,720	\$817,107	\$5,219,613	\$52,749,711	\$6,000,000 n	\$55,834,700
2/04		\$1,006,563	\$1,000,513					\$6,036,720	\$817,106	\$5,219,614	\$57,969,325	\$2,800,000 o	\$58,634,700
3/04		\$1,006,562	\$1,000,512					\$6,036,720	\$817,107	\$5,219,613	\$63,188,938	\$6,000,000 p	\$64,634,700
4/04		\$1,006,563	\$1,000,513	\$1,037,887				\$4,472,566	\$596,342	\$3,876,224	\$67,065,162	\$6,000,000 q	\$70,634,700
1/05			\$1,000,512	\$1,037,888				\$2,408,489	\$373,007	\$2,035,482	\$69,100,644		\$70,634,700
2/05			\$1,000,513	\$1,037,887				\$2,408,491	\$373,007	\$2,035,484	\$71,136,128		\$70,634,700
3/05			\$1,000,512	\$1,037,888				\$2,408,489	\$373,007	\$2,035,482	\$73,171,610	\$7,500,000 r	\$78,134,700
4/05			\$1,000,513	\$1,037,887				\$3,653,956	\$539,069	\$3,114,886	\$76,286,496		\$78,134,700
1/06				\$1,037,888	\$1,035,687			\$2,446,080	\$378,019	\$2,068,061	\$78,354,558		\$78,134,700
2/06				\$1,037,887	\$1,035,688			\$2,446,080	\$378,019	\$2,068,061	\$80,422,618	\$5,720,000 s	\$83,854,700
3/06				\$1,037,888	\$1,035,687			\$2,446,080	\$378,019	\$2,068,061	\$82,490,680	\$3,000,000 t	\$86,854,700
4/06					\$1,035,688	\$1,457,325		\$2,446,080	\$378,019	\$2,068,061	\$84,558,740	\$9,500,000 u	\$96,354,700
1/07					\$1,035,687	\$1,457,325		\$2,488,290	\$331,772	\$2,156,518	\$86,715,258	\$1,000,000 v	\$97,354,700
2/07					\$1,035,688	\$1,457,325		\$2,488,290	\$331,772	\$2,156,518	\$88,871,776		\$97,354,700
3/07					\$1,035,687	\$1,457,325		\$2,488,290	\$331,772	\$2,156,518	\$91,028,294		\$97,354,700
4/07					\$1,035,688	\$1,457,325	\$1,457,375	\$2,991,616	\$398,882	\$2,592,734	\$93,621,028		
1/08								\$1,457,325	\$1,457,375	\$2,991,614	\$2,991,614		\$96,213,760
2/08								\$1,457,325	\$1,457,375	\$2,991,616	\$398,882		\$98,806,494
3/08								\$1,457,325	\$1,457,375	\$2,991,614	\$2,592,732	\$101,399,226	
4/08								\$1,457,375	\$4,740,466	\$633,170	\$4,107,296	\$105,506,522	
1/09								\$1,457,375	\$3,497,640	\$467,460	\$3,030,180	\$108,536,702	
2/09								\$1,457,375	\$3,497,640	\$467,460	\$3,030,180	\$111,566,882	
3/09								\$1,457,375	\$3,497,640	\$467,460	\$3,030,180	\$114,597,062	
4/09								\$1,748,850	\$234,288	\$1,514,562			
01/10								\$1,748,850	\$234,288	\$1,514,562			
02/10								\$1,748,850	\$234,288	\$1,514,562			
03/10								\$1,748,850	\$234,288	\$1,514,562			
04/10													
TOTAL	\$10,882,300	\$ 8,052,500	\$8,004,100	\$8,303,100	\$8,285,500	\$11,658,600	\$11,659,000	\$142,175,640	\$21,520,330	\$116,111,624		\$97,354,700	
								\$142,175,640				total \$ grants	\$ 118,479,700

Exhibit VI – DWRLF binding Commitments Required (continued)

- a. Church Point loan
- b. Oakdale loan
- c. Livingston Ward 2
- d. Many Loans #1, #2, #3
- e. City of Shreveport
- f. Town of Baldwin (\$1,250,000) and West Winnsboro Water Assoc. (\$747,100)
- g. DeSoto Parish WWKS #1
- h. Village of Quitman(\$480,000), Colyell Community(\$948,600), Culbertson(\$669,000)
- l. City of Natchitoches
- m. City of Westlake
- n. Ascension Water Co., Inc.
- o. Lafayette Water Works District North
- p. New Iberia - Louisiana Water Company
- q. Livingston Ward II #2
- r. Springhill
- s. Lafayette WWD North #2
- t. Monroe
- u. French Settlement, Ascension #2, LAWCO #2
- v. Savoy Swords

Exhibit VII – DWRLF Fundable List

	PWSID #	Est. Loan Amount	Loan Funds Available \$50,055,482	Priority Points	Priority Rank	Population Served	Description of Project	Region	Org Structure	Estimated Funding Period
Ascension Water Company	1033019	\$ 5,000,000	\$ 45,055,482	37	1	52,656	Upgrade and install additional water distribution mains, install a 1-million gallon ground storage tank with booster pumps, and absorb several smaller water systems in order to resolve issues with water quality, supply, dependability, and pressure to exist	2	P	SFY '07
French Settlement Water Company, Inc.	1105010	\$ 1,000,000	\$ 44,055,482	35	2	2,134	Upgrade and install additional water distribution mains, install a 1-million gallon ground storage tank with booster pumps, and absorb several smaller water systems in order to resolve issues with water quality, supply, dependability, and pressure to exist	9	P	SFY '07
Lafayette Parish Waterworks District North	1055171	\$ 5,720,000	\$ 38,335,482	35	3	41,196	Improvements will address low pressure areas in the distribution area; will incorporate existing small water systems into the Water District; will provide public water supply & distribution to areas currently served by individual wells; and will eliminat	4	G	SFY '07
Colyell Community Water System Loan #2	1063003	\$ 417,515	\$ 37,917,967	33	4	750	Upgrades and expansion of distribution system to serve available customers in the service area.	9	NP	SFY '07
Blanchard Water System	1017006	\$ 9,500,000	\$ 28,417,967	33	5	12,000	Expansion and improvement of the treatment facility and distribution system in order to address low pressure areas and to consolidate and/or serve as a supplemental supply to 5 nearby water systems.	7	G	SFY '09
City of Denham Springs	1063004	\$ 6,500,000	\$ 21,917,967	32	6	30,400	One 200,000gal. Storage tower, 1 water well, upgrading water meter system, creating a loop for distribution and replacing distribution lines on N. Range Ave. and Hatchell Lane	9	G	SFY '08-09
WWD #1 of Caddo Parish	1017026	\$ 9,920,000	\$ 11,997,967	30	7	3,000	New Water treatment system, new 500,000 gallon ground storage tank, new booster pumps, high service pump, 130,000 linear feet of 8" PVC piping, new water meters, and 2 emergency generators; all to meet stage 1 D/DBP rule for TTHMs and HAA5.	7	G	SFY'07 - '08
City of Alexandria	107009	\$ 38,800,000	\$ (26,802,033)	30	8	52,000	Development of a new primary water source and the construction of a conventional lime softening plant, finishing water storage, connection to the City distribution system. Preliminary design cap is 28 MGD, expandable to 50 MGD. Alternatives for developm	6	G	Phase 1 SFY '07 - '08
City of Carencro	1055005	\$ 1,474,900		28	9	6,120	Water distribution system to include water meters, 6" water mains and 1" water lines to area not currently provided potable water	4	G	SFY '08-09
Louisiana Water Company - New Iberia	1045009	\$ 3,500,000		23	11	21,300	Replace 3 aerators and one 9 MGD clarifier whose useful design lives have expired and are currently overloaded. Water quality, system efficiency, and treatment capacity will be improved as a result of the project and several other systems which purchase	4	P	SFY '07
Village of Forest	1123003	\$ 1,100,000		22	12	1,490	375 g.p.m. well, clean and paint elevated tank, automatic switchover units for chlorinators, replace approximately 43000 Linear feet distribution lines.	8	G	SFY '09
Sabine Parish Waterworks District #1	1085036	\$ 600,000		22	13	4,200	New well and modify existing well including new storage tank and booster station, expansion of distribution system to serve available customers in the service area, and repair of distribution system to minimize water losses.	7	G	SFY '07 - '08
City of Springhill	1119028	\$ 25,511,000		20	14	5,668	New .5 million gallon elevated tank, rehab 2 existing elevated tanks, replacement of 2575 water meters, 283,670 linear feet of pvc piping, 675 pvc water valves, 557 flush hydrants	7	G	Phase 1 SFY '07 - '08
Chestnut-Readhimer Water System	1069012	\$ 704,000		18	15	600	Install 200gpm surface water treatment plant and approximately 7 miles of water transmission lines	7	NP	SFY '09
West Baton Rouge Parish WWD #2	1121018	\$ 6,000,000		18	16	7,976	Install 4 new water wells (each with backup power supply), install 44,000 linear feet of additional water distribution mains, and construct a major crossing of the Intracoastal canal in order to resolve inadequate pressure problems in the distribution sys	2	G	SFY 07
Savoy-Swords Water System, Inc.	1097024	\$ 783,000		16	17	7,840	Construction of new water treatment plant and water well at an existing site, and associated distribution lines to provide a second source of water to supply the system and to eliminate chronic low pressure problems in the southern portion of the distribu	4	P	SFY 07
Town of Slaughter	1037008	\$ 1,375,000		14	18	1,568	To refund Water Revenue Bonds originally issued in 1996	2	G	SFY 07
Point-Wilhite Water System, Inc.	1111012	\$ 615,000		10	19	630	Construction of new 100,000 gallon elevated storage tank, elimination of existing standpipe storage tank, new electrical control system, new distribution mains for looping water lines and connecting wells and storage tanks; all to solve pressure problems.	8	P	SFY 09
Village of Clarks	1021001	\$ 438,000		4	20	1,500	Gravity Iron Filter System	8	G	SFY '09

Total Needs of Systems applying to DWRLF \$ 118,958,415

Legend	
NP	Denotes bypassed projects
P	Denotes Private Non-Profit Wa
P	Denotes Private for Profit Wate
G	Denotes Governmental Entity

EXHIBIT VIII
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EXHIBIT IX BLANK

EXHIBIT X

FED		FEDERAL GRANT PAYMENTS by Grant Year						State Match Required by State Fiscal Year											
QTR	MO/YR	2001	2002	2003	2004	2005	2006	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	
07/98																			
10/98									158,258										
01/99									280,414										
04/99									280,414										
07/99									560,829										
10/99										809,559									
01/00										809,559									
04/00										809,559									
07/00										809,559									
10/00											248,730								
01/01											248,730								
04/01											248,730								
07/01												694,188							
10/01												694,188							
01/02												694,189							
04/02												694,189							
07/02												694,189							
10/02		2,720,575	1,006,562										1,006,120						
01/03		2,720,575	1,006,563										1,006,120						
04/03		2,720,575	1,006,562										1,006,120						
07/03		2,720,575	1,006,563											745,428					
10/03			1,006,562	1,000,512										401,415					
01/04			1,006,563	1,000,513										401,415					
04/04			1,006,562	1,000,512										401,415					
07/04			1,006,563	1,000,513	1,037,887										608,993				
10/04				1,000,512	1,037,888										407,680				
01/05				1,000,513	1,037,887										407,680				
04/05				1,000,512	1,037,888										407,680				
07/05				1,000,513	1,037,887											407,680			
10/05					1,037,888	1,035,687										414,715			
01/06					1,037,887	1,035,688										414,715			
04/06					1,037,888	1,035,687										414,715			
07/06						1,035,688	1,457,325											498,603	
10/06							1,035,687	1,457,325										498,602	
01/07							1,035,688	1,457,325										498,603	
04/07							1,035,687	1,457,325										498,602	
07/07							1,035,688	1,457,325										498,603	
10/07								1,457,325										291,465	
01/08								1,457,325											
04/08								1,457,325											
07/08								1,457,325											
10/08																			
TOTAL		10,882,300	8,052,500	8,004,100	8,303,100	8,285,500	11,658,600			1,279,916	3,238,235	1,555,749	2,776,754	3,712,548	1,949,672	1,832,033	1,651,825	1,994,410	790,068
								Cumulative match required											
								4,518,151 6,073,900 8,850,654 12,563,202 14,512,875 16,344,907 17,996,732 19,991,142 20,781,210											
								Match provided											
								4,347,105 2,000,000 0 0 8,000,000 0 0 0 7,300,000 -2,500,000											
								Cumulative match provided											
								6,347,105 6,347,105 6,347,105 14,347,105 14,347,105 14,347,105 14,347,105 19,147,105 19,147,105 19,147,105											
								Cumulative match shortage(overage)											
								165,770 1,997,802 (1,150,373) 844,037											

\$2500000 remaining on the \$8000000 is cancelled and a new issue of \$7300000 with new terms is executed in December, 2005 (sfy06)

EXHIBIT XI

DRINKING WATER REVOLVING LOAN FUND
DEPARTMENT OF HEALTH AND HOSPITALS
OFFICE OF PUBLIC HEALTH
STATE OF LOUISIANA



FINANCIAL STATEMENT AUDIT
ISSUED JANUARY 9, 2008

**LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

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LEGISLATIVE AUDITOR

STEVE J. THERIOT, CPA

DIRECTOR OF FINANCIAL AUDIT

THOMAS H. COLE, CPA

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge and New Orleans offices of the Legislative Auditor.

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Statements

Financial Statements:

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STEVE J. THERIOT, CPA
LEGISLATIVE AUDITOR

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December 13, 2007

Independent Auditor's Report
on the Financial Statements

DRINKING WATER REVOLVING LOAN FUND
DEPARTMENT OF HEALTH AND HOSPITALS,
OFFICE OF PUBLIC HEALTH
STATE OF LOUISIANA
New Orleans, Louisiana

We have audited the accompanying financial statements of the Louisiana Department of Health and Hospitals, Office of Public Health - Drinking Water Revolving Loan Fund, as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of management of the Drinking Water Revolving Loan Fund program. 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 accompanying financial statements present only the Drinking Water Revolving Loan Fund, and do not purport to, and do not, present fairly the financial position of the State of Louisiana, the Louisiana Department of Health and Hospitals, or the Office of Public Health and its changes in financial position, including cash flows, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Department of Health and Hospitals, Office of Public Health - Drinking Water Revolving Loan Fund as of June 30, 2007, and its changes in financial position, including cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

DRINKING WATER REVOLVING LOAN FUND

During August and September of 2005, the State of Louisiana suffered considerable damage from two major hurricanes, Katrina and Rita, resulting in the President of the United States declaring Louisiana a major disaster area. Because of the severity of these two separate events and the resulting losses sustained, it is unknown exactly what economic impact recovery will have on state and local governmental operations in Louisiana. While there was no significant impact on the Drinking Water Revolving Loan Fund, the long-term effects of these events directly on the fund cannot be determined at this time.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 13, 2007, on our consideration of the Drinking Water Revolving Loan Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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 assessing the results of our audit.

In addition, we have issued a report dated December 13, 2007, on our consideration of the Drinking Water Revolving Loan Fund's internal control over compliance with certain laws and regulations and our tests of its compliance with those laws and regulations, in accordance with the *Environmental Protection Agency Audit Guide for Clean Water and Drinking Water State Revolving Fund Programs*.

Our audit was conducted for the purpose of forming an opinion on the Louisiana Department of Health and Hospitals, Office of Public Health - Drinking Water Revolving Loan Fund's financial statements. The accompanying supplemental information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements of the Drinking Water Revolving Loan Fund. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Respectfully submitted,



Steve J. Theriot, CPA
Legislative Auditor

LMB:BQD:THC:dl

DWRLF07

**DRINKING WATER REVOLVING LOAN FUND
DEPARTMENT OF HEALTH AND HOSPITALS,
OFFICE OF PUBLIC HEALTH
STATE OF LOUISIANA
PROPRIETARY FUND - ENTERPRISE FUND**

Statement of Net Assets, June 30, 2007

ASSETS

Current assets:

Cash in state treasury (note 2)	\$13,587,197
Receivables - due from others (note 3)	3,655,030
Total current assets	<u>17,242,227</u>

Noncurrent assets - loans receivable (note 4)	60,669,612
Total assets	<u>77,911,839</u>

LIABILITIES

Current liabilities - accounts payable and accruals (note 7)	<u>182,009</u>
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NET ASSETS - Unrestricted	<u><u>\$77,729,830</u></u>
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The accompanying notes are an integral part of this statement.

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**DRINKING WATER REVOLVING LOAN FUND
DEPARTMENT OF HEALTH AND HOSPITALS,
OFFICE OF PUBLIC HEALTH
STATE OF LOUISIANA
PROPRIETARY FUND - ENTERPRISE FUND**

**Statement of Revenues, Expenses, and
Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2007**

OPERATING REVENUES	
Federal funds - set-aside programs	\$1,378,310
Interest earned on loans receivable	2,063,487
Interest earned on cash in state treasury	598,903
Administrative fees	299,056
Total operating revenues	<u>4,339,756</u>
OPERATING EXPENSES	
Set-aside expenses (note 5)	1,378,310
Bond issuance costs (note 8)	12,330
Interest expense	478
Total operating expenses	<u>1,391,118</u>
OPERATING INCOME	2,948,638
Capital contributions	<u>9,488,680</u>
CHANGE IN NET ASSETS	12,437,318
NET ASSETS - BEGINNING OF YEAR	<u>65,292,512</u>
NET ASSETS - END OF YEAR	<u><u>\$77,729,830</u></u>

The accompanying notes are an integral part of this statement.

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**DRINKING WATER REVOLVING LOAN FUND
DEPARTMENT OF HEALTH AND HOSPITALS,
OFFICE OF PUBLIC HEALTH
STATE OF LOUISIANA
PROPRIETARY FUND - ENTERPRISE FUND**

**Statement of Cash Flows
For the Fiscal Year Ended June 30, 2007**

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from interest on loans	\$2,053,393
Cash received from interest on cash in state treasury	582,247
Cash received from administrative fees	297,593
Cash received from repayment of loan principal	2,472,300
Cash received from allocations for set-aside programs	1,411,436
Cash payments for set-aside programs	(1,411,436)
Cash payments to borrowers	<u>(11,386,416)</u>
Net cash used by operating activities	<u>(5,980,883)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Contributed capital - Environmental Protection Agency	9,488,680
Proceeds from issuance of bonds	1,487,670
Principal paid on bonds	(1,500,000)
Bond interest expense	<u>(478)</u>
Net cash provided by noncapital financing activities	<u>9,475,872</u>

Net increase in cash 3,494,989

Cash at beginning of the year 10,092,208

Cash at end of the year \$13,587,197

**RECONCILIATION OF OPERATING INCOME TO NET CASH
USED BY OPERATING ACTIVITIES:**

Operating income	\$2,948,638
Adjustments to reconcile operating income to net cash used by operating activities:	
Bond issue costs	12,330
Bond interest expense	478
Changes in assets and liabilities:	
Decrease in accounts receivable	4,913
(Increase) in loans receivable	(8,914,116)
Increase in accounts payable and accrued expenses	<u>(33,126)</u>

NET CASH USED BY OPERATING ACTIVITIES (\$5,980,883)

The accompanying notes are an integral part of this statement.

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INTRODUCTION

The Louisiana Department of Health and Hospitals, Office of Public Health (DHH-OPH) is a department of the State of Louisiana. DHH-OPH was created in accordance with Louisiana Revised Statutes (R.S.) 36:251(c) and 258(b) as a part of the executive branch of government. DHH-OPH is charged with protection of the public health of residents of the State of Louisiana.

The Drinking Water Revolving Loan Fund (DWRLF) program was established pursuant to the federal Safe Drinking Water Act Amendments of 1996 (SDWA). The DWRLF program provides financial assistance to both publicly and privately owned community water systems and nonprofit noncommunity water systems for projects eligible under the SDWA. The DWRLF program presently operates under R.S. 40:2821-2826. These statutes establish a DWRLF program capitalized by federal grants (Capitalization Grants for Drinking Water State Revolving Fund, CFDA 66.468), by state funds when required or available, and by any other funds generated by the operation of the program. The DWRLF program provides assistance through loans for infrastructure projects and other assistance in the form of set-aside activities for program administration, technical assistance, state program management, local assistance, and other state programs. All efforts are directed toward improving drinking water quality by assisting systems in providing drinking water that meets established standards and that achieves the goals of the SDWA.

The DHH-OPH is responsible for the operations and administration of the DWRLF program. DHH-OPH is authorized to apply for and accept capitalization grants from the United States Environmental Protection Agency, to establish assistance priorities, to perform oversight and other related activities, and to provide financial administration of the set-aside and loan accounts for the DWRLF program.

The DWRLF does not have any full-time employees. However, time spent on the DWRLF program by employees of DHH-OPH is captured and the DWRLF subsequently reimburses DHH-OPH for salaries and benefits as well as other operating expenses of the fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and reporting standards. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the GASB. Management of the fund applies all GASB pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Management has elected to follow GASB statements issued after November 30, 1989, rather than the FASB statements.

B. REPORTING ENTITY

GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and has defined the governmental reporting entity to be the State of Louisiana. The accompanying financial statements represent activity of a fund of the State of Louisiana that is administered by DHH-OPH, a department within state government. The DWRLF is part of the primary government of the State of Louisiana.

Annually, the State of Louisiana issues a comprehensive annual financial report, which includes the activity contained in the accompanying financial statements. Those basic financial statements are audited by the Louisiana Legislative Auditor.

C. FUND ACCOUNTING

For the purposes of this report, the DWRLF uses a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

D. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The transactions of the DWRLF are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations are included on the Statement of Net Assets.

The DWRLF uses the accrual basis of accounting. Revenues are recognized in the accounting period when they are earned and expenses are recognized when the related liability is incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and/or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the DWRLF are federal funds and interest earnings. Operating expenses include the set-aside expenses.

E. BUDGETS AND BUDGETARY ACCOUNTING

The DWRLF is budgeted annually by the Louisiana Legislature. The set-aside activities are budgeted as part of the operations of DHH-OPH in the General Appropriations Act. The Ancillary Appropriations Act (Act 46 of the 2005 Regular Session as amended) authorized expenditures of \$34,000,000 for the loan program for fiscal year 2006-2007 and allows the fund to retain resources to fund future loans and eligible program activities. Because the fund is an enterprise fund, a budgetary comparison is neither required nor presented in the financial statements.

F. LOANS RECEIVABLE

The DWRLF is operated as a direct loan program. The program provides loans and other financial assistance to public water systems for the purpose of planning, constructing, and rehabilitating public water systems.

The program lends federal and state monies directly to public water systems. For every \$5 provided by the federal government, the state is required to provide a matching share of \$1. The effective match share reflects a federal rate of 83.33% and a state rate of 16.67%. Recycling of principal and interest repayments from borrowing water systems allows the program to operate in perpetuity thereby benefiting other water systems wishing to borrow in the future. Borrowers pay principal and interest directly to the loan program, and all monies are deposited directly to the program. Principal repayments can only be used to make additional loans to water systems. Interest earnings on investments and loans can also be used to make additional loans. In addition, with Environmental Protection Agency (EPA) approval, interest earnings on investments and loans are used to pay off revenue bonds sold to capitalize the program by providing state matching funds.

The loans made by the DWRLF must be made at or below market interest rate with a repayment period not exceeding 20 years plus an interim construction-financing period. The current loan rate is 3.45% for new water construction/water system rehabilitation projects. In addition, water systems are charged an administrative fee of 0.5% on outstanding loan balances payable semiannually. Interest and administrative fees are calculated from the date that funds are advanced and after the final disbursement has been made. The payment schedule identified in the loan agreement is adjusted for the actual amounts disbursed.

As evidence of its obligations to pay principal and interest on the loans, each borrower must establish a dedicated source of revenue (or in the case of a privately owned system, demonstrate that there is adequate security) for repayment of the loan [42 USC 300j-12(f)(1)(C)]. For substantially all of these loans, the loan recipient issues bonds that are purchased by DHH, as administrator of the DWRLF, to secure the repayment of the principal loaned. Principal and interest on the bonds are paid to the DWRLF and upon repayment of the loan, the bonds are returned to the loan recipient. Minimum required

DRINKING WATER REVOLVING LOAN FUND

coverage ratios are established depending on the nature of the bonded indebtedness issued by the loan recipient as follows:

For limited tax bonds, the principal and interest due in any year on the amount borrowed shall not exceed 75% of the revenues estimated to be received from the levy of the pledged millage in the year in which the indebtedness is issued (R.S. 39:742.2).

For sales tax bonds, the total amount of principal and interest falling due in any year, together with principal and interest falling due in such year on any previously issued sales tax bonds, shall never exceed 75% of the amount of sales tax revenues estimated by the governing authority of the issue to be received by it in the calendar year in which the bonds are issued (R.S. 39:698.4).

For revenue bonds, the requirements for coverage are established contractually in the loan documents (R.S. 39:1019). Expected coverage ratios might range from 110% to 130% or more. The DWRLF goal for collections of the dedicated revenues for repayment of the loan secured by revenue bonds is 125%; however, many factors can create deviation from this goal. It is customary to use the same minimum required coverage ratio as was previously established for outstanding debt of the loan recipient.

For general obligation bonds, the requirements for coverage are statutorily set. The governing authority of the issuer is required to impose and collect annually, in excess of all other taxes, a tax on all property subject to taxation by the issuer sufficient in amount to pay the interest and the principal falling due each year, or such amount as may be required for any sinking fund necessary to retire said bonds at maturity (R.S. 39:569). Typically, the bond millage is adjusted each year so as to generate enough revenues to pay debt service in the ensuing calendar year. No coverage requirements or debt service reserves exist, because the tax can be adjusted each year *without any limitation whatsoever* to collect the appropriate amount each year.

In the case of sales tax bonds and revenue bonds, each loan recipient is also required to set up a debt service reserve fund equal to 10% of the loan amount or one year's principal and interest for the purpose of paying principal and interest should the dedicated revenues be insufficient for that purpose. The requirement to maintain a debt service reserve fund is not statutorily required but is usual and customary for these kinds of indebtedness.

Because of the reserve requirements and the absence of any delinquent loans, there is no provision for uncollectible amounts.

G. NET ASSETS

Net assets comprise the various net earnings from operations, nonoperating revenues, and contributions of capital. Net assets generally are classified in the following components:

Invested in capital assets, net of related debt consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets consist of net assets subject to external constraints placed on net asset use by creditors, grantors, contributors or law or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of all other net assets that are not included in the other categories previously mentioned.

H. CAPITAL CONTRIBUTIONS

The funds drawn for loans from the EPA capitalization grants authorized by the SDWA are recorded as capital contributions.

I. CAPITAL ASSETS

Equipment is valued at historical cost and includes all items valued at or above \$5,000. Depreciation of all exhaustible capital assets of the fund is charged as an expense against operations. Depreciation for financial reporting purposes is computed by the straight-line method over the estimated useful life of the asset, generally 5 to 10 years.

J. COMPENSATED ABSENCES

DHH-OPH provides employees to work on the DWRLF program. Compensated absences, pension benefits, and postretirement benefits are provided and recorded by the department and allocated to the fund based on time worked. These allocated expenses are included in the fund financial statements; however, no liability for compensated absences is recorded in the fund financial statements and no disclosures for compensated absences, pension benefits, or postretirement benefits are included in the fund financial statements, as the ultimate liability is with the department, rather than the fund.

K. ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

DRINKING WATER REVOLVING LOAN FUND

2. CASH

As reflected on Statement A, the DWRLF has cash totaling \$13,587,197 at June 30, 2007. All monies of the fund are deposited with the State Treasurer's Office. Cash balances are held and controlled by the state treasurer and are secured from risk by the state treasurer through separate custodial agreements, and the risk disclosures required by accounting principles generally accepted in the United States are included within the State of Louisiana's financial statements.

3. DUE FROM OTHERS

As shown on Statement A, the DWRLF has a total due from others of \$3,655,030. This total is comprised of the following:

Due from the federal government - set-aside programs	\$182,009
Due from water systems	3,417,050
Due from state treasury - interest	<u>55,971</u>
Total due from others	<u><u>\$3,655,030</u></u>

Of the \$3,417,050 due from water systems, \$2,904,500 is the current portion of the principal due, \$447,670 is loan interest, and \$64,880 is administrative fees on loans.

4. LOANS RECEIVABLE

The DWRLF makes loans to community water systems both privately and publicly owned and nonprofit noncommunity water systems for projects that meet the eligibility requirements of the program. Loans are financed by capitalization grants, state match, and revolving funds. The effective interest rate on loans is 3.45% and must be repaid over 20 years starting two years after the closing date of the loan or one year after the project is completed, whichever occurs first. As of June 30, 2007, twelve projects are complete and the remaining loan commitment balance (loans authorized less loans disbursed) totals \$18,308,398.

Loans mature at various intervals through November 1, 2029. The scheduled principal payments on loans maturing in subsequent years are as follows:

NOTES TO THE FINANCIAL STATEMENTS

Year ending June 30:	
2008	\$2,904,500
2009	3,102,322
2010	3,749,520
2011	3,682,562
2012	3,622,905
2013-2017	17,621,935
2018-2022	20,618,711
2023-2027	8,005,700
2028-2029	<u>265,957</u>
Total loans receivable	<u><u>\$63,574,112</u></u>
Long-term receivable portion	<u><u>\$60,669,612</u></u>

As of June 30, 2007, the DWRLF had made loans to 23 water systems as follows:

<u>Water System</u>	<u>Authorized Loan Amount</u>	<u>Loans Outstanding</u>
Town of Baldwin	\$1,249,627	\$1,004,000
Town of Church Point	2,500,000	1,905,000
Colyell Community Water Association	948,600	810,100
Culbertson Water System	598,226	480,000
Ward Two Water District of Livingston Parish	9,000,000	7,355,000
Waterworks District No. 1 of DeSoto Parish	2,350,000	2,013,000
Town of Many	3,600,000	1,428,033
City of Oakdale	1,492,412	1,272,412
Village of Quitman	480,000	413,000
City of Shreveport	19,540,000	16,745,000
West Winnsboro Water System	648,092	495,000
City of Natchitoches	3,500,000	2,999,000
Westlake	3,750,000	3,372,905
Ascension	6,000,000	5,795,000
Lafayette	2,800,000	2,584,772
New Iberia	6,000,000	4,917,932
Livingston Ward 2	6,000,000	5,327,393
Monroe	3,000,000	2,865,956
Ascension #2	5,000,000	657,011
New Iberia #2	3,500,000	143,262
Savoy Swords	1,000,000	190,034
French Settlement	1,000,000	86,178
Springhill	<u>7,500,000</u>	<u>714,124</u>
Total	<u><u>\$91,456,957</u></u>	<u><u>\$63,574,112</u></u>

DRINKING WATER REVOLVING LOAN FUND

The DWRLF has been awarded nine federal grants from the EPA. These grants are available through the EPA's Automated Clearing House Payment System (ACH). These grants are authorized by the SDWA and require matching funds from the state and the Automated Standard Application for Payments (ASAP) System. As of June 30, 2007, the EPA has awarded grants of \$106,820,700 to the state of which \$70,950,635 has been drawn, \$59,527,998 for loans and \$11,422,637 for set-aside activities. The state has provided matching funds through the year ended June 30, 2007, of \$14,309,626. The following summarizes the grants awarded, amounts drawn of each grant as of the balance sheet date, and balances available for future loans and set-aside expenses:

<u>Grant Source</u>	<u>Grant Amount</u>	<u>Cumulative Dollar Draws Set-Asides</u>	<u>Cumulative Dollar Draws Loans</u>	<u>Total Cumulative Dollars Drawn as of June 30, 2007</u>	<u>Remaining Grant Dollars Available as of June 30, 2007</u>
FS996968-01-2	\$20,420,300	\$4,307,056	\$16,113,244	\$20,420,300	
FS996968-02-2	9,949,200	1,553,988	8,395,212	9,949,200	
FS996968-03-0	10,427,700	1,642,927	8,784,773	10,427,700	
FS996968-04-0	10,837,400	1,070,826	9,766,574	10,837,400	
FS996968-05-0	18,934,800		16,468,195	16,468,195	\$2,466,605
FS996968-06-0	8,004,100	1,311,487		1,311,487	6,692,613
FS996968-07-0	8,303,100	1,190,173		1,190,173	7,112,927
FS996968-08-0	8,285,500	185,000		185,000	8,100,500
FS996968-09-0	11,658,600	161,180		161,180	11,497,420
	<u>\$106,820,700</u>	<u>\$11,422,637</u>	<u>\$59,527,998</u>	<u>\$70,950,635</u>	<u>\$35,870,065</u>

The state has provided its required matching share of federal grant awards through General Fund appropriations and the sale of revenue bonds. Cash contributions from General Fund appropriations and sales of revenue bonds have totaled \$14,309,626. Matching contributions are as follows:

	<u>Cumulative State Match as of June 30, 2006, (as adjusted)</u>	<u>2007 Contribution</u>	<u>Cumulative State Match as of June 30, 2007</u>
State cash contribution	<u>\$12,821,956</u>	<u>\$1,487,670</u>	<u>\$14,309,626</u>

5. SET-ASIDE EXPENSES

A portion of the federal grant amounts awarded by the EPA can be specified to fund set-aside activities as follows:

- Up to 4% to provide administrative and technical assistance
- Up to 2% to provide technical assistance to small water systems
- Up to 10% to provide state program management
- Up to 15% to provide assistance in the development and implementation of local drinking water protection initiatives and other local assistance and state programs

Set-aside expenses are summarized as follows:

	2007	Prior Years (as adjusted)	Total
Administration	\$314,482	\$2,200,010	\$2,514,492
Small system technical assistance	207,535	1,159,951	1,367,486
State programs	855,839	4,715,627	5,571,466
Local assistance and state programs	454	2,150,748	2,151,202
Total	<u>\$1,378,310</u>	<u>\$10,226,336</u>	<u>\$11,604,646</u>

The amount of 2007 set-aside expenses of \$1,378,310 includes accruals of \$182,009.

6. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2007, follows:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Equipment	\$175,622		(\$145,220)	\$30,402
Less accumulated depreciation	(175,622)		145,220	(30,402)
	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>

The capitalization policy of the Louisiana Division of Administration, Office of Statewide Reporting and Accounting Policy, is to include only those assets with an original acquisition cost of \$5,000 or more for depreciable equipment. GASB Statement No. 34 requires the recognition of depreciation on capital assets, resulting in the recognition of accumulated depreciation for current and prior years.

DRINKING WATER REVOLVING LOAN FUND

7. ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of payables and accrued expenses at June 30, 2007:

Accounts payable	\$148,185
Payroll accrual	<u>33,824</u>
Total payables	<u><u>\$182,009</u></u>

8. LONG-TERM LIABILITIES

The following is a summary of bonds and other long-term debt transactions of the fund for the year ended June 30, 2007:

	Balance July 1, 2006	Additions	Reductions	Balance June 30, 2007	Portion Due Within One Year
Bonds payable	<u>NONE</u>	<u>\$1,500,000</u>	<u>(\$1,500,000)</u>	<u>NONE</u>	<u>NONE</u>

The serial bond issue, Louisiana Public Facilities Authority Revenue Bonds (Drinking Water Revolving Loan Fund Match Project) Series 2006, was issued during the fiscal year ending June 30, 2006, in an amount up to \$7,300,000. This Indenture of Trust was issued between the LPFA and Hancock Bank of Louisiana. The indebtedness was secured solely from the pledge of a portion of the revenues received by the department from loans made by the program (interest earned on loans receivable and interest earned on cash in state treasury).

The LPFA is a public trust and public corporation organized and existing for the benefit of the State of Louisiana. At the same time as the issuance of the serial bonds described above, a loan agreement was executed between LPFA and DHH for a total of \$7,300,000 to facilitate the payment of bond principal and interest. Of the \$7,300,000, \$1,000,000 was issued during fiscal year 2006 and \$1,500,000 was issued during fiscal year 2007.

As of June 30, 2007, a total of \$2,429,681 was generated for matching fund purposes by the issuance of these serial bonds. Bond issue costs of \$70,318 were absorbed by bond proceeds and are, therefore, not required to be charged against the 4% administrative costs allowance in accordance with Drinking Water State Revolving Fund program guidelines. The \$1,500,000 of bonds issued were repaid before the end of the fiscal year; therefore, no liability exists at June 30, 2007.

9. LITIGATION AND CLAIMS

Losses arising from judgments, claims, and similar contingencies are paid through the state's self-insurance fund operated by the Office of Risk Management, the agency responsible for the state's risk management program, or by legislative appropriation. The DWRLF has no lawsuits outstanding at June 30, 2007.

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SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended June 30, 2007

The Drinking Water Revolving Loan Fund is considered one fund, which is comprised of a loan element and an administrative and state match element. The U.S. Environmental Protection Agency requested information on each of these elements. The supplementary information schedules 1 through 3 provide the details requested by the U.S. Environmental Protection Agency.

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**DRINKING WATER REVOLVING LOAN FUND
DEPARTMENT OF HEALTH AND HOSPITALS,
OFFICE OF PUBLIC HEALTH
STATE OF LOUISIANA
PROPRIETARY FUND - ENTERPRISE FUND**

Schedule of Net Assets, by Account, June 30, 2007

	<u>LOAN ACCOUNT</u>	<u>ADMINISTRATIVE AND STATE MATCH ACCOUNT</u>	<u>TOTAL</u>
ASSETS			
Current assets:			
Cash in state treasury	\$12,306,593	\$1,280,604	\$13,587,197
Receivables - due from others	3,584,875	70,155	3,655,030
Total current assets	<u>15,891,468</u>	<u>1,350,759</u>	<u>17,242,227</u>
Noncurrent assets - loans receivable	<u>60,669,612</u>	NONE	<u>60,669,612</u>
Total assets	76,561,080	1,350,759	77,911,839
LIABILITIES			
Current liabilities - accounts payable and accruals			
	<u>182,009</u>	NONE	<u>182,009</u>
NET ASSETS - unrestricted	<u><u>\$76,379,071</u></u>	<u><u>\$1,350,759</u></u>	<u><u>\$77,729,830</u></u>

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**DRINKING WATER REVOLVING LOAN FUND
DEPARTMENT OF HEALTH AND HOSPITALS,
OFFICE OF PUBLIC HEALTH
STATE OF LOUISIANA
PROPRIETARY FUND - ENTERPRISE FUND**

**Schedule of Revenues, Expenses, and
Changes in Fund Net Assets, by Account
For the Fiscal Year Ended June 30, 2007**

	LOAN ACCOUNT	ADMINISTRATIVE AND STATE MATCH ACCOUNT	TOTAL
OPERATING REVENUES			
Federal funds - set-aside programs	\$1,378,310		\$1,378,310
Interest earned on loans receivable	2,063,487		2,063,487
Interest earned on cash in state treasury	528,968	\$69,935	598,903
Administrative fees		299,056	299,056
Total operating revenues	<u>3,970,765</u>	<u>368,991</u>	<u>4,339,756</u>
OPERATING EXPENSES			
Set-aside expenses	1,378,310		1,378,310
Bond issue costs	12,330		12,330
Interest expense	478		478
Total operating expenses	<u>1,391,118</u>	<u>NONE</u>	<u>1,391,118</u>
OPERATING INCOME	2,579,647	368,991	2,948,638
Capital contributions	<u>9,488,680</u>	<u>NONE</u>	<u>9,488,680</u>
CHANGE IN NET ASSETS	12,068,327	368,991	12,437,318
NET ASSETS - BEGINNING OF YEAR	<u>64,310,744</u>	<u>981,768</u>	<u>65,292,512</u>
NET ASSETS - END OF YEAR	<u>\$76,379,071</u>	<u>\$1,350,759</u>	<u>\$77,729,830</u>

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**DRINKING WATER REVOLVING LOAN FUND
DEPARTMENT OF HEALTH AND HOSPITALS,
OFFICE OF PUBLIC HEALTH
STATE OF LOUISIANA
PROPRIETARY FUND - ENTERPRISE FUND**

**Schedule of Cash Flows, by Account
For the Fiscal Year Ended June 30, 2007**

	LOAN ACCOUNT	ADMINISTRATIVE AND STATE MATCH ACCOUNT	TOTAL
Cash flows from operating activities			
Cash received from interest on loans	\$2,053,393		\$2,053,393
Cash received from interest on cash in state treasury	514,208	\$68,039	582,247
Cash received from administrative fees		297,593	297,593
Cash received from repayment of loan principal	2,472,300		2,472,300
Cash received from allocations for set-aside programs	1,411,436		1,411,436
Cash payments for set-aside expenses	(1,411,436)		(1,411,436)
Cash payments to borrowers	(11,386,416)		(11,386,416)
Net cash provided (used) by operating activities	<u>(6,346,515)</u>	<u>365,632</u>	<u>(5,980,883)</u>
Cash flows from noncapital financing activities			
Contributed capital - EPA	9,488,680		9,488,680
Proceeds from issuance of bonds	1,487,670		1,487,670
Principal paid on bonds	(1,500,000)		(1,500,000)
Bond interest expense	(478)		(478)
Net cash provided by noncapital financing activities	<u>9,475,872</u>	<u>NONE</u>	<u>9,475,872</u>
Net increase in cash	3,129,357	365,632	3,494,989
Cash at beginning of the year	<u>9,177,237</u>	<u>914,971</u>	<u>10,092,208</u>
Cash at end of the year	<u>\$12,306,594</u>	<u>\$1,280,603</u>	<u>\$13,587,197</u>

(Continued)

**DRINKING WATER REVOLVING LOAN FUND
DEPARTMENT OF HEALTH AND HOSPITALS,
OFFICE OF PUBLIC HEALTH
STATE OF LOUISIANA
PROPRIETARY FUND - ENTERPRISE FUND
Schedule of Cash Flows, by Account, 2007**

	LOAN ACCOUNT	ADMINISTRATIVE AND STATE MATCH ACCOUNT	TOTAL
	<u> </u>	<u> </u>	<u> </u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income	\$2,579,647	\$368,991	\$2,948,638
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Bond issue costs	12,330		12,330
Bond interest expense	478		478
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	6,376	(1,463)	4,913
(Increase) in loans receivable	(8,914,116)		(8,914,116)
(Decrease) in accounts payable and accrued expenses	(33,126)		(33,126)
	<u> </u>	<u> </u>	<u> </u>
Net cash provided (used) by operating activities	<u>(\$6,348,411)</u>	<u>\$367,528</u>	<u>(\$5,980,883)</u>

(Concluded)

**OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS AND THE
ENVIRONMENTAL PROTECTION AGENCY AUDIT GUIDE
FOR CLEAN WATER AND DRINKING WATER
STATE REVOLVING FUND PROGRAMS**

The following pages contain reports on compliance and internal control over financial reporting as required by *Government Auditing Standards*, issued by the Comptroller General of the United States, and on internal control and compliance with requirements applicable to the Capitalization Grants for Drinking Water Revolving Funds Program in accordance with the *Environmental Protection Agency Audit Guide for Clean Water and Drinking Water State Revolving Fund Programs*.

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STEVE J. THERIOT, CPA
LEGISLATIVE AUDITOR

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December 13, 2007

Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance
With *Government Auditing Standards*

**DRINKING WATER REVOLVING LOAN FUND
DEPARTMENT OF HEALTH AND HOSPITALS,
OFFICE OF PUBLIC HEALTH
STATE OF LOUISIANA**
New Orleans, Louisiana

We have audited the financial statements of the Louisiana Department of Health and Hospitals, Office of Public Health - Drinking Water State Revolving Loan Fund, as of and for the year ended June 30, 2007, and have issued our report thereon dated December 13, 2007. Our report was modified to include an emphasis of a matter regarding the impact of hurricanes Katrina and Rita. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Louisiana Department of Health and Hospitals, Office of Public Health - Drinking Water Revolving Loan Fund'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 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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity'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 entity's internal control.

DRINKING WATER REVOLVING LOAN FUND

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined previously.

Compliance and Other Matters

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

This report is intended solely for the information and use of management of the Department of Health and Hospitals, Office of Public Health and the federal awarding agency and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Steve J. Theriot, CPA
Legislative Auditor

LMB:BQD:THC:dl

DWRLF07



STEVE J. THERIOT, CPA
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December 13, 2007

Report on Compliance With Requirements Applicable to the Capitalization
Grants for Drinking Water State Revolving Funds Program and on
Internal Control Over Compliance in Accordance With the
*Environmental Protection Agency Audit Guide for
Clean Water and Drinking Water State Revolving Fund Programs*

**DRINKING WATER REVOLVING LOAN FUND
DEPARTMENT OF HEALTH AND HOSPITALS,
OFFICE OF PUBLIC HEALTH
STATE OF LOUISIANA
New Orleans, Louisiana**

Compliance

We have audited the compliance of the Louisiana Department of Health and Hospitals, Office of Public Health - Drinking Water State Revolving Loan Fund with the types of compliance requirements that are applicable to the Capitalization Grants for the Drinking Water State Revolving Funds Program (CFDA 66.468) for the year ended June 30, 2007, as specified by the *Environmental Protection Agency Audit Guide for Clean Water and Drinking Water State Revolving Fund Programs*. Compliance with the requirements of laws, regulations, contracts, and grants applicable to this federal program is the responsibility of management of the Louisiana Department of Health and Hospitals, Office of Public Health. Our responsibility is to express an opinion on the Drinking Water Revolving Loan Fund's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Environmental Protection Agency Audit Guide for Clean Water and Drinking Water State Revolving Fund Programs*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the program occurred. An audit includes examining, on a test basis, evidence about the Drinking Water Revolving Loan 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 Drinking Water Revolving Loan Fund's compliance with those requirements.

DRINKING WATER REVOLVING LOAN FUND

In our opinion, the Louisiana Department of Health and Hospitals, Office of Public Health - Drinking Water Revolving Loan Fund complied, in all material respects, with the requirements referred to previously that are applicable to its Capitalization Grants for Drinking Water State Revolving Funds Program for the year ended June 30, 2007.

Internal Control Over Compliance

Management of the Department of Health and Hospitals, Office of Public Health - Drinking Water Revolving Loan Fund is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to this federal program. In planning and performing our audit, we considered the Department of Health and Hospitals, Office of Public Health - Drinking Water Revolving Loan Fund's internal control over compliance with requirements that could have a direct and material effect on its Capitalization Grants for Drinking Water State Revolving Funds Program (CFDA 66.468) to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Department of Health and Hospitals, Office of Public Health - Drinking Water Revolving Loan Fund's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

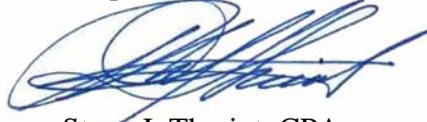
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance 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 compliance that we consider to be material weaknesses, as defined above.

REPORT ON COMPLIANCE AND INTERNAL CONTROL

This report is intended solely for the information and use of management of the Department of Health and Hospitals, Office of Public Health, others within the entity, the Louisiana Legislature, and the federal awarding agency and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Steve J. Theriot, CPA
Legislative Auditor

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EXHIBIT XII

CASH FLOW PROJECTIONS

A new requirement for the program by the EPA is that projections of cash be made for a term of 20 years. EPA has reiterated the importance of using the projections as a tool to monitor and manage the program. The Northbridge group was contracted to develop a program to assist states with the projections. The program they developed utilizes averages in its internal components in the process of computing the projections. It also uses the Drinking Water National Information Management System's (DWNIMS) figures as its basis for the computations. Regional EPA staff developed an alternative for the Louisiana Department of Environmental Quality's Clean Water Revolving Loan Fund Program and encouraged the DWRLF to use this one. Since the Northbridge program had not yet incorporated the most recent DWNIMS figures, the alternative model was utilized for the DWRLF projections in this report. The alternative model is in Excel format and had to be drastically modified to accommodate the nuances of the DWRLF program. Several assumptions were made when setting up the model. These assumptions are listed in the *historical information* worksheet.

These assumptions and projections were prepared for the United States Environmental Protection Agency for the purpose of receiving capitalization grants and should not be used for any other purpose. Furthermore, even if the hypothetical assumptions described in this exhibit materialize, there will usually be differences between the projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

The projections, based upon the assumptions listed, indicate that there will be an increase in the cash on hand over the next twenty years. Accordingly, either more loans or larger loans will need to be made. Common sense dictates that money loaned out and collected with interest will grow in size. Federal regulations prohibit the use of the returned principal for anything but more loans. Federal regulations also prohibit the use of the interest earned from loans outstanding and cash in bank for anything but additional loans or retirement of bonds to derive the state match. State match is twenty percent of the entire grant, so will account for only a small portion of the accumulated cash in the form of interest on outstanding loans. As a result, management will have few options.

One option will be to discontinue receipt of the federal grants, thereby eliminating the state match required, but simultaneously forcing the fund to be self sustaining. This was the intent of the federal regulation for the revolving loan fund originally; hence the term "capitalization". Once the fund was capitalized, no further funding would be necessary. The disadvantage of this option is that the set-aside activities will no longer be funded by the federal dollars. The state would then have to decide whether or not to continue the activities previously performed with the federal dollars.

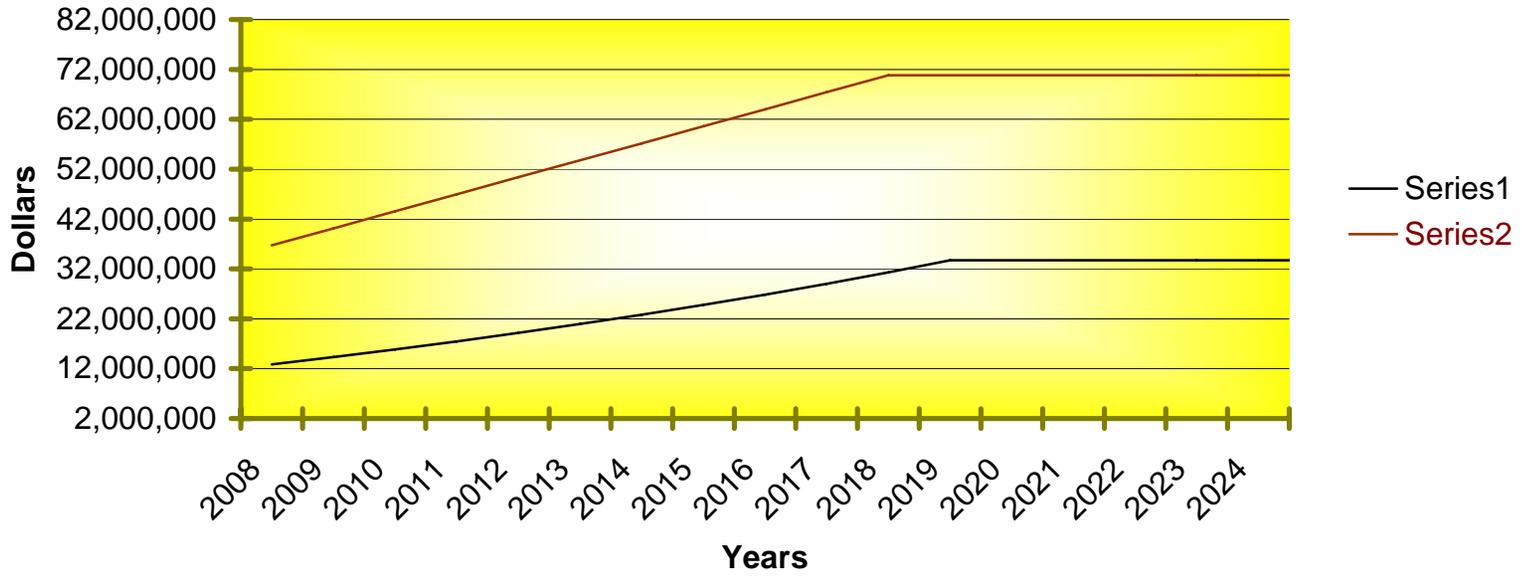
HISTORICAL DATA

<u>YEAR</u>	<u>FEDERAL GRANT AMOUNT</u>	<u>STATE MATCH</u>	<u>PROJECT ASSIST. DISBURSED</u>	<u>PRINCIPAL REPAYMENTS</u>	<u>INTEREST REPAYMENTS</u>	<u>INVESTMENT INTEREST</u>	<u>SET ASIDE EXPENSES</u>	<u>TOTAL AVAILABLE</u>
1999	20,420,300	4,347,105	-	-	-	437,641	(699,762)	24,067,643
2000	-		(3,131,164)	-	3,013	239,838	(881,468)	(4,012,632)
2001	20,376,900	117,009	(6,823,009)	82,000	131,826	218,329	(1,012,718)	12,658,182
2002	10,837,400	1,882,991	(15,824,340)	329,000	507,572	80,823	(1,610,663)	(4,714,612)
2003	18,934,800	923,212	(7,915,894)	849,000	889,538	54,357	(2,657,434)	9,284,684
2004	8,004,100	2,421,235	(11,936,078)	1,768,093	1,289,894	47,031	(1,138,122)	(2,648,865)
2005	8,303,100	1,985,719	(7,773,938)	2,009,552	1,445,202	112,613	(1,047,335)	1,467,546
2006	8,285,500	942,011	(8,357,718)	2,064,500	1,724,381	305,204	(1,222,670)	(352,877)
2007	11,658,800	1,690,344	(11,386,416)	2,472,300	2,053,392	598,903	(1,152,465)	810,263
	<u>106,820,900</u>	<u>14,309,626</u>	<u>(73,148,557)</u>	<u>9,574,445</u>	<u>8,044,818</u>	<u>2,094,739</u>	<u>(11,422,637)</u>	<u>36,559,332</u>

Assumptions:

- 1 The fund earns interest at approximately 2.4% when invested and 3.45% when loaned out.
- 2 More loans made results in more monies available earning interest for the fund.
- 3 Loans in construction will go into repayment in two years.
- 4 Federal grants will continue to be received at \$11,000,000 per year until 2018
- 5 Disbursements each year will equal 1/2 of the commitments outstanding.
- 6 Loans are amortized immediately as though full amount was paid to recipient at loan closing.
- 7 All cash is received on July 1; therefore, interest earned on idle cash is for 12 months.
- 8 Set-asides increase by 5% each fiscal year until grants from EPA cease.
- 9 Match bond expenses are 3% of the principal amount issued

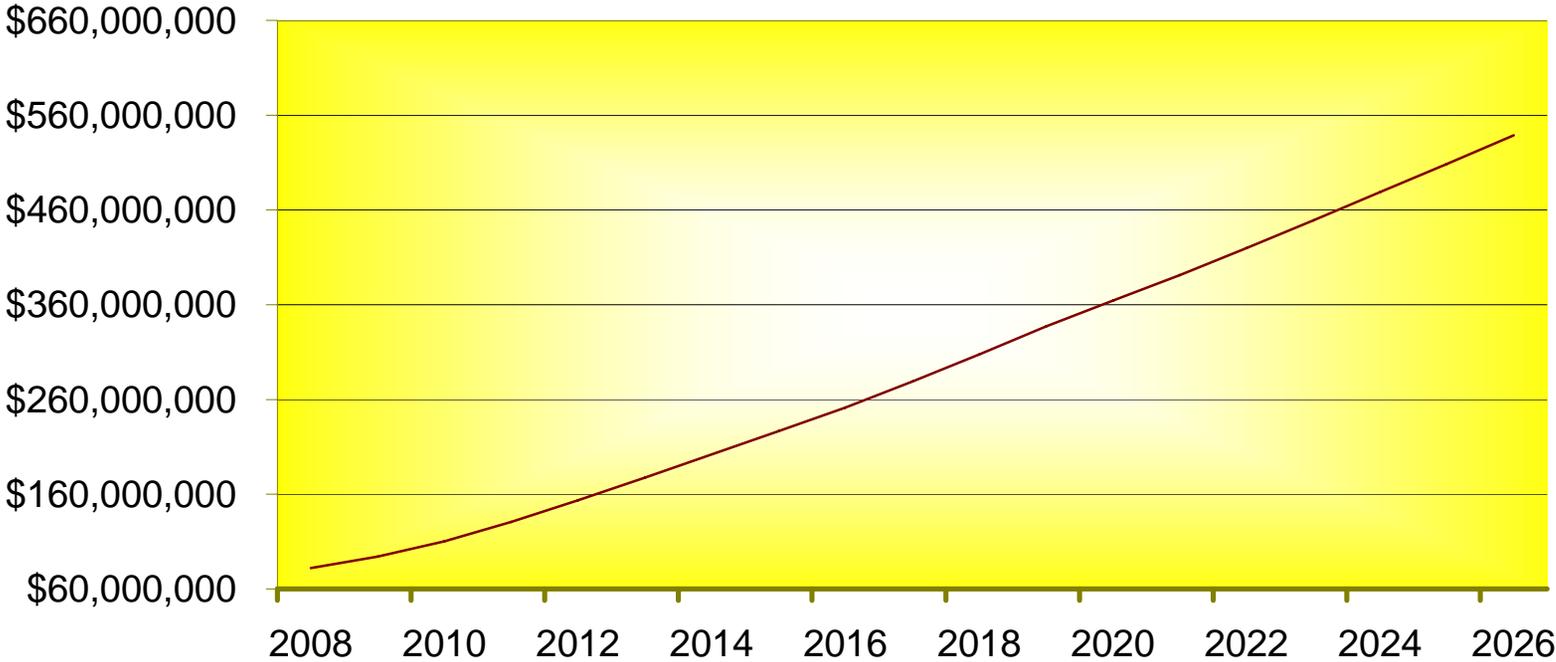
Projected Set-Aside Expenses Compared to 31% Cap



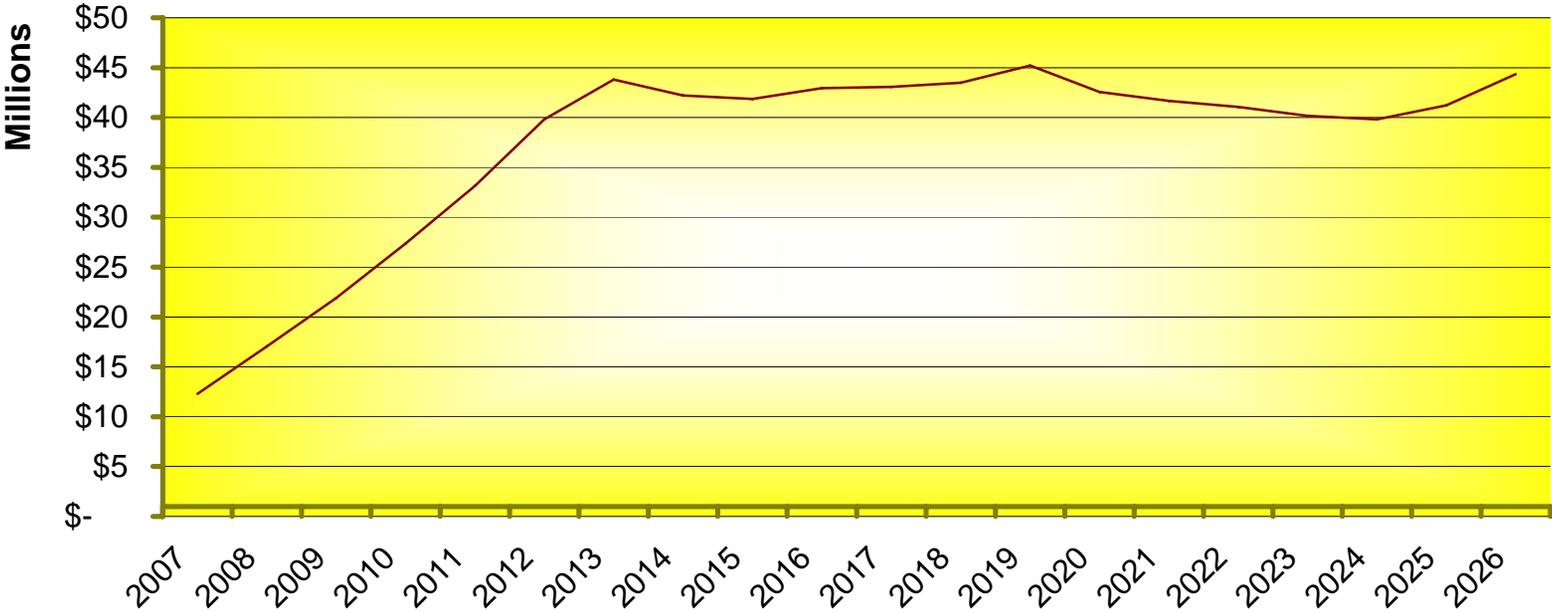
Projected Annual Loan Disbursements



Projected Cumulative Loan Disbursements



Projected Fiscal Year End Cash Balance



	FUTURE CASH FLOWS									
Description	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Federal Grants Awarded	11,659,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
New Commitments	15,000,000	20,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	30,000,000	30,000,000
Disbursements (in \$ million)	9.16	12.08	16.04	20.52	22.76	23.88	24.44	24.72	24.86	27.43
Cash Balance @ end of year	17,064,798	21,897,207	27,353,129	33,150,567	39,826,496	43,794,366	42,204,536	41,854,911	42,936,931	43,083,020
0.0125										
0.025		GRANTS	AVAILABLE	COMMITMENTS	COMMITMENTS	Interest on	INTEREST	PRINCIPAL	STATE MATCH	ADMIN
0.0345	CASH	AWARDED	GRANT FUNDS	NOT DISBURSED	DISBURSED	Investments	REPAYMENT	REPAYMENT	SET-ASIDES	FEE
6/30/07	12,306,593	106,820,900	36,559,332	18,315,987	73,148,558	723,575	1,319,505	9,574,445	-	1,169,004
RECEIPT OF PRINCIPAL-closed	3,048,500							3,048,500		
RECEIPT OF INTEREST-CLOSED	2,819,971						2,819,971			412,750
PROJECTED PRINCIPAL -LOANS	-							-		
RECEIPT OF PROJECTED INTERES	-							-		
NEW COMMITMENTS				15,000,000						
INTEREST ON INVESTMENTS	493,298					493,298				
EXPENSES - SET-ASIDES	(1,400,000)		(1,400,000)							
DISBURSEMENTS	(9,157,994)		(7,601,135)	(9,157,994)	9,157,994			(0)		
PRINCIPAL & EXP PAID ON BONDS	(1,603,565)						(1,603,565)			
PROCEEDS- BONDS	1,556,859									
STATE APPROPRIATION-Trans in	-	-								
FEDERAL FUNDS TRANS IN-loans	7,601,135									
FEDERAL FUNDS TRANS IN-set	1,400,000									
FEDERAL GRANTS AWARDED		11,659,000	11,659,000							
6/30/08	17,064,798	118,479,900	39,217,197	24,157,994	82,306,552	1,216,873	2,535,912	12,622,945	-	1,581,754

0.025		GRANTS	AVAILABLE	COMMITMENTS	COMMITMENTS	Interest on	INTEREST	PRINCIPAL	STATE MATCH	ADMIN
0.0345	CASH	AWARDED	GRANT FUNDS	NOT DISBURSED	DISBURSED	Investments	REPAYMENT	REPAYMENT	SET-ASIDES	FEE
6/30/08	17,064,798	118,479,900	39,217,197	24,157,994	82,306,552	1,216,873	2,535,912	12,622,945	-	1,581,754
RECEIPT OF PRINCIPLE-closed	3,292,260							3,292,260		
RECEIPT OF INTEREST	2,711,180						2,711,180			402,604
RECEIPT OF PROJECTED LOANS	-							-		
RECEIPT OF PROJECTED INTERES	315,960						315,960			
NEW COMMITMENTS				20,000,000						
INTEREST ON INVESTMENTS	628,042					628,042				
EXPENSES - SET-ASIDES	(1,470,000)		(1,470,000)							
DISBURSEMENTS	(12,078,997)		(10,025,567)	(12,078,997)	12,078,997			0		
PRINCIPAL & EXP PAID ON BONDS	(2,115,032)						(2,115,032)			
PROCEEDS- BONDS	2,053,429									
STATE APPROPRIATION-Trans in										
FEDERAL FUNDS TRANS IN-loans	10,025,567									
FEDERAL FUNDS TRANS IN-set	1,470,000									
FEDERAL GRANTS AWARDED		11,000,000	11,000,000							
6/30/09	21,897,207	129,479,900	38,721,630	32,078,997	94,385,548	1,844,915	3,448,019	15,915,205	-	1,984,358
RECEIPT OF PRINCIPLE-closed	3,844,594							3,844,594		
RECEIPT OF INTEREST	2,596,280						2,596,280			391,863
RECEIPT OF PROJECTED LOANS	325,475							325,475		
RECEIPT OF PROJECTED INTERES	721,469						721,469			
NEW COMMITMENTS				25,000,000						
INTEREST ON INVESTMENTS	776,620					776,620				
EXPENSES - SET-ASIDES	(1,543,500)		(1,543,500)							
DISBURSEMENTS	(16,039,498)		(13,312,784)	(16,039,498)	16,039,498			(0)		
PRINCIPAL & EXP PAID ON BONDS	(2,808,516)						(2,808,516)			
PROCEEDS- BONDS	2,726,715									
STATE APPROPRIATION-Trans in										
FEDERAL FUNDS TRANS IN-loans	13,312,784									
FEDERAL FUNDS TRANS IN-set	1,543,500									
FEDERAL GRANTS AWARDED		11,000,000	11,000,000							
6/30/10	27,353,129	140,479,900	34,865,346	41,039,498	110,425,047	2,621,535	3,957,252	20,085,274	-	2,376,221

0.025		GRANTS	AVAILABLE	COMMITMENTS	COMMITMENTS	Interest on	INTEREST	PRINCIPAL	STATE MATCH	ADMIN
0.0345	CASH	AWARDED	GRANT FUNDS	NOT DISBURSED	DISBURSED	Investments	REPAYMENT	REPAYMENT	SET-ASIDES	FEE
6/30/10	27,353,129	140,479,900	34,865,346	41,039,498	110,425,047	2,621,535	3,957,252	20,085,274	-	2,376,221
RECEIPT OF PRINCIPLE-closed	3,983,473							3,983,473		
RECEIPT OF INTEREST	2,460,392						2,460,392			378,234
RECEIPT OF PROJECTED LOANS	766,027							766,027		
RECEIPT OF PROJECTED INTERES	1,248,421						1,248,421			
NEW COMMITMENTS				25,000,000						
INTEREST ON INVESTMENTS	932,134					932,134				
EXPENSES - SET-ASIDES	(1,620,675)		(1,620,675)							
DISBURSEMENTS	(20,519,749)		(17,031,392)	(20,519,749)	20,519,749			(0)		
PRINCIPAL & EXP PAID ON BONDS	(3,593,008)						(3,593,008)			
PROCEEDS- BONDS	3,488,357									
STATE APPROPRIATION-Trans in										
FEDERAL FUNDS TRANS IN-loans	17,031,392									
FEDERAL FUNDS TRANS IN-set	1,620,675									
FEDERAL GRANTS AWARDED		11,000,000	11,000,000							
6/30/11	33,150,567	151,479,900	27,213,280	45,519,749	130,944,796	3,553,668	4,073,057	24,834,774	-	2,754,455
RECEIPT OF PRINCIPLE-closed	3,981,916							3,981,916		
RECEIPT OF INTEREST	2,324,197						2,324,197			364,663
RECEIPT OF PROJECTED LOANS	1,362,559							1,362,559		
RECEIPT OF PROJECTED INTERES	1,909,365						1,909,365			
NEW COMMITMENTS				25,000,000						
INTEREST ON INVESTMENTS	1,083,146					1,083,146				
EXPENSES - SET-ASIDES	(1,701,709)		(1,701,709)							
DISBURSEMENTS-loans	(22,759,875)		(18,890,696)	(22,759,875)	22,759,875			(0)		
PRINCIPAL & EXP PAID ON BONDS	(3,985,254)						(3,985,254)			
PROCEEDS- BONDS	3,869,179									
STATE APPROPRIATION-Trans in										
FEDERAL FUNDS TRANS IN-loans	18,890,696									
FEDERAL FUNDS TRANS IN-set	1,701,709									
FEDERAL GRANTS AWARDED		11,000,000	11,000,000							
6/30/12	39,826,496	162,479,900	17,620,875	47,759,875	153,704,670	4,636,815	4,321,364	30,179,249	-	3,119,118

0.025		GRANTS	AVAILABLE	COMMITMENTS	COMMITMENTS	Interest on	INTEREST	PRINCIPAL	STATE MATCH	ADMIN
0.0345	CASH	AWARDED	GRANT FUNDS	NOT DISBURSED	DISBURSED	Investments	REPAYMENT	REPAYMENT	SET-ASIDES	FEE
6/30/12	39,826,496	162,479,900	17,620,875	47,759,875	153,704,670	4,636,815	4,321,364	30,179,249	-	3,119,118
RECEIPT OF PRINCIPLE-closed	3,934,911							3,934,911		
RECEIPT OF INTEREST	2,186,622						2,186,622			350,921
RECEIPT OF PROJECTED LOANS	2,138,896							2,138,896		
RECEIPT OF PROJECTED INTERES	2,620,812						2,620,812			
NEW COMMITMENTS				25,000,000						
INTEREST ON INVESTMENTS	1,229,779					1,229,779				
EXPENSES - SET-ASIDES	(1,786,794)		(1,786,794)							
DISBURSEMENTS	(23,879,937)		(15,834,081)	(23,879,937)	23,879,937			(4,802,732)		
PRINCIPAL & EXP PAID ON BONDS	(3,340,419)						(3,340,419)			
PROCEEDS- BONDS	3,243,125									
STATE APPROPRIATION-Trans in										
FEDERAL FUNDS TRANS IN-loans	15,834,081									
FEDERAL FUNDS TRANS IN-set	1,786,794									
FEDERAL GRANTS AWARDED		11,000,000	11,000,000							
6/30/13	43,794,366	173,479,900	11,000,000	48,879,937	177,584,608	5,866,594	5,788,380	31,450,324	-	3,470,038
RECEIPT OF PRINCIPLE-closed	4,078,474							4,078,474		
RECEIPT OF INTEREST	2,047,028						2,047,028			337,546
RECEIPT OF PROJECTED LOANS	3,021,670							3,021,670		
RECEIPT OF PROJECTED INTERES	3,340,447						3,340,447			
NEW COMMITMENTS				25,000,000						
INTEREST ON INVESTMENTS	1,294,715					1,294,715				
EXPENSES - SET-ASIDES	(1,876,134)		(1,876,134)							
DISBURSEMENTS	(24,439,969)		(9,123,866)	(24,439,969)	24,439,969			(13,447,359)		
PRINCIPAL & EXP PAID ON BONDS	(1,924,806)						(1,924,806)			
PROCEEDS- BONDS	1,868,744									
STATE APPROPRIATION-Trans in										
FEDERAL FUNDS TRANS IN-loans	9,123,866									
FEDERAL FUNDS TRANS IN-set	1,876,134									
FEDERAL GRANTS AWARDED		11,000,000	11,000,000							
6/30/14	42,204,536	184,479,900	11,000,000	49,439,969	202,024,576	7,161,309	9,251,050	25,103,110	-	3,807,585

0.025		GRANTS	AVAILABLE	COMMITMENTS	COMMITMENTS	Interest on	INTEREST	PRINCIPAL	STATE MATCH	ADMIN
0.0345	CASH	AWARDED	GRANT FUNDS	NOT DISBURSED	DISBURSED	Investments	REPAYMENT	REPAYMENT	SET-ASIDES	FEE
6/30/14	42,204,536	184,479,900	11,000,000	49,439,969	202,024,576	7,161,309	9,251,050	25,103,110	-	3,807,585
RECEIPT OF PRINCIPLE-closed	4,217,692							4,217,692		
RECEIPT OF INTEREST	1,902,533						1,902,533			323,795
RECEIPT OF PROJECTED LOANS	3,974,678							3,974,678		
RECEIPT OF PROJECTED INTERES	4,046,525						4,046,525			
NEW COMMITMENTS				25,000,000						
INTEREST ON INVESTMENTS	1,254,357					1,254,357				
EXPENSES - SET-ASIDES	(1,969,941)		(1,969,941)							
DISBURSEMENTS	(24,719,984)		(9,030,059)	(24,719,984)	24,719,984			(13,840,395)		
PRINCIPAL & EXP PAID ON BONDS	(1,905,016)						(1,905,016)			
PROCEEDS- BONDS	1,849,530									
STATE APPROPRIATION-Trans in										
FEDERAL FUNDS TRANS IN-loans	9,030,059									
FEDERAL FUNDS TRANS IN-set	1,969,941									
FEDERAL GRANTS AWARDED		11,000,000	11,000,000							
6/30/15	41,854,911	195,479,900	11,000,000	49,719,984	226,744,561	8,415,666	13,295,091	19,455,085	-	4,131,379
RECEIPT OF PRINCIPLE-closed	4,359,269							4,359,269		
RECEIPT OF INTEREST	1,753,057						1,753,057			309,489
RECEIPT OF PROJECTED LOANS	4,980,528							4,980,528		
RECEIPT OF PROJECTED INTERES	4,727,562						4,727,562			
NEW COMMITMENTS				30,000,000						
INTEREST ON INVESTMENTS	1,244,915					1,244,915				
EXPENSES - SET-ASIDES	(2,068,438)		(2,068,438)							
DISBURSEMENTS	(24,859,992)		(8,931,562)	(24,859,992)	24,859,992			(14,099,074)		
PRINCIPAL & EXP PAID ON BONDS	(1,884,237)						(1,884,237)			
PROCEEDS- BONDS	1,829,356									
STATE APPROPRIATION-Trans in										
FEDERAL FUNDS TRANS IN-loans	8,931,562									
FEDERAL FUNDS TRANS IN-set	2,068,438									
FEDERAL GRANTS AWARDED		11,000,000	11,000,000							
6/30/16	42,936,931	206,479,900	11,000,000	54,859,992	251,604,553	9,660,581	17,891,473	14,695,808	-	4,440,868

0.025		GRANTS	AVAILABLE	COMMITMENTS	COMMITMENTS	Interest on	INTEREST	PRINCIPAL	STATE MATCH	ADMIN
0.0345	CASH	AWARDED	GRANT FUNDS	NOT DISBURSED	DISBURSED	Investments	REPAYMENT	REPAYMENT	SET-ASIDES	FEE
6/30/16	42,936,931	206,479,900	11,000,000	54,859,992	251,604,553	9,660,581	17,891,473	14,695,808	-	4,440,868
RECEIPT OF PRINCIPLE-closed	4,524,018							4,524,018		
RECEIPT OF INTEREST	1,598,285						1,598,285			293,910
RECEIPT OF PROJECTED LOANS	6,031,015							6,031,015		
RECEIPT OF PROJECTED INTERES	5,377,187						5,377,187			
NEW COMMITMENTS				30,000,000						
INTEREST ON INVESTMENTS	1,271,685					1,271,685				
EXPENSES - SET-ASIDES	(2,171,860)		(2,171,860)							
DISBURSEMENTS	(27,429,996)		(8,828,140)	(27,429,996)	27,429,996			(16,793,682)		
PRINCIPAL & EXP PAID ON BONDS	(1,862,419)						(1,862,419)			
PROCEEDS- BONDS	1,808,173									
STATE APPROPRIATION-Trans in										
FEDERAL FUNDS TRANS IN-loans	8,828,140									
FEDERAL FUNDS TRANS IN-set	2,171,860									
FEDERAL GRANTS AWARDED		11,000,000	11,000,000							
6/30/17	43,083,020	217,479,900	11,000,000	57,429,996	279,034,549	10,932,266	23,004,527	8,457,159	-	4,734,779
RECEIPT OF PRINCIPLE-closed	4,688,837							4,688,837		
RECEIPT OF INTEREST	1,437,604						1,437,604			277,471
RECEIPT OF PROJECTED LOANS	7,122,678							7,122,678		
RECEIPT OF PROJECTED INTERES	6,077,818						6,077,818			
NEW COMMITMENTS				30,000,000						
INTEREST ON INVESTMENTS	1,274,885					1,274,885				
EXPENSES - SET-ASIDES	(2,280,452)		(2,280,452)							
DISBURSEMENTS	(28,714,998)		(8,719,548)	(28,714,998)	28,714,998			(18,209,519)		
PRINCIPAL & EXP PAID ON BONDS	(2,000,000)						(2,000,000)			
PROCEEDS- BONDS	1,785,931									
STATE APPROPRIATION-Trans in										
FEDERAL FUNDS TRANS IN-loans	8,719,548									
FEDERAL FUNDS TRANS IN-set	2,280,452									
FEDERAL GRANTS AWARDED		11,000,000	11,000,000							
6/30/18	43,475,323	228,479,900	11,000,000	58,714,998	307,749,547	12,207,151	28,519,949	2,059,155	-	5,012,250

0.025		GRANTS	AVAILABLE	COMMITMENTS	COMMITMENTS	Interest on	INTEREST	PRINCIPAL	STATE MATCH	ADMIN
0.0345	CASH	AWARDED	GRANT FUNDS	NOT DISBURSED	DISBURSED	Investments	REPAYMENT	REPAYMENT	SET-ASIDES	FEE
6/30/18	43,475,323	228,479,900	11,000,000	58,714,998	307,749,547	12,207,151	28,519,949	2,059,155	-	5,012,250
RECEIPT OF PRINCIPLE-closed	4,857,725							4,857,725		
RECEIPT OF INTEREST	1,271,011						1,271,011			260,552
RECEIPT OF PROJECTED LOANS	8,343,354							8,343,354		
RECEIPT OF PROJECTED INTERES	6,780,670						6,780,670			
NEW COMMITMENTS				25,000,000						
INTEREST ON INVESTMENTS	1,284,166					1,284,166				
EXPENSES - SET-ASIDES	(2,394,475)		(2,394,475)							
DISBURSEMENTS	(29,357,499)		(8,605,525)	(29,357,499)	29,357,499		(5,491,740)	(15,260,234)		
PRINCIPAL & EXP PAID ON BONDS	(1,815,455)						(1,815,455)			
PROCEEDS- BONDS	1,762,577									
STATE APPROPRIATION-Trans in										
FEDERAL FUNDS TRANS IN-loans	8,605,525									
FEDERAL FUNDS TRANS IN-set	2,394,475									
FEDERAL GRANTS AWARDED		-	-							
6/30/19	45,207,397	228,479,900	-	54,357,499	337,107,046	13,491,317	29,264,434	-	-	5,272,802
RECEIPT OF PRINCIPLE-closed	5,030,694							5,030,694		
RECEIPT OF INTEREST	1,098,176						1,098,176			242,962
RECEIPT OF PROJECTED LOANS	9,651,861							9,651,861		
RECEIPT OF PROJECTED INTERES	7,460,544						7,460,544			
NEW COMMITMENTS				27,000,000						
INTEREST ON INVESTMENTS	1,283,407					1,283,407				
EXPENSES - SET-ASIDES	-		-							
DISBURSEMENTS	(27,178,750)		-	(27,178,750)	27,178,750		(12,496,195)	(14,682,555)		
PRINCIPAL & EXP PAID ON BONDS	-						-			
PROCEEDS- BONDS	-									
STATE APPROPRIATION-Trans in										
FEDERAL FUNDS TRANS IN-loans	-									
FEDERAL FUNDS TRANS IN-set	-									
FEDERAL GRANTS AWARDED		-	-							
6/30/20	42,553,329	228,479,900	-	54,178,750	364,285,795	14,774,724	25,326,960	-	-	5,515,763

0.025		GRANTS	AVAILABLE	COMMITMENTS	COMMITMENTS	Interest on	INTEREST	PRINCIPAL	STATE MATCH	ADMIN
0.0345	CASH	AWARDED	GRANT FUNDS	NOT DISBURSED	DISBURSED	Investments	REPAYMENT	REPAYMENT	SET-ASIDES	FEE
6/30/20	42,553,329	228,479,900	-	54,178,750	364,285,795	14,774,724	25,326,960	-	-	5,515,763
RECEIPT OF PRINCIPLE-closed	5,029,233							5,029,233		
RECEIPT OF INTEREST	922,356						922,356			225,041
RECEIPT OF PROJECTED LOANS	11,028,341							11,028,341		
RECEIPT OF PROJECTED INTERES	8,017,762						8,017,762			
NEW COMMITMENTS				30,000,000						
INTEREST ON INVESTMENTS	1,212,623					1,212,623				
EXPENSES - SET-ASIDES	-		-							
DISBURSEMENTS	(27,089,375)		-	(27,089,375)	27,089,375		(11,031,801)	(16,057,574)		
PRINCIPAL & EXP PAID ON BONDS	-						-			
PROCEEDS- BONDS	-									
STATE APPROPRIATION-Trans in										
FEDERAL FUNDS TRANS IN-loans	-									
FEDERAL FUNDS TRANS IN-set	-									
FEDERAL GRANTS AWARDED		-	-							
6/30/21	41,674,269	228,479,900	-	57,089,375	391,375,170	15,987,347	23,235,277	-	-	5,740,805
RECEIPT OF PRINCIPLE-closed	5,111,956							5,111,956		
RECEIPT OF INTEREST	741,220						741,220			207,898
RECEIPT OF PROJECTED LOANS	12,374,882							12,374,882		
RECEIPT OF PROJECTED INTERES	8,525,440						8,525,440			
NEW COMMITMENTS				30,000,000						
INTEREST ON INVESTMENTS	1,188,186					1,188,186				
EXPENSES - SET-ASIDES	-		-							
DISBURSEMENTS	(28,544,687)		-	(28,544,687)	28,544,687		(11,057,849)	(17,486,838)		
PRINCIPAL & EXP PAID ON BONDS	-						-			
PROCEEDS- BONDS	-									
STATE APPROPRIATION-Trans in										
FEDERAL FUNDS TRANS IN-loans	-									
FEDERAL FUNDS TRANS IN-set	-									
FEDERAL GRANTS AWARDED		-	-							
6/30/22	41,071,266	228,479,900	-	58,544,687	419,919,858	17,175,533	21,444,088	-	-	5,948,702

0.025		GRANTS	AVAILABLE	COMMITMENTS	COMMITMENTS	Interest on	INTEREST	PRINCIPAL	STATE MATCH	ADMIN
0.0345	CASH	AWARDED	GRANT FUNDS	NOT DISBURSED	DISBURSED	Investments	REPAYMENT	REPAYMENT	SET-ASIDES	FEE
6/30/22	41,071,266	228,479,900	-	58,544,687	419,919,858	17,175,533	21,444,088	-	-	5,948,702
RECEIPT OF PRINCIPLE-closed	3,885,063							3,885,063		
RECEIPT OF INTEREST	555,761						555,761			191,699
RECEIPT OF PROJECTED LOANS	13,764,694							13,764,694		
RECEIPT OF PROJECTED INTERES	9,035,379						9,035,379			
NEW COMMITMENTS				30,000,000						
INTEREST ON INVESTMENTS	1,137,802					1,137,802				
EXPENSES - SET-ASIDES	-		-							
DISBURSEMENTS	(29,272,344)		-	(29,272,344)	29,272,344		(11,622,587)	(17,649,757)		
PRINCIPAL & EXP PAID ON BONDS	-						-			
PROCEEDS- BONDS	-									
STATE APPROPRIATION-Trans in										
FEDERAL FUNDS TRANS IN-loans	-									
FEDERAL FUNDS TRANS IN-set	-									
FEDERAL GRANTS AWARDED		-	-							
6/30/23	40,177,621	228,479,900	-	59,272,344	449,192,201	18,313,335	19,412,641	-	-	6,140,402
RECEIPT OF PRINCIPLE-closed	2,979,356							2,979,356		
RECEIPT OF INTEREST	430,643						430,643			175,101
RECEIPT OF PROJECTED LOANS	15,254,196							15,254,196		
RECEIPT OF PROJECTED INTERES	9,519,035						9,519,035			
NEW COMMITMENTS				30,000,000						
INTEREST ON INVESTMENTS	1,089,691					1,089,691				
EXPENSES - SET-ASIDES	-		-							
DISBURSEMENTS	(29,636,172)		-	(29,636,172)	29,636,172		(11,402,620)	(18,233,552)		
PRINCIPAL & EXP PAID ON BONDS	-						-			
PROCEEDS- BONDS	-									
STATE APPROPRIATION-Trans in										
FEDERAL FUNDS TRANS IN-loans	-									
FEDERAL FUNDS TRANS IN-set	-									
FEDERAL GRANTS AWARDED		-	-							
6/30/24	39,814,371	228,479,900	-	59,636,172	478,828,373	19,403,026	17,959,700	-	-	6,315,502

0.025		GRANTS	AVAILABLE	COMMITMENTS	COMMITMENTS	Interest on	INTEREST	PRINCIPAL	STATE MATCH	ADMIN
0.0345	CASH	AWARDED	GRANT FUNDS	NOT DISBURSED	DISBURSED	Investments	REPAYMENT	REPAYMENT	SET-ASIDES	FEE
6/30/24	39,814,371	228,479,900	-	59,636,172	478,828,373	19,403,026	17,959,700	-	-	6,315,502
RECEIPT OF PRINCIPLE-closed	3,031,742							3,031,742		
RECEIPT OF INTEREST	326,762						326,762			156,725
RECEIPT OF PROJECTED LOANS	16,820,959							16,820,959		
RECEIPT OF PROJECTED INTERES	9,961,191						9,961,191			
NEW COMMITMENTS				30,000,000						
INTEREST ON INVESTMENTS	1,079,322					1,079,322				
EXPENSES - SET-ASIDES	-		-							
DISBURSEMENTS	(29,818,086)		-	(29,818,086)	29,818,086		(9,965,385)	(19,852,701)		
PRINCIPAL & EXP PAID ON BONDS	-						-			
PROCEEDS- BONDS	-									
STATE APPROPRIATION-Trans in										
FEDERAL FUNDS TRANS IN-loans	-									
FEDERAL FUNDS TRANS IN-set	-									
FEDERAL GRANTS AWARDED		-	-							
6/30/25	41,216,260	228,479,900	-	59,818,086	508,646,459	20,482,347	18,282,267	-	-	6,472,227
RECEIPT OF PRINCIPLE-closed	2,892,220							2,892,220		
RECEIPT OF INTEREST	225,488						225,488			139,775
RECEIPT OF PROJECTED LOANS	18,454,707							18,454,707		
RECEIPT OF PROJECTED INTERES	10,353,258						10,353,258			
NEW COMMITMENTS				30,000,000						
INTEREST ON INVESTMENTS	1,108,349					1,108,349				
EXPENSES - SET-ASIDES	-		-							
DISBURSEMENTS	(29,909,043)		-	(29,909,043)	29,909,043		(8,562,116)	(21,346,927)		
PRINCIPAL & EXP PAID ON BONDS	-						-			
PROCEEDS- BONDS	-									
STATE APPROPRIATION-Trans in										
FEDERAL FUNDS TRANS IN-loans	-									
FEDERAL FUNDS TRANS IN-set	-									
FEDERAL GRANTS AWARDED		-	-							
6/30/26	44,341,240	228,479,900	-	59,909,043	538,555,502	21,590,697	20,298,898	-	-	6,612,002