

# MISSOURI CLEAN WATER

State Revolving Fund Annual Report  
State Fiscal Year 2008



Missouri Department  
of Natural Resources

STATE OF MISSOURI  
**DEPARTMENT OF NATURAL RESOURCES**

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www.dnr.mo.gov

Matt Blunt, Governor • Doyle Childers, Director

Oct. 17, 2008

Mr. John B. Askew, Regional Administrator  
U.S. Environmental Protection Agency, Region VII  
901 North 5<sup>th</sup> Street  
Kansas City, KS 66101

RE: Clean Water State Revolving Fund Fiscal Year 2008 – Annual Report

Dear Mr. Askew:

I am pleased to present the annual report for Missouri's Clean Water State Revolving Fund for the State Fiscal Year 2008. It is prepared according to the Clean Water Act and Environmental Protection Agency guidelines for the program.

If you have any questions about the report, please contact Mr. Joe Boland with the Water Protection Programs' Financial Assistance Center at 573-751-1192 or P.O. Box 176, Jefferson City, MO 65102-0176. Thank you.

Sincerely,

DEPARTMENT OF NATURAL RESOURCES

(Original Signed by Doyle Childers)

Doyle Childers  
Director

EG/jb/ma

Enclosures

c: Mr. Pradip Dalal, Environmental Protection Agency, Region VII  
Ms. Karen Massey, Environmental Improvement and Energy Resources Authority  
Mr. Daniel R. Schuette, Division of Environmental Quality  
Ms. LaVerne Brondel, Division of Administrative Support  
Mr. Joe Boland, Financial Assistance Center

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## Acronym List

CSR	Code of State Regulations
EIERA	Environmental Improvement & Energy Resources Authority
EPA	Environmental Protection Agency
FDIC	Federal Deposit Insurance Corporation
MBE/WBE	Minority and Women's Business Enterprise
FFY	Federal Fiscal Year
FY	Fiscal Year
MASBDA	Missouri Agriculture Small Business Development Authority
LBVSD	Little Blue Valley Sewer District
MOSERS	Missouri State Employees' Retirement System
MSD	Metropolitan St. Louis Sewer District
PWSD	Public Water Sewer District
RSD	Rural Sewer District
SD	Sewer District
SRF	State Revolving Fund
WWTP	Wastewater Treatment Plant

## I. Introduction

The State of Missouri is pleased to submit this Annual Report for Missouri's Clean Water State Revolving Fund, also known as SRF, for the State Fiscal Year 2008. This report addresses operation of the Clean Water SRF program during the time period from July 1, 2007 through June 30, 2008. During that time period, Missouri was awarded the 2007 capitalization grant.

Missouri Department of Natural Resources provides this report detailing the activities undertaken to reach the goals and objectives set forth in the Intended Use Plan developed for state fiscal year 2008. This report documents the status of the program by describing progress made toward long and short term program goals, the sources (e.g., federal grants) and uses of all funds (e.g. loans), financial status of the Clean Water SRF, and compliance with Federal Clean Water State Revolving Fund requirements.

### Missouri Clean Water State Revolving Fund State Fiscal Year 2008 Overview

Total Capitalization Grant Received: \$29,670,498

Number of Leveraged Loan Commitments: 8

Number of Direct Loans: 9

Project Funding of Leveraged Loan Commitments: \$56,335,000

Estimated Savings to Communities: \$17,328,336

Percent of Interest Savings to Communities: 65.34%

## II. Executive Summary

The State of Missouri's Clean Water State Revolving Fund Program received a total of \$709,575,119 in Environmental Protection Agency, known as EPA, Capitalization Grants and Amendments through June 30, 2008. The Clean Water SRF Program fund includes state match bond proceeds of \$68,495,000 which includes \$15,000,000 of general obligation state match bond proceeds. Since the inception of the program in 1989, the State of Missouri has made 268 leveraged loan commitments totaling \$1,395,917,661. In addition, four note loan commitments have been made totaling \$275,545,000. These total \$1,671,462,661 of commitments made since 1989. (Refer to the table below).

Exhibit 1 lists all Clean Water State SRF Capitalization Grant awards from program inception through state fiscal year 2008. Included in the award amounts are transfers from the Construction Grant Program to the SRF program. The amount of each Construction Grant transfer was in addition to the state's Clean Water SRF allotment. Exhibit 2 lists the Schedule of Actual SRF Grant Automated Clearing House System Payments by Quarter for the Clean Water Capitalization Grant awards.

One pooled leveraged loan closing occurred during state fiscal year 2008. Eight communities or entities were included in this loan closing which totaled \$56,335,000 for the construction of wastewater treatment projects. Nine direct loans totaling \$4,203,278 occurred in state fiscal year 2008. Two communities received regular direct loans for \$2,300,000. Seven individual direct loans were made through the animal waste treatment loan programs totaling \$1,903,278. In summary, the loan commitment for state fiscal year 2008 was \$60,538,278. (Refer to the table below)

Below is a summary of Clean Water SRF binding commitments. The cumulative total Clean Water SRF binding commitment on June 30, 2008 is \$1,698,665,431. The Clean Water SRF has never had a recipient default on their loan.

### Binding Commitment Summary

State Fiscal Year 2008 Binding Commitments	
Leveraged Loans	56,335,000
Direct Loans	2,300,000
Ag Loans	1,903,278
Direct Loans Paid w/LL	0
<b>Binding Commitment</b>	<b>\$60,538,278</b>
Cumulative Binding Commitments	
Leveraged Loans	1,671,462,661
Direct Loans	135,775,216
Ag Loans	10,082,390
Direct Loans Paid w/LL	(118,654,836)
<b>Binding Commitment</b>	<b>\$1,698,665,431</b>

The Wastewater Loan Revolving Fund (Fund 0602) was established to receive loan repayments, which are then used to make new loans. As of June 30, 2008, the Wastewater Loan Revolving Fund had a balance of \$207,142,994. The EPA Capitalization Grant Balance was \$30,972,803. Encumbered commitments were \$106,204,754 and Missouri's State Match Bond commitments were \$19,092,742. With these taken into consideration, the Clean Water SRF available cash as of June 30, 2008 was \$112,818,301.

### III. State Fiscal Year 2008 Binding Commitments

The department entered into leveraged loan commitments with the following eight recipients totaling \$56,335,000 during state fiscal year 2008.

**Clean Water SRF Leveraged Loans State Fiscal Year 2008**

Recipient	Loan Amount	Date	Project ID
Boone County RSD	\$2,710,000	11/15/2007	C295375-06
Buffalo	3,800,000	11/15/2007	C295371-02
Columbia	1,800,000	11/15/2007	C295499-02
Dexter	4,500,000	11/15/2007	C295500-01
Nevada	12,000,000	11/15/2007	C295010-01
Owensville	3,525,000	11/15/2007	C295521-01
Trenton	8,000,000	11/15/2007	C295294-02
Washington	20,000,000	11/15/2007	C295526-01
State Fiscal Year 2008 Total	\$56,335,000		

The department entered into nine direct loan commitments during state fiscal year 2008 totaling \$4,203,278. This includes seven individual loans made through the Missouri Agriculture Small Business Development Authority, a pass-through loan program available for the purpose of constructing animal waste treatment facilities. These seven loans totaled \$1,903,278. The total binding commitment amount for leveraged and direct loan agreements was \$60,538,278.

### IV. Cumulative Binding Commitments

Exhibit 3 shows a summary of the cumulative leveraged loan commitments, by bond series, since inception of the program and the Metropolitan St. Louis Sewer District, also known as MSD, loan commitments executed as short-term notes. The cumulative leveraged loan binding commitment is \$1,671,462,661.

Exhibit 4 lists direct loan agreements since inception of the program. The cumulative dollar amount of direct loan agreements into which the department has entered is \$145,857,606. However, several direct loans were refinanced with a leveraged loan to the same recipient for the same project. When this occurs, the direct loan is referred to as

an “interim direct loan” and must be adjusted for when reporting binding commitment totals. Therefore, the cumulative direct loan binding commitment is \$27,202,770.

The cumulative Clean Water SRF binding commitment (leveraged and direct loan commitments) total is \$1,698,665,431. Refer to Exhibit 5 for a complete listing of all binding commitments. Since the inception of the Clean Water SRF program, 427 loans have been made. Of the 427 loans entered into, 272 were leveraged loans, 38 were direct loans and 117 were sub-recipient loan agreements through Missouri Agriculture Small Business Development authority. To date, eleven loan recipients have repaid their leveraged loans. In addition, direct loan recipients have repaid four direct loans; and 17 direct loans were repaid when they closed on a leveraged loan.

The innovative financing provided through the SRF allows communities to save a considerable percentage of the interest cost of conventional loans. To date, Missouri’s Clean Water SRF program has saved communities an estimated \$518,950,354 in interest compared to the higher interest rates of conventional financing. Interest savings of approximately 66.82 percent in state fiscal year 2007 and 65.34 percent in state fiscal year 2008 were a result of utilizing the financing provided by the SRF. Below is a summary of the interest savings to communities by fiscal year since the inception of the Clean Water SRF program.

Fiscal Year	Interest Savings	Cumulative Interest Savings
1991	\$17,726,484	\$17,726,484
1992	27,697,479	45,423,963
1994	11,056,536	56,480,499
1995	67,597,980	124,078,479
1996	27,884,436	151,962,915
1997	28,345,150	180,308,065
1998	11,314,226	191,622,291
1999	20,946,956	212,569,247
2000	24,341,039	236,910,286
2001	16,218,098	253,128,384
2002	37,805,997	290,934,381
2003	70,031,378	360,965,759
2004	58,995,761	419,961,520
2005	15,362,801	435,324,321
2006	46,464,587	481,788,908
2007	19,833,110	501,622,018
2008	17,328,336	518,950,354

## V. Goals of the Clean Water State Revolving Fund

Each year the department evaluates the operations and the financial structures of the SRF program to gauge program effectiveness. Long term objectives were established with the goal of improving the Clean Water SRF’s operation and service to its clients. Short term

objectives were established with the goal of improving the Clean Water SRF's immediate operations and the availability of services to its clients.

### **Long Term Goals**

In order to meet the long term goal of improving the Clean Water SRF's operations and service to its clients, the following objectives were developed : 1) To annually conduct a financial analysis of the availability and use of Clean Water SRF monies by evaluating the effects of differing program structures to provide financial assistance for perpetuity; 2) To coordinate efforts within and outside the agency to expedite the funding of projects; and 3) To develop a departmental policy on the use of SRF administration funds in accordance with EPA guidance and coordinate efforts within SRF program management staff to target water quality issues.

### **Short Term Goals**

In order to meet the short term goal of improving the immediate operations and the availability of services to its clients, the following objectives were developed: 1) To implement project prioritization criteria to include a nonpoint source project ranking; 2) To revise the State Revolving fund General Assistance Regulation (10 CSR 20-4.040) with emphasis on EPA's program guidance and general program efficiency; and 3) To provide a combined Clean Water SRF and Drinking Water SRF annual report for public distribution, separate from the complex, regulatory format required for EPA.

## **VI. Progress Toward Achieving Goals**

This section of the annual report discusses the progress that has been made in meeting those long and short term goals for the period from July 1, 2007 to June 30, 2008.

### **Progress Toward Meeting the Long Term Goal**

The following objectives were developed for the Long Term (3-5 years) goal of improving the Clean Water SRF's operations and service to its clients.

Objective 1: Conduct year-by-year financial analysis of the availability and use of Clean Water SRF monies. Evaluate the effects of differing program structures on the availability of the Clean Water SRF to provide financial assistance now and in the future.

*The department continues to monitor the availability of funds in conjunction with the demand for those funds. In addition, the department monitors current market trends and conducts financial analyses. As a result of the market downturn during state fiscal year 2008, the department is developing a new structure for the state fiscal year 2009 Clean Water SRF program participants.*

Objective 2: Promote coordination of efforts both within and outside the agency for the purpose of expediting the funding of coordinated projects. In conjunction with the

revision of the State Revolving Fund General Assistance Regulation (10 CSR 20-4.040), staff will solicit stakeholder input on ways to expedite project funding.

*Clean Water SRF program staff continue to meet with other department staff, as well as other state and federal agencies, in an effort to expedite project development and funding. Staff completed stakeholder meetings as part of revising the State Revolving Fund General Assistance Regulation (10 CSR 20-4.040). The final regulation will be available for public comment during state fiscal year 2009.*

*During state fiscal year 2008, the department received funding for the state grant and loan programs. These funds were made available to a number of small communities that enabled them to complete a funding package for planned wastewater system improvements. It is anticipated that those communities needing the addition of grant funding for their projects, that did not receive a Clean Water SRF loan during the state fiscal year 2008 will do so during state fiscal year 2009 and beyond.*

*Clean Water SRF program staff were afforded the opportunity to work with Northbridge Environmental Management Consultants, during state fiscal year 2008, to evaluate various marketing strategies. As part of this evaluation, a number of past Clean Water SRF loan recipients were contacted to solicit their overall impression of the program. In addition, a number of communities that had not taken advantage of the Clean Water SRF program were also contacted in order to determine why they had not taken advantage of the Clean Water SRF. Northbridge Environmental Management consultants prepared a report of their findings and suggestions for enhancing our marketing efforts. Clean Water SRF program staff began implementing some of these suggestions during state fiscal year 2008.*

*In addition to the marketing effort, the Clean Water SRF program received an additional staff member during state fiscal year 2008. This staff member has been designated as the program's community outreach specialist.*

Objective 3: In consultation with the Environmental Protection Agency, develop a departmental policy on the use of SRF administration funds in accordance with Environmental Protection Agency guidance dated October 20, 2005. SRF program staff will coordinate efforts with program management staff in order to target funding of high priority water quality issues on an annual basis.

*The Clean Water SRF Operating Agreement with the Environmental Protection Agency has been amended. The department monitors the SRF administration funds and utilizes them in accordance with agency guidance. Proposed and actual fund utilization is provided annually in the Intended Use Plan.*

### **Progress Toward Meeting the Short Term Goal**

The following objectives were developed for the Short Term (1-3 years) goal of improving the Clean Water SRF's immediate operations and service to its clients.

Objective 1: Implement project prioritization criteria to include a nonpoint source project ranking criteria. The accomplishment of this objective will be measured based on public input and adoption of new priority point criteria.

*The department completed the development of a new priority point system during state fiscal year 2008. The new priority point system became effective on August 31, 2008.*

Objective 2: Revise the State Revolving Fund General Assistance Regulation (10 CSR 20-4.040). Emphasis will be placed on updates to address recent Environmental Protection Agency SRF program guidance and general program efficiency. The accomplishment of this objective will be measured based on public input and adoption of updated program regulations.

*Staff completed stakeholder meetings as part of revising the State Revolving Fund General Assistance Regulation (10 CSR 20-4.040). It is anticipated that a draft regulation will be completed and public comment solicited during state fiscal year 2009.*

Objective 3: Develop a combined Clean Water and Drinking Water SRF annual report for public distribution separate from the complex, regulatory format required for EPA.

*This objective has been carried forward to state fiscal year 2009. Currently the public can access both the Clean Water SRF and Drinking Water SRF annual reports on the department's Web site. The state fiscal year 2008 Clean Water SRF annual report will be posted on the Web site once it has been forwarded to EPA. The Intended Use Plans are also posted on the Web site for internal and external stakeholders use.*

*During state fiscal year 2008, a focus group was formed to determine how user friendly the SRF Web site was for external stakeholders. During state fiscal year 2009, the focus group's comments will be guiding the redevelopment of the SRF Web site design to improve access to information such as SRF applications, Intended Use Plans, annual reports, fill-in forms, etc.*

## **VII. Details of Activities**

### **Fund Financial Status**

#### **1. State Fiscal Year 2008 Binding Commitments**

Refer to Section III of this report for information regarding state fiscal year 2008 Binding Commitments. Information regarding cumulative binding commitments can be found in Section IV of this report.

Exhibit 5 is a complete binding commitment list and shows the state's obligation to make binding commitments in an amount equal to 120 percent of each quarterly grant payment. The table below lists the 13 projects that began construction during state fiscal year 2008.

## State Fiscal Year 2008 Project Construction Start Dates

Name	ID	Date	Amount
Warrensburg	C295510-02	7/23/2007	14,150,000
Linn	C295478-01	10/15/2007	2,000,000
MSD	C295023-26	1/21/2008	14,205,000
Washington	C295526-01	2/18/2008	20,000,000
Indian Point	C295267-01	3/05/2008	795,000
Nevada	C295010-01	3/17/2008	12,000,000
Ozark	C295505-02	3/17/2008	15,125,000
Trenton	C295294-02	3/17/2008	8,000,000
Columbia	C295499-02	4/9/2008	1,800,000
Ashland	C295385-01	5/1/2008	1,000,000
Kirksville	C295250-08	5/27/2008	1,500,000
Boone County	C295375-06	6/1/2008	2,710,000
Buffalo	C295371-02	6/10/2008	3,800,000

### 2. Source of Funds

Since inception of the program through state fiscal year 2008, Missouri has been awarded a total of \$709,575,119 in federal Clean Water SRF capitalization grants. Included are transfers from the EPA Construction Grants Program in the amount of \$8,938,132. Refer to Exhibit 1 for a list of the federal grant awards and transfers.

Prior to state fiscal year 2005, Missouri secured the necessary 20 percent match requirement through the sale of Water Pollution Control Bonds authorized under Article III, section 37(e) of the Missouri Constitution. Due to state budget constraints, the state created a new SRF fund (0300) for the purpose of directly and immediately depositing state match proceeds from Water Pollution Control Bonds. This allowed the state to use interest earned from the Water and Wastewater Loan Revolving Fund to pay debt service on those bonds, creating a net saving for the State. The amount transferred out of the Water and Wastewater Loan Revolving Fund in state fiscal year 2008 for the state match bond debt service was \$957,972.

During state fiscal year 2005, Missouri changed the way that state match was generated. Missouri now is using an alternative state match. Missouri currently provides state match from the proceeds of the sale of the Environmental Improvement and Energy Resources Authority or EI ERA bonds. EI ERA bond sales generate 100 percent of the project costs and state match funds. Bonds are clearly identified as either project bonds or state match bonds. The amount identified as state match for state fiscal year 2008 is \$8,025,000.

In addition to the EPA Capitalization grant and the state match, Missouri uses its repayment account (0602) to finance projects. Debt service repayments received in state fiscal year 2008 totaled \$34,843,088 from reserve loans, \$587,046 from

direct loans and \$791,098 from Missouri Agriculture Small Business Development Authority loans.

### 3. Disbursements

Each individual loan has its own construction loan fund account. Disbursements from these accounts for leveraged loan and direct loan program participants totaled \$83,969,624.

Disbursements from the Wastewater Loan Fund (fund 0649) for reserve loans to the leveraged loan participants totaled \$42,341,072, all of which came from the federal capitalization grants. Disbursements from the Water and Wastewater Loan Revolving Fund (fund 0602) totaled \$4,203,278 for direct loans and \$16,596,132 for reserve loans.

### 4. Revenue and Expenses

Fund revenues consisting of interest earnings on loans, investment interest, EPA grant draws, and administration fees totaled \$109,791,307.

Fund expenses, including administrative expenditures and bond interest expense, totaled \$61,122,546.

The program reports an increase in net assets of \$48,668,761. This amount includes EPA grant revenue of \$42,341,072. The increase in net assets related to other program activity was \$6,327,689. The unaudited Statement of Revenues, Expenses, and Changes in Fund Net Assets is reported in Exhibit 7.

### 5. Financial Statements

The financial statements account for all Clean Water SRF funds. The state fiscal year 2008 SRF accounts are the Wastewater Loan Fund (fund 0649), the Water and Wastewater Loan Revolving Fund (fund 0602), the Administrative Fee Fund (fund 0568), and the construction, reserve and rebate accounts held at various trustee banks. The statements include notes essential to the presentation.

Exhibits 6, 7, 8 and 9 present the unaudited financial statements for the State of Missouri Clean Water SRF. The statements present financial activity for state fiscal year 2008. Corresponding footnotes immediately follow in Exhibit 10.

## **Operating Agreement Conditions**

All current conditions and assurances agreed to in the EPA/Department of Natural Resources Operating Agreement are as stipulated in the previous year's annual report.

## Compliance with Grant Conditions

The department continues to comply with all grant conditions. The following sections address specific compliance issues.

- **Lobbying.** Lobbying by grant recipients is restricted by Section 607(A) of P.L. 96-74 and the Anti-Lobbying Act, Section 319 of P.L. 101-121. The department has not engaged in illegal lobbying and has not used grant funds to support lobbying.
- **Debarment.** The department has agreed to comply with EPA's policy on debarment and suspension under assistance, loan and benefit programs. The department has not solicited subagreements from debarred or suspended parties and has included notice of this policy in solicitations as required.
- **Disadvantaged business enterprises.** The department has agreed to comply with EPA's Program for Utilization of Small, Minority, and Women's Business Enterprises. It has agreed to negotiate fair share goals. The department and all loan recipients have included in their bid documents the fair share goals, followed the six affirmative steps stated in 40 CFR 35.3145(d) and submitted reports on disadvantaged business enterprise use as required. Minority or Women's Business Enterprises, or MBE/WBE, reports were submitted to EPA for the quarters covering the state fiscal year 2008. The table below illustrates our status towards meeting the goals set for MBE/WBE.

### MBE/WBE Activity

Assistance Activity State Fiscal Year 2008		
	<b>MBE</b>	<b>WBE</b>
Construction	17,549,965	5,822,859
Equipment	0	959,529
Services	216,504	584,040
Supplies	0	530,475
<b>Total</b>	<b>17,766,469</b>	<b>7,896,903</b>
Percent	20.9%	9.3%
Goal	10.0%	5.0%

- **Reporting.** The department has agreed to submit an annual report on the state of the Clean Water SRF and environmental benefit reports. This report fulfills the requirement of the annual report. The department has submitted an environmental benefits report for each loan recipient. These reports are submitted to EPA through the Clean Water SRF Environmental Benefits reporting system.
- **Use of recycled paper.** The department has agreed to submit required reports to EPA on recycled paper. This report is printed on recycled paper.
- **Indirect costs.** The department has agreed to charge indirect costs in the year that they are expended and in accordance with the negotiated indirect cost agreement. The

department has complied with the agreement and charged indirect costs in the years they were expended.

## **VIII. EPA Recommendations on Performance Evaluation Report /Annual Program Review**

Staff from EPA Region VII conducted an on-site program evaluation of the state fiscal year 2007 SRF programs on January 22 through 24, 2008. The program evaluation report included the following highlights:

- Compliments to MO for meeting with the State Treasurer's Office. By "educating" them on the SRF's projected cash flow needs, Treasury is able to optimize investments. Therefore, MO's SRFs are getting a better rate of return. With MO SRFs having over \$200 million in cash, this communication will lead to huge financial long-term benefits. They will continue to meet once every 6 months.
- EPA commends all levels of management for their active involvement in the SRF programs. Through discussions with Missouri Department of Natural Resource staff and management, it is very apparent that proper management and internal control processes are being followed on a day to day basis.
- As a result of the many accomplishments, Missouri Department of Natural Resource's Clean Water SRF program was selected by Region 7 for the regional Performance and Innovation in the SRF Creating Environmental Success (PISCES) award. This award recognized the recipient as one of the 10 most innovative and effective State programs in the Clean Water SRF.

Recommendations and observations of the Missouri state fiscal year 2007 review are listed below:

1. EPA acknowledges Missouri Department of Natural Resource's efforts in increasing the loan pace and encourages Missouri Department of Natural Resource to continue their efforts to better market the program.
2. EPA continues to be impressed with Missouri Department of Natural Resource's management knowledge and involvement of the SRF Programs. This type of management was part of the justification for MO receiving the national PISCES award, presented at CIFA in November.
3. Compliments to Missouri for their efforts to meet and educate the State Treasurer's Office on the SRF's cash flow projections. The SRFs have already experienced improved interest rates. The financial long-term benefits will be great.
4. The one 2006 Single audit Report finding on subrecipient monitoring has been resolved and Missouri Department of Natural Resource has changed journal entry review procedures as suggested in the independent auditor's management letter.

## **IX. Program Changes**

### **Staff Hires**

During state fiscal year 2008, the Accounting Unit hired two staff. An Accounting Specialist I was hired in September 2007 and an Accountant I was hired in February 2008 to replace an Accountant I who left in October 2007. The Accounting Unit also hired a summer intern from Lincoln University who was working on a business degree. Currently, the Accounting Unit is fully staffed.

### **Independent Audit**

Berberich Trahan and Co., P.A. performed an independent audit of the Clean Water SRF program for state fiscal year 2007. Audit fieldwork on the independent audit for state fiscal year 2007 was scheduled for the week of September 17 through 22, 2007. An unqualified opinion was issued from Berberich Trahan and Co., P.A. on the state fiscal year 2007 audit.

The state fiscal year 2008 independent audit will be performed by Berberich Trahan and Co., P.A. through a renewal of their contract with EPA. Due to changes in performing audits, Berberich Trahan and Co., P.A. performed one week of preliminary field work in May 2008. They will complete their field work in October 2008.

## **X. Proposed Improvements**

### **Clean Water State Revolving Fund New Nonpoint Source Initiatives**

The Clean Water SRF Intended Use Plan for state fiscal year 2008 allocated \$1 million for new nonpoint source initiatives. Financial Assistance Center staff continued soliciting ideas on how best to serve the nonpoint source community via the Clean Water SRF program. During state fiscal year 2008, Financial Assistance Center staff developed a draft on-site loan program to provide low interest loans for the repair or replacement of failing septic systems. A pilot program is anticipated in state fiscal year 2009.

### **Integrated Priority Setting System**

Each year in the Clean Water SRF Intended Use Plan, funds are set aside for nonpoint source projects and new nonpoint source initiatives. Financial Assistance Center staff and stakeholders continued work on developing an integrated priority point system in state fiscal year 2007. A draft regulation was presented to stakeholders for review and comment toward the end of state fiscal year 2007. The department completed the development of a new priority point system during state fiscal year 2008. The new priority point system became effective on August 31, 2008.

## **State Revolving Fund General Assistance Regulation**

Financial Assistance Center staff began working with stakeholders to revise the current State Revolving Fund General Assistance Regulation (10 CSR 20-4.040) which was last updated in 1996. Since that time the SRF program has continued to evolve with an increased emphasis on updates to address recent Environmental Protection Agency SRF program guidance and general program efficiency. Our goal is to revise the current regulation to streamline the Clean Water SRF loan process thus affording applicants the ability to receive loan funding in a more timely manner. Staff completed stakeholder meetings as part of revising the State Revolving Fund General Assistance Regulation. It is anticipated that a draft regulation will be completed and public comment solicited during state fiscal year 2009.

## **XI. Programs Outside the State Revolving Fund**

### **Forty Percent Construction Grant Program**

During the state fiscal year 2007 legislative session, a bill was passed that enables the state to sell up to \$50 million in bonds to be used for grants and loans to small communities for water and wastewater projects. The bonds were sold in November of 2007, with approximately \$18 million being allocated to the Forty Percent Construction grant program. A statewide mailing was sent out to communities notifying them that these grants were available. This mailing provided guidelines on eligibility and provided instructions on how to apply for these grants. During state fiscal year 2008, the department received 33 applications for Forty Percent Construction grants totaling approximately \$29 million. During state fiscal year 2008 approximately \$1.7 million of grants were awarded. Approximately \$16.2 million of grants are planned on being awarded in state fiscal year 2009 and state fiscal year 2010.

During state fiscal year 2008, the department did award three new Forty Percent Construction grants to Indian Point, Village of Oak Ridge and Washington County PWSD #4 using the remaining balance of previously issued bond proceeds. This program is available to applicants that do not qualify for funding under the leveraged loan program. The program funds 40 percent of the eligible project costs and is generally geared to the more economically disadvantaged and smaller communities.

### **Rural Sewer Grants**

During the state fiscal year 2007 legislative session, a bill was passed that enables the state to sell up to \$50 million in bonds to be used for grants and loans to small communities for water and wastewater projects. Approximately \$13.2 million of the \$50 million bond sale was allocated to Rural Sewer Grant program. A statewide mailing was sent out to communities notifying them that these grants were available. This mailing provided guidelines on eligibility and provided instructions on how to apply for these grants. During state fiscal year 2008, the department received 82 applications for Rural Sewer Grants totaling approximately \$22 million. In state fiscal year 2008 approximately

\$3.1 million was awarded for Rural Sewer Grants. The remaining \$10.1 million will be awarded during state fiscal year 2009 and state fiscal year 2010.

During state fiscal year 2008, the department awarded nine rural sewer grants to Bonne Terre, Buffalo, Camden County–Camelot Sewer District, Camden County–Normac Sewer District, Osage Beach, Stockton, Trenton, Washington Co PWSD #4 and Wright City totaling approximately \$3.1 million. These grants can be used for two types of wastewater construction projects. One type of wastewater construction project is to fund unsewered projects and collection systems. The other type is to fund the additional costs of meeting more stringent EPA or department requirements for wastewater treatment.

### **State Direct Loans**

During the state fiscal year 2007 legislative session, a bill was passed that enables the state to sell up to \$50 million in bonds to be used for grants and loans to small communities for water and wastewater projects. Approximately \$4 million of the \$50 million bond sale was allocated to the State Direct Loan Program. A statewide mailing was sent to communities notifying them that loans were available. This mailing provided guidelines on eligibility and provided instructions on how to apply for these loans. During state fiscal year 2008, the department received nine applications for Direct Loans totaling approximately \$6 million. Of that amount, approximately \$1.7 million are planned on being awarded. During state fiscal year 2008, the department awarded three direct loans totaling \$266,949 to Cooper PWSD #3, Southwest City and Wyaconda. The remaining direct loans will be awarded during state fiscal year 2009 and state fiscal year 2010.

Eligible applicants are small communities that are currently experiencing financial difficulties or that have a small financial need. These applicants would not qualify for assistance through the Clean Water or Drinking Water SRF loan funds. Direct loans available to communities consist of small borrower loans, direct loans and planning loans. Small borrower loans are limited to a loan of \$100,000 and are for drinking water and wastewater projects for communities of less than 1,000 population. Direct loans are limited to applicants currently experiencing financial difficulties. Planning loans are for applicants with wastewater projects that are currently being developed.

### **Storm Water Grants and Loans**

During state fiscal year 2008, the department did award one storm water loan to Kansas City totaling \$517,300. This loan was awarded from previously issued bond proceeds made available through the sale of State Storm Water bonds in accordance with Article III, Section 37(h) of the Missouri Constitution.

In order to sell additional bonds for the Storm Water Grants and Loans program, amendments to the Missouri Constitution were needed to bring the necessary changes to improve the program. The state fiscal year 2008 legislative session passed Senate Joint Resolution 45 which places the necessary constitutional amendment on the November

2008 ballot. Passage of the amendment is necessary before any additional storm water bonds can be sold.

## **XII. Management's Discussion and Analysis**

The following is the discussion and analysis of the Missouri Department of Natural Resources Clean Water State Revolving Fund's financial activities for the fiscal year ended June 30, 2008. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the annual report.

### **FINANCIAL HIGHLIGHTS**

The assets of the program exceeded liabilities at the close of the most recent fiscal year by \$867,782,943 (net assets). Net assets consist of federal capitalization grant contributions of \$678,502,316, state match contributions of \$99,439,942, a transfer of \$10,475,000 to the Drinking Water State Revolving Fund Program, and net income of \$100,315,685 since the inception of the program. All net assets of the program are restricted. The program's enabling legislation and related regulations require that all money in the fund may be used only for purposes of the program.

Total assets increased from \$2,114,656,010 on June 30, 2007 to \$2,144,278,899 on June 30, 2008. This is an increase of \$29,622,889. The assets of the enterprise funds increased by \$52,866,348 while the assets of the agency fund decreased by \$23,243,459. Explanations for these changes are detailed in the Financial Analysis section.

Total liabilities decreased by \$19,045,872. The major changes were an increase in bonds payable of \$3,756,733, an increase in rebate payable of \$2,606,027, and a decrease in agency fund project costs payable of \$25,217,909. The increase in bonds payable is from \$56,335,000 of new bonds issued (Series 2007B) and \$52,578,267 of repayments on old bonds. Because of concerns with re-investment providers as well as the recent instability of the financial markets, there was only one bond series issued during the fiscal year. This resulted in the large decrease in agency fund project costs payable because the deposit of new bond proceeds to construction loan accounts was less than amount of the disbursements to participants.

The program's total net assets increased by \$48,668,761 during the state fiscal year 2008. Of this amount, \$42,341,072 is capital contributions from EPA and \$6,327,689 is the current year's income.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis are intended to serve as an introduction to the Missouri Department of Natural Resources Clean Water State Revolving Fund basic financial statements. The program's basic financial statements are comprised of two components: 1) proprietary and fiduciary fund financial statements, and 2) notes to the financial statements.

The proprietary and fiduciary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, a Statement of Cash Flows, and a Statement of Fiduciary Net Assets.

The Statement of Net Assets presents the assets, liabilities, and net assets of the program. Assets consist of cash, administrative fees receivable, interest receivable from loans and investments, and loans receivable. Liabilities include accounts payable, bonds payable, and bond interest payable. Net assets are the federal capitalization grant contributions, the state match contributions, and the excess earnings of the program's operations since inception.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets present information showing how the program's net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The Statement of Cash Flows is provided to identify the sources and the uses of cash during the fiscal year and to demonstrate that the program has sufficient cash to meet its obligations.

The Statement of Fiduciary Net Assets provides information about the program's agency fund. The agency fund consists of the assets and liabilities related to the bond/loan proceeds that are held at trustee banks.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the fund financial statements.

## FINANCIAL ANALYSIS

### Loan Fund:

The following section displays the current and prior year financial statements of the loan fund and describes some of the major reasons for the changes.

	<u>Loan Fund Net Assets</u>		%
	<u>2008</u>	<u>2007</u>	<u>Change</u>
Current assets	\$ 338,681,950	\$ 310,042,141	9%
Non-current assets	<u>1,617,156,198</u>	<u>1,595,273,272</u>	<u>1%</u>
Total assets	1,955,838,148	1,905,315,413	3%
Current liabilities	88,833,512	82,778,250	7%
Non-current liabilities	<u>1,019,397,869</u>	<u>1,021,244,639</u>	<u>0%</u>
Total liabilities	<u>1,108,231,381</u>	<u>1,104,022,889</u>	<u>0%</u>
Net assets	<u>\$ 847,606,767</u>	<u>\$ 801,292,524</u>	<u>6%</u>

The assets, liabilities, and fund equity continue to increase over the years as the program matures. The program's continuing efforts to improve water quality resulted in an increase in total loan fund assets of \$50,522,735 during the state fiscal year. The majority of the increase is due to EPA grant revenue of \$42,341,072 for funding reserve loans and the issuance of new leveraged loans exceeding leveraged loan repayments by \$3,756,733.

Changes in Loan Fund Net Assets

	2008	2007	%
			Change
Operating revenues	\$ 61,913,017	\$ 60,277,850	3%
Operating expenses	12,500	10,454	20%
Operating income	61,900,517	60,267,396	3%
Non-operating revenues (expenses)	(15,586,274)	(8,038,719)	94%
Increase in net assets	46,314,243	52,228,677	(11%)
Net assets, beginning of year	801,292,524	749,063,847	7%
Net assets, end of year	<u>\$ 847,606,767</u>	<u>\$ 801,292,524</u>	<u>6%</u>

Loan fund net assets increased by \$46,314,243 during the fiscal year. The primary factor resulting in an increase in loan fund net assets is EPA federal capitalization grant draws. The amount of grant draws during the state fiscal year 2008 totaled \$42,341,072.

There was a 94 percent increase in non-operating revenues (expenses) from last year. There was a slight decrease in federal grant revenue and increase in bond interest expense. The difference from last year was the use of fund 0602 interest earnings to pay debt service on state general obligation bonds that were issued prior to 2002 to provide state match for the SRF program. Approval to use interest earnings to pay debt service on these bonds was given by EPA during state fiscal year 2007 and the first payments were made in state fiscal year 2008. The total amount paid during the year was \$5,000,576.

Loan Fund Cash Flows

	2008	2007	%
			Change
Cash flows from operating activities	\$ 31,044,786	\$ (13,014,000)	(339%)
Cash flows from noncapital financing activities	(11,374,643)	11,137,650	(202%)
Increase (Decrease) in cash and cash equivalents	19,670,143	(1,876,350)	(1148%)
Cash and cash equivalents, beginning of year	189,326,661	191,203,011	(1%)
Cash and cash equivalents, end of year	<u>\$ 208,996,804</u>	<u>\$ 189,326,661</u>	<u>10%</u>

The issuance of fewer leveraged loans during the last two fiscal years resulted in fewer reserve loan disbursements in state fiscal year 2008. Because of this, the amount paid out of fund 0602 to fund reserve loans was \$25,638,535 less in state fiscal year 2008 than in state fiscal year 2007. This was the main reason for going from a \$1,876,350 decrease in cash in state fiscal year 2007 to a \$19,670,143 increase in cash in state fiscal year 2008.

### Administrative Fee Fund:

The following section displays the current and prior year financial statements of the administrative fee fund and describes some of the major reasons for the changes.

#### Administrative Fee Fund Net Assets

	2008	2007	% Change
Current assets	\$ 20,258,461	\$ 17,917,916	13%
Fixed assets	26,210	23,142	13%
Total assets	20,284,671	17,941,058	13%
Current liabilities	108,495	119,400	(9%)
Non-current liabilities	0	0	0%
Total liabilities	108,495	119,400	(9%)
Net assets	<u>\$ 20,176,176</u>	<u>\$ 17,821,658</u>	<u>13%</u>

The net assets of the administrative fee fund increased by \$2,354,518 during the state fiscal year. An increase in cash of \$2,154,780 made up the majority of this increase. The increase in cash was the result of administrative fees received exceeding administrative expenses paid.

#### Changes in Administrative Fee Fund Net Assets

	2008	2007	% Change
Operating revenues	\$ 5,537,218	\$ 5,279,701	5%
Operating expenses	3,182,700	2,896,587	10%
Operating income	2,354,518	2,383,114	(1%)
Non-operating revenues (expenses)	0	0	0%
Increase in net assets	2,354,518	2,383,114	(1%)
Net assets, beginning of year	17,821,658	15,438,544	15%
Net assets, end of year	<u>\$ 20,176,176</u>	<u>\$ 17,821,658</u>	<u>13%</u>

As the amount of loans increase each year, administrative fee revenues increase, which results in increased operating revenues. Operating expenses increased in 2008 with the largest increase in operating expenses being for water quality monitoring efforts.

Administrative Fee Fund Cash Flows

	2008	2007	%
	<u>2008</u>	<u>2007</u>	<u>Change</u>
Cash flows from operating activities	\$ 2,154,780	\$ 2,089,874	3%
Cash flows from noncapital financing activities	0	0	0%
Increase in cash and cash equivalents	2,154,780	2,089,874	3%
Cash and cash equivalents, beginning of year	14,508,159	12,418,285	17%
Cash and cash equivalents, end of year	<u>\$ 16,662,939</u>	<u>\$ 14,508,159</u>	<u>15%</u>

The \$64,906 increase in the administrative fee fund cash flows from operating activities is due to the combination of increased administrative fee receipts of \$261,288, increased investment income of \$139,677, and increased administrative expenses paid of \$336,059.

**Agency Fund:**

The following section displays the current and prior year assets and liabilities of the agency fund.

Agency Fund Net Assets

	2008	2007	%
	<u>2008</u>	<u>2007</u>	<u>Change</u>
Assets	\$ 168,156,080	\$ 191,399,539	(12%)
Liabilities	168,156,080	191,399,539	(12%)
Net assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>0%</u>

There was a 12 percent decrease in agency fund assets and liabilities. There were large amounts of new loans in 2006 compared to 2007 & 2008. This has resulted in a decrease in the construction loan fund balance (and the related project costs payable balance) each of the last two years because the deposit of new loan proceeds has not been enough to offset the amount of construction loan fund disbursements.

Exhibit 1

Clean Water SRF Capitalization Grant Awards

FFY	Grant ID	Transfers	Allotment (less 604b)	Award Amount	Cumulative
1989	00290001-89		\$ 26,147,682	\$ 26,147,682	\$ 26,147,682
1990	00290001-90		\$ 27,046,602	\$ 27,046,602	\$ 53,194,284
1991	00290001-91	\$ 400,000	\$ 56,892,500	\$ 57,292,500	\$ 110,486,784
1992	00290001-92		\$ 53,863,400	\$ 53,863,400	\$ 164,350,184
1993	00290001-93		\$ 53,282,889	\$ 53,282,889	\$ 217,633,073
1994	00290001-94		\$ 33,061,347	\$ 33,061,347	\$ 250,694,420
1995	00290001-95		\$ 34,135,876	\$ 34,135,876	\$ 284,830,296
1996	00290001-96	\$ 280,872	\$ 55,930,941	\$ 56,211,813	\$ 341,042,109
1997	00290001-97		\$ 17,277,282	\$ 17,277,282	\$ 358,319,391
1998	00290001-98		\$ 37,329,237	\$ 37,329,237	\$ 395,648,628
1999	00290001-99		\$ 37,332,405	\$ 37,332,405	\$ 432,981,033
2000	00290001-00	\$ 5,000,000	\$ 37,205,784	\$ 42,205,784	\$ 475,186,817
2001	00290001-06	\$ 2,175,236	\$ 36,875,124	\$ 39,050,360	\$ 514,237,177
2002	00290001-07		\$ 36,957,195	\$ 36,957,195	\$ 551,194,372
2003	00290001-08	\$ 82,024	\$ 36,717,021	\$ 36,799,045	\$ 587,993,417
2004	00290001-09	\$ 100,000	\$ 36,739,197	\$ 37,739,197	\$ 625,732,614
2005	00290001-10		\$ 29,872,359	\$ 29,872,359	\$ 655,604,973
2006	00290001-11		\$ 24,299,648	\$ 24,199,648	\$ 679,804,621
2007	00290001-12		\$ 29,670,498	\$ 29,670,498	\$ 709,475,119

## Schedule of Actual SRF Grant ACH Payments by Quarter

State Fiscal Year End 2008

Project Name	Award Date	Amount Approved	1989-2007 Payments	2008 Q1	2008 Q2	2008 Q3	2008 Q4
1989 FFY CW STATE REVOLVING FUND	8/28/1989	26,147,682.00	26,147,682.00	0.00	0.00	0.00	0.00
1990 FFY CW STATE REVOLVING FUND	5/5/1990	27,046,602.00	27,046,602.00	0.00	0.00	0.00	0.00
1991 FFY CW STATE REVOLVING FUND	6/3/1991	57,292,500.00	57,292,500.00	0.00	0.00	0.00	0.00
1992 FFY CW STATE REVOLVING FUND	7/14/1992	53,863,400.00	53,863,400.00	0.00	0.00	0.00	0.00
1993 FFY CW STATE REVOLVING FUND	10/4/1993	53,282,889.00	53,282,889.00	0.00	0.00	0.00	0.00
1994 FFY CW STATE REVOLVING FUND	9/8/1994	33,061,347.00	33,061,347.00	0.00	0.00	0.00	0.00
1995 FFY CW STATE REVOLVING FUND	4/25/1995	34,135,875.54	34,135,875.54	0.00	0.00	0.00	0.00
1996 FFY CW STATE REVOLVING FUND	4/4/1996	56,211,813.00	56,211,813.00	0.00	0.00	0.00	0.00
1997 FFY CW STATE REVOLVING FUND	9/30/1997	17,277,282.00	17,277,282.00	0.00	0.00	0.00	0.00
1998 FFY CW STATE REVOLVING FUND	9/30/1998	37,329,237.00	37,329,237.00	0.00	0.00	0.00	0.00
1999 FFY CW STATE REVOLVING FUND	12/10/1999	37,332,405.00	37,332,405.00	0.00	0.00	0.00	0.00
2000 FFY CW STATE REVOLVING FUND	9/27/2001	42,205,784.00	42,205,784.00	0.00	0.00	0.00	0.00
2001 FFY CW STATE REVOLVING FUND	9/25/2002	39,050,360.00	39,050,360.00	0.00	0.00	0.00	0.00
2002 FFY CW STATE REVOLVING FUND	9/30/2003	36,957,195.00	36,957,195.00	0.00	0.00	0.00	0.00
2003 FFY CW STATE REVOLVING FUND	9/8/2004	36,799,045.00	36,799,045.00	0.00	0.00	0.00	0.00
2004 FFY CW STATE REVOLVING FUND	6/28/2005	37,739,197.00	37,739,197.00	0.00	0.00	0.00	0.00
2005 FFY CW STATE REVOLVING FUND	11/29/2005	29,872,359.00	29,872,359.00	0.00	0.00	0.00	0.00
2006 FFY CW STATE REVOLVING FUND	5/15/2007	24,199,648.00	7,000,000.00	7,000,000.00	7,000,000.00	3,199,648.00	0.00
2007 FFY CW STATE REVOLVING FUND	1/16/2008	29,670,498.00	0.00	0.00	0.00	0.00	16,000,000.00
		<b>709,475,118.54</b>	<b>662,604,972.54</b>	<b>7,000,000.00</b>	<b>7,000,000.00</b>	<b>3,199,648.00</b>	<b>16,000,000.00</b>
	<b>Cummulative Binding Commitment:</b>		<b>1,638,127,152.73</b>	<b>1,638,127,152.73</b>	<b>1,695,370,998.61</b>	<b>1,696,249,312.71</b>	<b>1,698,665,431.16</b>
	<b>Required Binding Commitment:</b>		<b>733,192,099.85</b>	<b>750,879,136.25</b>	<b>768,879,136.25</b>	<b>786,725,967.05</b>	<b>795,125,967.05</b>
	<b>Percentage:</b>		<b>223.42%</b>	<b>218.16%</b>	<b>220.50%</b>	<b>215.61%</b>	<b>213.63%</b>

**Note:**

Required Binding Commitment = 120% of federal grant payments lagged by 1 year.

**Exhibit 3**

<b>Cumulative Leveraged Loan Bond Closings</b>					
<b>Series</b>	<b>Par</b>	<b>Series</b>	<b>Par</b>	<b>Series</b>	<b>Par</b>
1990A	32,650,000	1996B	4,545,000	2001C	88,880,000
1990B	9,695,000	1996D	14,185,000	2002A	19,175,000
1991A	13,550,000	1996E	23,600,000	2002B	76,360,000
1992A	48,295,000	1997B	22,235,000	2003A	88,915,000
MSD1	68,000,000	1997C	5,730,000	2003B	28,495,000
MSD2	85,000,000	1997D	24,060,000	2003C	16,605,000
1993A	22,425,000	1997E	14,015,000	2004B	176,175,000
MSD3	50,000,000	1997F	2,500,000	2004C	30,175,000
1994A	12,215,000	1998A	16,480,000	2005A	24,955,000
1994B	43,230,000	1998B	17,080,000	2005C	55,430,000
1995A	17,450,000	1999A	45,655,000	2006A	85,505,000
1995B	18,000,000	1999B	9,550,000	2006B	19,810,000
1995C	30,000,000	2000A	32,150,000	2007A	45,625,000
1995D	11,462,661	MSD4	72,545,000	2007B	56,335,000
1995E	26,410,000	2000B	34,675,000		
1996A	24,000,000	2001A	7,635,000		
Cumulative Leveraged Loan Binding Commitments:					\$ 1,671,462,661

## Cumulative Direct Loans

Name	ID	Award Date	Award Amount	Paid Date
Arrow Rock	C295414-01	10/16/2001	120,000	
Atlanta	C295273-01	4/22/1997	55,000	
Bowling Green *	C295241-01	7/31/2003	800,000	11/21/2003
Cassville	C295473-02	3/15/2006	318,000	
Ellington	C295476-01	7/28/2004	825,000	
Exeter	C295415-01	12/12/2001	79,000	
Fair Grove	C295501-01	6/24/2008	800,000	
Festus*	C295305-01	6/8/2001	730,000	11/8/2002
Greenfield*	C295425-01	7/16/2002	1,100,000	11/7/2002
Harrisonville*	C295365-01	6/8/2001	695,000	11/8/2002
Holden*	C295389-01	5/21/2002	1,290,000	12/9/2004
Holt*	C295341-01	5/16/2000	975,000	11/1/2000
Jefferson City*	C295401-01	6/8/2001	10,000,000	1/1/2002
Kansas City*	C295248-11	3/4/2004	10,000,000	12/9/2004
Kirksville	C295250-08	4/29/2008	1,500,000	
Laurie	C295428-01	11/12/2002	826,900	
LBVSD*	C295439-01	3/14/2002	6,000,000	1/1/2003
Lincoln	C295202-01	9/15/1997	695,000	
Loma Linda	C295340-01	5/24/2001	346,200	4/3/2007
MASBDA	C295212-06	OPEN	10,082,390	
Mountain View*	C295466-01	9/1/2002	300,000	11/7/2002
MSD*	C295023-09	1/14/2004	69,506,836	5/28/2004
MSD*	C295023-20	2/18/2004	374,680	
MSD*	C295023-21	10/29/2004	535,600	
Odessa	C295451-02	7/27/2005	1,000,000	
Platte Co.*	C295263-10	2/20/2002	425,000	11/7/2002
Raytown*	C295506-01	10/11/2005	1,823,000	4/27/2006
Rich Hill	C295322-01	3/7/2001	900,000	
Risco	C295437-01	5/22/2003	359,000	
Rock Creek SD*	C295367-01	5/18/2000	8,585,000	11/27/2001
Rock Creek SD*	C295367-03	5/4/1999	1,800,000	6/5/1999
St. Charles Co.	C295373-01	2/6/2002	2,941,000	
St. Charles Co.	C295373-02	3/11/2004	272,000	
Stella	C295429-01	11/15/2002	135,000	
Stone County SD	C295430-01	3/10/2003	1,500,000	9/8/2006
Taney County	C295219-01	10/29/1996	3,038,000	1/13/2004
Taneyville	C295349-01	1/26/2000	500,000	7/26/2004
Warrensburg*	C295510-01	7/27/2006	3,500,000	5/1/2007
Weldon Springs*	C295235-01	5/5/1999	1,125,000	11/1/2001
Cumulative Direct Loans			\$ 145,857,606	
Cumulative Interim Paid			\$ 118,654,836	
Direct Loan Binding Commitment			\$ 27,202,770	

\*An interim direct loan refinanced with a leveraged loan.

## SRF Binding Commitments

State Fiscal Years 1989 through 2008

Project Name	Project Number	Amount	Closing Date
<b>Funding Type: DIRECT FORTY % MATCH LOAN SRF</b>			
LOMA LINDA, TOWN OF	C295340-01	\$346,200.00	05/24/2001
STONE COUNTY	C295430-01	\$1,500,000.00	03/13/2003
RISCO, CITY OF	C295437-01	\$359,000.00	05/22/2003
	<b>3</b>	<b>\$2,205,200.00</b>	
<b>Funding Type: DIRECT INTERIM LOAN SRF</b>			
ROCK CREEK PUBLIC SEWER DISTRICT	C295367-01	\$8,585,000.00	05/04/1999
WELDON SPRING-SAN. SEWER COLLECTION SYS.	C295235-01	\$1,125,000.00	06/04/1999
HOLT, CITY OF	C295341-01	\$975,000.00	05/16/2000
ROCK CREEK S.D. PHASE 1,2,3 &KIMMSWIC	C295367-03	\$1,800,000.00	05/16/2000
FESTUS-INTERIM DIRECT LOAN	C295305-01	\$730,000.00	06/08/2001
HARRISONVILLE-EXTRA. BASIN&NEW PS#2	C295365-01	\$695,000.00	06/08/2001
JEFFERSON CITY WWTP & WALNUT ST. PS	C295401-01	\$10,000,000.00	06/08/2001
PLATTE COUNTY RSD #1	C295263-10	\$425,000.00	02/25/2002
LITTLE BLUE VALLEY ATHERTON WWTP	C295439-01	\$6,000,000.00	03/14/2002
HOLDEN, CITY OF	C295389-01	\$1,290,000.00	05/21/2002
MOUNTAIN VIEW - NEW WWTP	C295466-01	\$300,000.00	09/09/2002
GREENFIELD COLLECTION SYSTEM	C295425-01	\$1,100,000.00	09/11/2002
BOWLING GREEN SEWER IMPROVEMENTS	C295241-01	\$800,000.00	07/31/2003
MSD - 99066A, L. MERAMEC RIVER WWTP	C295023-09	\$69,506,836.00	01/14/2004
KANSAS CITY - WSD C295248-11 IDL &13 SRF	C295248-11	\$10,000,000.00	03/04/2004
RAYTOWN C295506-01	C295506-01	\$1,823,000.00	10/11/2005
WARRENSBURG-PHASE 1 WW SYSTEM IMPR.	C295510-01	\$3,500,000.00	07/27/2006
	<b>17</b>	<b>\$118,654,836.00</b>	
<b>Funding Type: DIRECT INTERIM LOAN SRF (Paid off by Leveraged Loan)</b>			
ROCK CREEK PUBLIC SEWER DISTRICT	C295367-01	(\$8,585,000.00)	06/03/1999
HOLT, CITY OF	C295341-01	(\$975,000.00)	11/21/2000
JEFFERSON CITY WWTP & WALNUT ST. PS	C295401-01	(\$10,000,000.00)	11/20/2001
ROCK CREEK S.D. PHASE 1,2,3 &KIMMSWIC	C295367-03	(\$1,800,000.00)	11/20/2001
WELDON SPRING-SAN. SEWER COLLECTION SYS.	C295235-01	(\$1,125,000.00)	11/20/2001
FESTUS-INTERIM DIRECT LOAN	C295305-01	(\$730,000.00)	11/07/2002
GREENFIELD COLLECTION SYSTEM	C295425-01	(\$1,100,000.00)	11/07/2002
HARRISONVILLE-EXTRA. BASIN&NEW PS#2	C295365-01	(\$695,000.00)	11/07/2002
MOUNTAIN VIEW - NEW WWTP	C295466-01	(\$300,000.00)	11/07/2002
PLATTE COUNTY RSD #1	C295263-10	(\$425,000.00)	11/07/2002
LITTLE BLUE VALLEY ATHERTON WWTP	C295439-01	(\$6,000,000.00)	01/30/2003
BOWLING GREEN SEWER IMPROVEMENTS	C295241-01	(\$800,000.00)	11/20/2003
MSD - 99066A, L. MERAMEC RIVER WWTP	C295023-09	(\$69,506,836.00)	05/28/2004
HOLDEN, CITY OF	C295389-01	(\$1,290,000.00)	12/09/2004
KANSAS CITY - WSD C295248-11 IDL &13 SRF	C295248-11	(\$10,000,000.00)	12/09/2004
RAYTOWN C295506-01	C295506-01	(\$1,823,000.00)	04/27/2006
WARRENSBURG-PHASE 1 WW SYSTEM IMPR.	C295510-01	(\$3,500,000.00)	05/01/2007
	<b>(17)</b>	<b>(\$118,654,836.00)</b>	
<b>Funding Type: DIRECT LOAN NPS 0602</b>			
MASBDA #1	C295212-01	\$922,818.77	09/01/1995
MASBDA #2	C295212-02	\$2,040,603.16	11/18/1997
MASBDA #3	C295212-03	\$3,167,616.83	11/02/1999
MASBDA #4	C295212-04	\$263,286.50	02/26/2003
MASBDA #5	C295212-05	\$918,297.38	09/20/2004
MASBDA #6	C295212-06	\$2,769,767.37	07/01/2006
	<b>6</b>	<b>\$10,082,390.01</b>	

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<u>Project Name</u>	<u>Project Number</u>	<u>Amount</u>	<u>Closing Date</u>
<b>Funding Type: DIRECT LOAN SRF</b>			
TANEY COUNTY RSD - EASTSIDE	C295219-01	\$3,038,000.00	10/29/1996
ATLANTA, CITY OF	C295273-01	\$55,000.00	04/30/1997
LINCOLN, CITY OF	C295202-01	\$695,000.00	09/18/1997
TANEYVILLE, VILLAGE OF	C295349-01	\$500,000.00	01/26/2000
RICH HILL WWTP & CS IMPROVEMENTS	C295322-01	\$900,000.00	02/06/2001
ARROW ROCK, TOWN OF	C295414-01	\$120,000.00	10/16/2001
EXETER, CITY OF	C295415-01	\$79,000.00	12/12/2001
STELLA, VILLAGE OF	C295429-01	\$135,000.00	11/18/2002
LAURIE WWTP AND COLLECTION SYSTEM	C295428-01	\$826,900.00	01/16/2003
ELLINGTON WW SYSTEM IMPROVEMENTS	C295476-01	\$825,000.00	07/28/2004
ODESSA C295451-01	C295451-02	\$1,000,000.00	07/27/2005
KIRKSVILLE-C295250-08&-09, BASIN C&F	C295250-08	\$1,500,000.00	04/29/2008
FAIR GROVE -WWTP EXPANSION	C295501-01	\$800,000.00	06/24/2008
	<b>13</b>	<b>\$10,473,900.00</b>	
<b>Funding Type: DIRECT NPS LOAN SRF w/ TRUSTEE</b>			
ST. CHARLES COUNTY GOVERNMENT	C295373-01	\$2,941,000.00	02/06/2002
MSD - OZARK & TABLEROCK	C295023-20	\$374,680.00	02/18/2004
ST. CHARLES COUNTY GOVERNMENT	C295373-02	\$272,000.00	03/11/2004
MSD - W. WATSON & NANELL LN.	C295023-21	\$535,600.00	10/29/2004
CASSVILLE - SHERWOOD FOREST NID	C295473-02	\$318,000.00	03/15/2006
	<b>5</b>	<b>\$4,441,280.00</b>	
<b>Funding Type: LEVERAGED LOAN SRF</b>			
SPRINGFIELD - 1990A (SW WWTP)	C295013-01	\$32,650,000.00	10/24/1990
LEE'S SUMMIT	C295015-01	\$9,695,000.00	01/08/1991
BELTON WWTP, C295002-01, -02	C295002-01	\$6,825,000.00	01/13/1992
CAPE GIRARDEAU, CAPE LA CROIX PHASE IV	C295004-01	\$2,500,000.00	01/13/1992
O'FALLON	C295011-01	\$4,225,000.00	01/13/1992
ARNOLD-WW SYSTEM IMPROVEMENTS	C295097-01	\$1,270,000.00	06/16/1992
BELTON WWTP, C295002-01, -02	C295002-02	\$430,000.00	06/16/1992
BRANSON, CITY OF	C295120-01	\$2,000,000.00	06/16/1992
CABOOL, CITY OF	C295140-01	\$250,000.00	06/16/1992
CAMERON, CITY OF	C295106-01	\$1,090,000.00	06/16/1992
CHAFFEE-WW SYSTEM IMPROVEMENTS	C295123-01	\$500,000.00	06/16/1992
COLUMBIA C295005-01	C295005-01	\$870,000.00	06/16/1992
DUCKETT CREEK SD-S-150 SEWER PROJECT	C295029-01	\$1,935,000.00	06/16/1992
EL DORADO SPRINGS-WW SYSTEM IMPROVEMENTS	C295158-01	\$1,375,000.00	06/16/1992
EXCELSIOR SPRINGS, CITY OF	C295019-01	\$2,870,000.00	06/16/1992
GLADSTONE, CITY OF	C295020-01	\$490,000.00	06/16/1992
KANSAS CITY - PUBLIC WORKS DEPARTMENT	C295095-01	\$2,115,000.00	06/16/1992
KANSAS CITY - WATER PCD	C295094-01	\$1,265,000.00	06/16/1992
MONETT-WWTF TERTIARY FILTER	C295124-01	\$815,000.00	06/16/1992
MONROE CITY, CITY OF	C295105-01	\$300,000.00	06/16/1992
MOUNT VERNON, CITY OF	C295071-01	\$790,000.00	06/16/1992
NEOSHO	C295077-01	\$420,000.00	06/16/1992
NEW MADRID-WW SYSTEM IMPROVEMENTS	C295165-01	\$1,200,000.00	06/16/1992
RAYMORE, CITY OF	C295017-01	\$4,350,000.00	06/16/1992
RICHMOND, CITY OF	C295135-01	\$1,450,000.00	06/16/1992
SLATER, CITY OF	C295016-01	\$330,000.00	06/16/1992
SPRINGFIELD - SAC RIVER TRUNK SEWER	C295048-01	\$9,110,000.00	06/16/1992
ST. ROBERT, WW SYSTEM IMPROVEMENTS	C295046-01	\$4,055,000.00	06/16/1992

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VANDALIA, CITY OF	C295026-01	\$215,000.00	06/16/1992
WARRENSBURG, CITY OF	C295129-01	\$6,800,000.00	06/16/1992
WASHINGTON-WW SYSTEM IMPROVEMENTS	C295066-01	\$1,300,000.00	06/16/1992
WINDSOR	C295156-01	\$700,000.00	06/16/1992
ARNOLD-WW SYSTEM IMPROVEMENTS	C295097-02	\$1,135,000.00	09/08/1993
BYRNES MILL, CITY OF	C295172-01	\$1,200,000.00	09/08/1993
CAPE GIRARDEAU, PATHOGEN REDUCTION	C295004-02	\$500,000.00	09/08/1993
HANNIBAL BOARD OF PUBLIC WORKS	C295176-01	\$3,910,000.00	09/08/1993
HOLTS SUMMIT- LOAN-01, WW SYSTEM IMPROV.	C295192-01	\$1,750,000.00	09/08/1993
KELSO, VILLAGE OF	C295195-01	\$1,002,000.00	09/08/1993
KENNETT-WW SYSTEM IMPROVEMENTS	C295177-01	\$2,620,000.00	09/08/1993
ST. JOSEPH, CITY OF	C295188-01	\$10,308,000.00	09/08/1993
BRANSON, CITY OF	C295207-01	\$3,500,000.00	08/18/1994
HOLLISTER, CITY OF	C295161-01	\$1,900,000.00	08/18/1994
PECULIAR, CITY OF	C295180-01	\$2,605,000.00	08/18/1994
PLEASANT HILL, CITY OF	C295187-01	\$3,245,000.00	08/18/1994
STOCKTON-WW SYSTEM IMPROVEMENTS	C295181-01	\$965,000.00	08/18/1994
CARL JUNCTION, CITY OF	C295217-01	\$1,300,000.00	12/01/1994
CASSVILLE - WW SYSTEM IMPROVEMENTS	C295224-01	\$1,200,000.00	12/01/1994
DUCKETT CREEK SD-WW IMPR., WWTP #2	C295220-01	\$32,753,000.00	12/01/1994
LAKE TAPAWINGO, CITY OF	C295237-01	\$1,670,000.00	12/01/1994
LAWSON, CITY OF	C295200-01	\$170,000.00	12/01/1994
NIXA-WW SYSTEM IMPROVEMENTS	C295179-01	\$1,940,000.00	12/01/1994
SAVANNAH, CITY OF	C295197-01	\$700,000.00	12/01/1994
SPRINGFIELD - DEL PRADO TRUNK SEWER	C295047-01	\$1,545,000.00	12/01/1994
WARSAW WWTP	C295225-01	\$1,952,000.00	12/01/1994
KANSAS CITY - WSD C295248-01 1995B	C295248-01	\$18,000,000.00	04/25/1995
BRANSON, CITY OF	C295207-02	\$17,450,000.00	05/02/1995
CAPE GIRARDEAU, CSO & INTERCEPTOR WORK	C295229-01	\$11,462,661.15	06/29/1995
CHARLESTON-WW SYSTEM IMPROVEMENTS	C295234-01	\$1,430,000.00	06/29/1995
CLARKTON-WW SYSTEM IMPROVEMENTS	C295174-01	\$250,000.00	06/29/1995
GLENAIRE, CITY OF	C295244-01	\$459,000.00	06/29/1995
JOPLIN, CITY OF	C295226-01	\$20,000,000.00	06/29/1995
MOBERLY, CITY OF	C295178-01	\$6,600,000.00	06/29/1995
PLATTE COUNTY RSD - HOOVER HEIGHTS	C295233-01	\$375,000.00	06/29/1995
PLATTE COUNTY RSD - PEBECK	C295213-01	\$366,000.00	06/29/1995
WILLOW SPRINGS, CITY OF	C295198-01	\$520,000.00	06/29/1995
ASHLAND, CITY OF	C295239-01	\$200,000.00	11/14/1995
LITTLE BLUE VALLEY SEWER DISTRICT	C295014-01	\$11,290,000.00	11/14/1995
PERRYVILLE, CITY OF	C295253-01	\$5,000,000.00	11/14/1995
TANEY COUNTY RSD - COON CREEK	C295219-02	\$9,920,000.00	11/14/1995
CAMERON, CITY OF	C295276-01	\$2,905,000.00	04/25/1996
GREENWOOD-BIG CREEK SEWER INTERCEPTOR	C295246-01	\$650,000.00	04/25/1996
KANSAS CITY - WSD C295248-02 1996A	C295248-02	\$24,000,000.00	04/25/1996
KEARNEY, CITY OF	C295249-01	\$990,000.00	04/25/1996
ASH GROVE, CITY OF	C295238-01	\$650,000.00	06/12/1996
CAPE GIRARDEAU, CSO & INTERCEPTOR WORK	C295229-02	\$13,535,000.00	06/12/1996
BOONVILLE, CITY OF	C295280-01	\$5,746,000.00	12/19/1996
CARTHAGE WWTF EXPANSION PHASE II	C295296-01	\$6,000,000.00	12/19/1996
HOLTS SUMMIT- LOAN-02, WW SYSTEM IMPROV.	C295192-02	\$611,000.00	12/19/1996
PLATTE COUNTY RSD - RUSH CREEK	C295263-02	\$7,220,000.00	12/19/1996

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ROCK PORT, CITY OF	C295291-01	\$820,000.00	12/19/1996
ROLLA - SOUTHSIDE NID	C295255-01	\$616,000.00	12/19/1996
WEST PLAINS, CITY OF	C295260-01	\$2,587,000.00	12/19/1996
KANSAS CITY - PUBLIC WORKS DEPARTMENT	C295285-01	\$5,730,000.00	04/24/1997
KANSAS CITY - WSD C295248-03 1997B	C295248-03	\$22,235,000.00	04/24/1997
BATTLEFIELD, CITY OF	C295278-01	\$224,000.00	06/05/1997
FULTON - WWTF & COLL. SYSTEM IMPR.	C295282-01	\$6,000,000.00	06/05/1997
JONESBURG NEW INTERCEPTOR & SYSTEM REHAB	C295335-01	\$386,000.00	06/05/1997
OZARK, CITY OF	C295221-01	\$3,000,000.00	06/05/1997
PLATTE COUNTY RSD - PLATTE HILLS	C295263-01	\$1,455,000.00	06/05/1997
ST. JOSEPH, CITY OF	C295188-02	\$6,515,000.00	06/05/1997
TIPTON-WW SYSTEM IMPROVEMENTS	C295293-01	\$1,500,000.00	06/05/1997
TRENTON COLLECTION UPGRADE & EXTENSION	C295294-01	\$4,980,000.00	06/05/1997
BONNE TERRE-WW IMPR., SECT.A&B	C295281-01	\$3,190,000.00	12/03/1997
CALIFORNIA, CITY OF	C295261-01	\$2,500,000.00	12/03/1997
HAMILTON, CITY OF	C295284-01	\$1,500,000.00	12/03/1997
KEARNEY, CITY OF	C295249-02	\$700,000.00	12/03/1997
KIRKSVILLE-SAN.SEWER IMPR.LOANS 01&02	C295250-01	\$1,465,000.00	12/03/1997
MARSHFIELD WWTF IMPROVEMENTS	C295286-01	\$3,500,000.00	12/03/1997
NOEL-WWTF & SAN. SEWER (I&I) IMPROV.	C295288-01	\$430,000.00	12/03/1997
SIKESTON - NW WWTF & SAN. SEWER IMPR.	C295323-01	\$3,230,000.00	12/03/1997
CALIFORNIA, CITY OF	C295261-02	\$500,000.00	04/22/1998
CUBA, CITY OF	C295303-01	\$2,000,000.00	04/22/1998
GARDEN CITY, CITY OF	C295283-01	\$675,000.00	04/22/1998
KANSAS CITY - WSD C295248-04 1998A	C295248-04	\$9,200,000.00	04/22/1998
LINCOLN COUNTY PWSO #1	C295232-01	\$2,900,000.00	04/22/1998
PLATTE COUNTY RSD - MISTY SPRINGS	C295263-03	\$1,205,000.00	04/22/1998
BOONE COUNTY RSD	C295375-01	\$595,000.00	12/02/1998
BOONVILLE, CITY OF	C295280-02	\$750,000.00	12/02/1998
CONCORDIA, CITY OF	C295363-01	\$850,000.00	12/02/1998
KIRKSVILLE-SAN.SEWER IMPR.LOANS 01&02	C295250-02	\$1,180,000.00	12/02/1998
LAKE LOTAWANA, CITY OF	C295311-01	\$7,400,000.00	12/02/1998
LONE JACK	C295314-01	\$2,087,000.00	12/02/1998
SPRINGFIELD - BIOSOLIDS IMPROVEMENTS	C295214-01	\$1,600,000.00	12/02/1998
ST. ROBERT-CEDAR LANE WW COLL. SYSTEM	C295222-01	\$290,000.00	12/02/1998
UNIONVILLE, CITY OF	C295324-01	\$528,000.00	12/02/1998
HIGGINSVILLE, CITY OF	C295308-01	\$1,800,000.00	12/03/1998
CHILLICOTHE, CITY OF	C295302-01	\$2,600,000.00	06/03/1999
CLINTON, CITY OF	C295228-01	\$6,900,000.00	06/03/1999
COLUMBIA-WETLANDS & BEARCREEK	C295361-01	\$3,730,000.00	06/03/1999
KANSAS CITY - WSD C295248-05 1999A	C295248-05	\$6,000,000.00	06/03/1999
MARSHFIELD WWTF IMPR,COL.REHAB,SCADA,TRK	C295286-02	\$2,500,000.00	06/03/1999
NEW FRANKLIN	C295316-01	\$505,000.00	06/03/1999
PECULIAR, CITY OF	C295180-02	\$2,865,000.00	06/03/1999
REPUBLIC WWTP EXPANSION	C295321-01	\$6,110,000.00	06/03/1999
ROCK CREEK PUBLIC SEWER DISTRICT	C295367-02	\$8,775,000.00	06/03/1999
SALEM-WWTP PHASE II IMPROVEMENTS	C295347-01	\$1,350,000.00	06/03/1999
ST. CLAIR, CITY OF	C295256-01	\$2,245,000.00	06/03/1999
SULLIVAN - SULLIVAN HEIGHTS SEWER	C295185-02	\$1,495,000.00	06/03/1999
UNIONVILLE REHABILITATION - REFINANCE	C295324-02	\$580,000.00	06/03/1999
COLUMBIA-WETLANDS & BEARCREEK	C295361-02	\$1,420,000.00	12/02/1999

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JACKSON INTERCEPTORS & BIOSOLIDS	C295247-01	\$3,405,000.00	12/02/1999
KIRKSVILLE-SO. OUTFALL SEWER REPLACEMENT	C295250-03	\$1,790,000.00	12/02/1999
RAYMORE, CITY OF	C295374-01	\$1,800,000.00	12/02/1999
ST. ROBERT-WWTP PHASE II IMPROVEMENTS	C295348-01	\$685,000.00	12/02/1999
TIPTON-PARALLEL & N. INTERCEPTOR SEWERS	C295410-01	\$450,000.00	12/02/1999
BOONE COUNTY RSD - 02 RTE K& 03 SHAW	C295375-02	\$1,090,000.00	04/12/2000
BOURBON, CITY OF	C295240-01	\$600,000.00	04/12/2000
BUFFALO WWTP EXPANSION & CS REHAB	C295371-01	\$1,500,000.00	04/12/2000
FARMINGTON-WEST WWTP EXPANSION	C295386-01	\$4,950,000.00	04/12/2000
KANSAS CITY - WSD C295248-06 & 07 2000	C295248-06	\$13,000,000.00	04/12/2000
KIMBERLING CITY SEWER AND PHOS	C295310-01	\$5,010,000.00	04/12/2000
PLATTE CITY	C295399-01	\$1,000,000.00	04/12/2000
ROLLA - SE TP	C295391-01	\$5,000,000.00	04/12/2000
CAPE GIRARDEAU TRICK FLT, ARENA, RAMSEY	C295229-03	\$8,355,000.00	11/21/2000
COLUMBIA-COW BRANCH	C295361-03	\$2,445,000.00	11/21/2000
FRANKLIN CO. PWSO #1-KRAKOW SEWER	C295325-01	\$1,700,000.00	11/21/2000
FREDERICKTOWN WWTP MODIFICATION & CS	C295306-01	\$2,400,000.00	11/21/2000
HOLT, CITY OF	C295341-02	\$1,195,000.00	11/21/2000
HUMANSVILLE LAGOON EXPANSION	C295413-01	\$525,000.00	11/21/2000
KANSAS CITY - WSD C295248-06 & 07 2000	C295248-07	\$11,750,000.00	11/21/2000
MARBLE HILL-REBUILD PS#6,CLOSE LAGOON	C295393-01	\$270,000.00	11/21/2000
PLATTE COUNTY RSD - MESA C295263-09	C295263-09	\$2,965,000.00	11/21/2000
RICHLAND	C295370-01	\$1,500,000.00	11/21/2000
SCOTT CITY WW SYSTEM IMPROVEMENTS	C295395-01	\$1,000,000.00	11/21/2000
THAYER SEWER SYSTEM IMPROVEMENTS	C295292-01	\$570,000.00	11/21/2000
ADVANCE - NEW WWTF, 3-CELL LAGOON	C295277-01	\$690,000.00	04/18/2001
CONWAY LAGOON IMPROVEMENTS	C295423-01	\$355,000.00	04/18/2001
LAPLATA, CITY OF	C295392-01	\$1,040,000.00	04/18/2001
LAWSON, CITY OF	C295396-01	\$550,000.00	04/18/2001
OSAGE BEACH-PS & F M, KK EQUAL	C295342-01	\$5,000,000.00	04/18/2001
AURORA WWTP EXPANSION	C295344-01	\$3,000,000.00	11/20/2001
BUTLER WWTP UPGRADE, C295412-01	C295412-01	\$3,000,000.00	11/20/2001
BYRNES MILL	C295433-01	\$185,000.00	11/20/2001
CLINTON, CITY OF	C295228-02	\$1,055,000.00	11/20/2001
JEFFERSON CITY WWTP & WALNUT ST. PS	C295401-03	\$24,875,000.00	11/20/2001
KANSAS CITY - WSD C295248-08 2001C	C295248-08	\$17,000,000.00	11/20/2001
KIRKSVILLE-NORTHEAST PUMP STATION	C295250-04	\$565,000.00	11/20/2001
MONTGOMERY, CITY OF	C295360-01	\$3,500,000.00	11/20/2001
NIXA - WWTP UPGRADES	C295417-01	\$7,500,000.00	11/20/2001
REPUBLIC PUMP STATION & COLLECTION	C295321-02	\$8,190,000.00	11/20/2001
ROCK CREEK S.D. PHASE 1,2,3 &KIMMSWIC	C295367-04	\$16,780,000.00	11/20/2001
ST. MARTINS SEWER EXTENSION	C295420-01	\$370,000.00	11/20/2001
STEELVILLE WWTP IMPROVEMENTS & SEWER EXT	C295394-01	\$670,000.00	11/20/2001
WARRENTON WWTF IMPROV. PHASE 1	C295421-01	\$1,150,000.00	11/20/2001
WELDON SPRING-SAN. SEWER COLLECTION SYS.	C295235-02	\$1,040,000.00	11/20/2001
BROOKFIELD COLLECTION	C295388-01	\$1,540,000.00	05/08/2002
CARL JUNCTION WWTP EXPANSION	C295217-02	\$860,000.00	05/08/2002
COLUMBIA HOMINY BRANCH - H-21	C295361-04	\$2,230,000.00	05/08/2002
DUCKETT CREEK SD-HWY DD PS/INTERC/FM	C295411-01	\$3,985,000.00	05/08/2002
JACKSON-ELWA,HWY PP,E. MAIN, GOOSE CREEK	C295247-02	\$4,245,000.00	05/08/2002
PULASKI CO. S.D. #1 - NORTH HWY Y	C295320-05	\$2,705,000.00	05/08/2002

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State Fiscal Years 1989 through 2008

<u>Project Name</u>	<u>Project Number</u>	<u>Amount</u>	<u>Closing Date</u>
WARRENTON-WWTF IMPROV. PHASE 2	C295421-02	\$3,610,000.00	05/08/2002
BOLIVAR-REFINANCE 1998 CITY BONDS-COLL.	C295458-01	\$1,200,000.00	11/07/2002
BOONE COUNTY RSD - 02 RTE K& 03 SHAW	C295375-03	\$360,000.00	11/07/2002
CASSVILLE, CITY OF	C295473-01	\$2,935,000.00	11/07/2002
CRYSTAL CITY WWTP	C295109-02	\$3,575,000.00	11/07/2002
EAST PRAIRIE LAGOON IMPROVEMENTS	C295455-01	\$315,000.00	11/07/2002
FESTUS WWTP	C295305-02	\$3,575,000.00	11/07/2002
GREENFIELD COLLECTION SYSTEM	C295425-02	\$1,095,000.00	11/07/2002
HARRISONVILLE-EXTRA. BASIN&NEW PS#2	C295365-02	\$4,370,000.00	11/07/2002
KANSAS CITY - WSD C295248-10 2002B	C295248-10	\$10,000,000.00	11/07/2002
KIRKSVILLE-NORTHEAST PUMP STATION	C295250-05	\$645,000.00	11/07/2002
MOUNTAIN VIEW - NEW WWTP	C295466-02	\$3,500,000.00	11/07/2002
PLATTE COUNTY RSD #1	C295263-11	\$465,000.00	11/07/2002
SPRINGFIELD - PHASE 6, SW WWTP EXPANSION	C295406-01	\$43,625,000.00	11/07/2002
SULLIVAN - HUGHES FORD ROAD SEWER	C295327-01	\$700,000.00	11/07/2002
LITTLE BLUE VALLEY ATHERTON WWTP	C295439-02	\$88,915,000.00	01/30/2003
COLUMBIA HOMINY BRANCH - H-21	C295361-05	\$3,620,000.00	04/09/2003
HARRISONVILLE-N. & S. REL.&AE&CON PS#1	C295365-03	\$3,295,000.00	04/09/2003
KIRKSVILLE-E. ANNEX.-06 & N. ANNEX.-07	C295250-06	\$1,385,000.00	04/09/2003
MARIONVILLE WWTF-OXIDATION DITCH	C295464-01	\$3,230,000.00	04/09/2003
MONETT WWTF EXPANSION	C295452-01	\$8,950,000.00	04/09/2003
OAK GROVE WWTP & CS	C295426-01	\$6,600,000.00	04/09/2003
WARDSVILLE WWTP & CS PHASE 1	C295381-01	\$1,415,000.00	04/09/2003
AVA WWTP & CS IMPROVEMENTS	C295456-01	\$3,355,000.00	11/20/2003
BOWLING GREEN SEWER IMPROVEMENTS	C295241-02	\$5,560,000.00	11/20/2003
CENTER CREEK WWTP CAPACITY INCREASE	C295446-01	\$4,000,000.00	11/20/2003
HAYTI-WW SYSTEM IMPROVEMENTS	C295454-01	\$1,700,000.00	11/20/2003
SAVANNAH WWTP	C295197-02	\$1,500,000.00	11/20/2003
WINONA CS REHAB & WWTP IMPROVEMENTS	C295468-01	\$490,000.00	11/20/2003
BOONE COUNTY R.S.D-C295375-04	C295375-04	\$1,095,000.00	05/28/2004
COLUMBIA HOMINY BRANCH - H-21	C295361-06	\$650,000.00	05/28/2004
MOBERLY - LIFT STATION G & C.S. IMPROVE	C295178-02	\$7,150,000.00	05/28/2004
MSD - 99066A, L. MERAMEC RIVER WWTP	C295023-09A	\$49,245,000.00	05/28/2004
MSD - 99066A, L. MERAMEC RIVER WWTP	C295023-09B	\$101,180,000.00	05/28/2004
MSD - 99066A, L. MERAMEC RIVER WWTP	C295023-09C	\$10,855,000.00	05/28/2004
ODESSA C295451-01	C295451-01	\$6,000,000.00	05/28/2004
HOLDEN, CITY OF	C295389-02	\$1,345,000.00	12/09/2004
KANSAS CITY - WSD C295248-11 IDL & 13 SRF	C295248-13	\$10,500,000.00	12/09/2004
PARKVILLE C295012-01	C295012-01	\$2,740,000.00	12/09/2004
TANEY CO. RSD-BEE CREEK WW COLL. SYS.	C295219-04	\$15,590,000.00	12/09/2004
HARRISONVILLE RS & REHAB-C295365-04	C295365-04	\$1,710,000.00	05/19/2005
JEFFERSON CITY - HWY 54 PS & CS REHAB	C295401-02	\$4,600,000.00	05/19/2005
LAWSON, CITY OF C295396-02	C295396-02	\$330,000.00	05/19/2005
MSD - 99076, MO RIVER WWTP REHAB PROJECT	C295023-18	\$6,800,000.00	05/19/2005
NOEL - DEER PARK & N.NOEL SEWER EXT.	C295441-01	\$535,000.00	05/19/2005
PACIFIC WWTP IMPROVEMENTS	C295189-01	\$2,100,000.00	05/19/2005
PULASKI CO. S.D. #1-DRY CREEK SEWER	C295320-04	\$1,770,000.00	05/19/2005
SPRINGFIELD - NW WWTP EXPANSION	C295406-02	\$7,110,000.00	05/19/2005
ARNOLD - MSD CONNECTION	C295497-02	\$6,125,000.00	11/30/2005
HERCULANEUM WWTP C295490-01	C295490-01	\$6,000,000.00	11/30/2005
INDIAN POINT-JAKES CRK TRAIL WW SYSTEM	C295267-01	\$795,000.00	11/30/2005

## SRF Binding Commitments

State Fiscal Years 1989 through 2008

<u>Project Name</u>	<u>Project Number</u>	<u>Amount</u>	<u>Closing Date</u>
JEFFERSON CITY - GREEN MEADOW PS & ALGOA	C295401-04	\$10,105,000.00	11/30/2005
KIRKSVILLE-E. ANNEX.-06 & N. ANNEX.-07	C295250-07	\$1,595,000.00	11/30/2005
LIBERTY C295503-01	C295503-01	\$6,180,000.00	11/30/2005
NEWBURG-WW SYSTEM IMPROVEMENTS	C295484-01	\$250,000.00	11/30/2005
OSAGE BEACH C295504-01	C295504-01	\$4,950,000.00	11/30/2005
WENTZVILLE PHASE1 WWTP C295444-01	C295444-01	\$19,430,000.00	11/30/2005
ARNOLD - MSD CONNECTION	C295497-01	\$2,875,000.00	04/27/2006
BATTLEFIELD COLL. SYS.	C295457-01	\$850,000.00	04/27/2006
ELDON WWTP & CS IMPROVEMENTS	C295422-01	\$4,600,000.00	04/27/2006
MOBERLY - CSO & LS IMPROV.(PHASE 2)	C295178-03	\$5,460,000.00	04/27/2006
MSD - 99076, MO RIVER WWTP HEADWORKS	C295023-19	\$42,715,000.00	04/27/2006
OZARK - LAMBERT LS, S.V. INT., WWTP EXP.	C295505-01	\$7,980,000.00	04/27/2006
PLATTE COUNTY WWTP& PS C295263-12	C295263-12	\$11,910,000.00	04/27/2006
RAYTOWN C295506-01	C295506-02	\$7,590,000.00	04/27/2006
SENECA - SEWER EXTENSIONS	C295210-01	\$765,000.00	04/27/2006
WARDSVILLE PHASE 2, 3, & 4 C295381-02	C295381-02	\$760,000.00	04/27/2006
BOONE COUNTY R. S. D. C295375-05	C295375-05	\$675,000.00	11/16/2006
COLUMBIA S. GRINDSTONE P1- C295499-01	C295499-01	\$915,000.00	11/16/2006
GREENFIELD - EVANS LAGOON LIFT STATION	C295425-03	\$210,000.00	11/16/2006
MSD - CREVE COEUR CRK L-52 PUMP STATION	C295023-26	\$14,205,000.00	11/16/2006
ROLLA - SW WWTP	C295517-01	\$3,005,000.00	11/16/2006
WESTON-SEWAGE TREATMENT FAC. IMPR.	C295511-01	\$800,000.00	11/16/2006
ASHLAND	C295385-01	\$1,000,000.00	05/01/2007
LINN-C295478-01	C295478-01	\$2,000,000.00	05/01/2007
OZARK - ELK VALLEY WWTP, INTERCEPTORS	C295505-02	\$15,125,000.00	05/01/2007
RAYTOWN C295506-01	C295506-03	\$5,495,000.00	05/01/2007
SPRINGFIELD-SW WWTP FLOOD CONTROL & CRYO	C295406-03	\$7,855,000.00	05/01/2007
WARRENSBURG-PHASE 1 WW SYSTEM IMPR.	C295510-02	\$14,150,000.00	05/01/2007
BOONE COUNTY R.S.D.-C295375-06	C295375-06	\$2,710,000.00	11/15/2007
BUFFALO-WWTF IMPR. & COLL. REHAB	C295371-02	\$3,800,000.00	11/15/2007
COLUMBIA-C295499-02	C295499-02	\$1,800,000.00	11/15/2007
DEXTER-WWTF IMPR. E.&W. LAGOONS	C295500-01	\$4,500,000.00	11/15/2007
NEVADA-WWTF IMPROVEMENTS	C295010-01	\$12,000,000.00	11/15/2007
OWENSVILLE-WW SYSTEM UPGRADES	C295521-01	\$3,525,000.00	11/15/2007
TRENTON-WWTP IMPROVEMENTS	C295294-02	\$8,000,000.00	11/15/2007
WASHINGTON-WWTP EXPANSION/COLL.IMPR.	C295526-01	\$20,000,000.00	11/15/2007
	<b>268</b>	<b>\$1,395,917,661.15</b>	
<b>Funding Type: NOTE LOAN</b>			
MSD - NOTE 1	C295023-01	\$68,000,000.00	01/09/1991
MSD - NOTE 2	C295023-02	\$85,000,000.00	02/04/1992
MSD - NOTE 3	C295023-03	\$50,000,000.00	12/09/1993
MSD - NOTE 4	C295416-01	\$72,545,000.00	06/08/2000
	<b>4</b>	<b>\$275,545,000.00</b>	

**Total Binding Commitments      \$1,698,665,431.16**

**Missouri Department of Natural Resources  
Clean Water State Revolving Fund  
Statement of Net Assets  
June 30, 2008**

**Exhibit 6**

	Loan Fund	Administrative Fee Fund	Total Enterprise Funds
Assets:			
Current assets:			
Cash and cash equivalents	\$ 207,927,085	\$ 16,662,939	\$ 224,590,024
Restricted cash and cash equivalents	1,069,719	-	1,069,719
Receivables:			
Loan interest	30,400,005	-	30,400,005
Investment interest	1,636,206	116,659	1,752,865
Administrative fees	-	3,478,863	3,478,863
Due from trustee	90,704	-	90,704
Current portion of loans receivable:			
Leveraged loans	57,751,770	-	57,751,770
Reserve loans	38,485,994	-	38,485,994
Direct loans	293,953	-	293,953
Nonpoint source loans	1,026,514	-	1,026,514
Total current assets	338,681,950	20,258,461	358,940,411
Non-current assets:			
Loans receivable:			
Leveraged loans	1,006,735,369	-	1,006,735,369
Reserve loans	597,195,512	-	597,195,512
Direct loans	5,943,397	-	5,943,397
Nonpoint source loans	7,281,920	-	7,281,920
Total loans receivable	1,617,156,198	-	1,617,156,198
Fixed assets	-	59,555	59,555
Less accumulated depreciation	-	(33,345)	(33,345)
Fixed assets, net of accumulated depreciation	-	26,210	26,210
Total assets	1,955,838,148	20,284,671	1,976,122,819
Liabilities:			
Current liabilities:			
Salaries and benefits payable	-	70,680	70,680
Accounts payable	-	37,815	37,815
Other payables	34,798	-	34,798
Bond interest payable	30,616,944	-	30,616,944
Current portion of bonds payable	58,181,770	-	58,181,770
Total current liabilities	88,833,512	108,495	88,942,007
Non-current liabilities:			
Bonds payable, net of deferred amounts	1,019,397,869	-	1,019,397,869
Total liabilities	1,108,231,381	108,495	1,108,339,876
Net assets:			
Invested in capital assets	-	26,210	26,210
Restricted for loans and debt service	847,606,767	20,149,966	867,756,733
Total net assets	\$ 847,606,767	\$ 20,176,176	\$ 867,782,943

See accompanying notes to the financial statements.

**Missouri Department of Natural Resources**  
**Clean Water State Revolving Fund**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Year Ended June 30, 2008**

**Exhibit 7**

	<u>Loan Fund</u>	<u>Administrative Fee Fund</u>	<u>Total Enterprise Funds</u>
Operating revenues:			
Interest income on SRF loans	\$ 52,527,571	\$ -	\$ 52,527,571
Investment income	9,385,446	716,753	10,102,199
Administrative fees	-	4,820,465	4,820,465
Other	-	-	-
Total operating revenues	<u>61,913,017</u>	<u>5,537,218</u>	<u>67,450,235</u>
Operating expenses:			
Salaries and benefits	-	1,880,812	1,880,812
Other administrative expenses	12,500	1,289,596	1,302,096
Depreciation expense	-	12,292	12,292
Total operating expenses	<u>12,500</u>	<u>3,182,700</u>	<u>3,195,200</u>
Operating income	<u>61,900,517</u>	<u>2,354,518</u>	<u>64,255,035</u>
Non-operating revenues (expenses):			
Environmental Protection Agency grants	42,341,072	-	42,341,072
Interest expense on bonds payable	(52,926,770)	-	(52,926,770)
House Bill 1.025 - bond expense	(5,000,576)	-	(5,000,576)
Total non-operating revenues (expenses)	<u>(15,586,274)</u>	<u>-</u>	<u>(15,586,274)</u>
Increase in net assets	46,314,243	2,354,518	48,668,761
Net assets, beginning of year	<u>801,292,524</u>	<u>17,821,658</u>	<u>819,114,182</u>
Net assets, end of year	<u>\$ 847,606,767</u>	<u>\$ 20,176,176</u>	<u>\$ 867,782,943</u>

See accompanying notes to the financial statements.

**Missouri Department of Natural Resources  
Clean Water State Revolving Fund  
Statement of Cash Flows  
Year Ended June 30, 2008**

**Exhibit 8**

	Loan Fund	Administrative Fee Fund	Total Enterprise Funds
Cash flows from operating activities:			
Loan disbursements	\$ (119,475,482)	\$ -	\$ (119,475,482)
Repayments received on loans	88,187,408	-	88,187,408
Interest received on loans	52,079,472	-	52,079,472
Administrative fees	-	4,581,274	4,581,274
Payments to employees	-	(1,871,369)	(1,871,369)
Other administrative payments	(12,500)	(1,325,305)	(1,337,805)
Investment income	10,265,888	770,180	11,036,068
Other	-	-	-
Net cash provided (used) by operating activities	<u>31,044,786</u>	<u>2,154,780</u>	<u>33,199,566</u>
Cash flows from noncapital financing activities:			
Bonds issued	56,335,000	-	56,335,000
Bond principal retired	(52,578,267)	-	(52,578,267)
Interest paid on bonds	(52,471,872)	-	(52,471,872)
Environmental Protection Agency grants	42,341,072	-	42,341,072
House Bill 1.025 - bond debt payment	(5,000,576)	-	(5,000,576)
Net cash provided by noncapital financing activities	<u>(11,374,643)</u>	<u>-</u>	<u>(11,374,643)</u>
Increase (decrease) in cash and cash equivalents	19,670,143	2,154,780	21,824,923
Cash and cash equivalents, beginning of year	<u>189,326,661</u>	<u>14,508,159</u>	<u>203,834,820</u>
Cash and cash equivalents, end of year	<u>\$ 208,996,804</u>	<u>\$ 16,662,939</u>	<u>\$ 225,659,743</u>
Cash and cash equivalents consisted of the following:			
Cash and cash equivalents	\$ 207,927,085	\$ 16,662,939	\$ 224,590,024
Restricted cash and cash equivalents	<u>1,069,719</u>	<u>-</u>	<u>1,069,719</u>
Total cash and cash equivalents	<u>\$ 208,996,804</u>	<u>\$ 16,662,939</u>	<u>\$ 225,659,743</u>
Reconciliation of net operating income to net cash provided (used) by operating activities:			
Operating income	\$ 61,900,518	\$ 2,354,517	\$ 64,255,035
Adjustments to reconcile net operating income to net cash provided (used) by operations:			
Fixed asset purchases	-	(15,360)	(15,360)
Depreciation expense	-	12,292	12,292
Changes in assets and liabilities:			
(Increase) in loan interest receivable	(464,844)	-	(464,844)
(Increase) in loans receivable	(31,288,074)	-	(31,288,074)
Decrease in investment interest receivable	880,440	53,427	933,867
Decrease (increase) in other receivables	19,885	(239,191)	(219,306)
(Decrease) in accounts payable	-	(10,905)	(10,905)
(Decrease) in other payables	(3,139)	-	(3,139)
Net cash provided (used) by operating activities	<u>\$ 31,044,786</u>	<u>\$ 2,154,780</u>	<u>\$ 33,199,566</u>

See accompanying notes to the financial statements.

**Missouri Department of Natural Resources  
Clean Water State Revolving Fund  
Statement of Fiduciary Net Assets  
June 30, 2008**

**Exhibit 9**

	<u>Agency Fund</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 24,104,927
Investment interest receivable	1,497,002
Other receivables	913,070
<b>Investments:</b>	
Guaranteed investment contracts	108,392,733
Government and agency bonds	13,748,000
Commercial paper	16,505,598
U.S. Treasury bills	2,994,750
<b>Total assets</b>	<b>168,156,080</b>
 <b>Liabilities:</b>	
Project costs payable to communities	153,706,311
Interest subsidies payable to communities	3,586,837
Arbitrage rebate payable	6,901,263
Due to other governments	3,333,636
Other payables	628,033
<b>Total liabilities</b>	<b>168,156,080</b>
 <b>Net assets:</b>	 <b>\$ -</b>

See accompanying notes to the financial statements.

**Missouri Department of Natural Resources  
Clean Water State Revolving Fund  
Notes to the Financial Statements**

<b>NOTE 1: Summary of Significant Accounting Policies</b>
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**Reporting Entity**

The Missouri Department of Natural Resources Clean Water State Revolving Fund Program was established pursuant to Title VI of the Federal Water Quality Act of 1987. The Act established the Clean Water State Revolving Fund program to replace the construction grants program to provide loans at reduced interest rates to finance the construction of publicly-owned water pollution control facilities, nonpoint source pollution control projects, and estuary management plans. Instead of making grants to communities that pay a portion of building wastewater treatment facilities, the Clean Water SRF program provides low interest rate loans to finance the entire cost of qualified projects. The Clean Water SRF program provides a flexible financing source that can be used for a variety of pollution control projects, including nonpoint source pollution control projects, and developing estuary conservation and management plans. Loans made must be repaid within 20 years, and all repayments, including interest and principal, must remain in the loan fund.

The Clean Water SRF was capitalized by the U.S. Environmental Protection Agency, or EPA, by a series of grants starting in 1988. States are required to provide an additional 20 percent of the federal capitalization grant as matching funds in order to receive a grant. As of June 30, 2008, Congress authorized EPA to award \$709,575,119 in capitalization grants to the State of Missouri. The state is required to contribute \$141,915,024 in matching funds. Refer to Exhibit 1 for details.

The program is administered by the Missouri Department of Natural Resources, the Missouri Environmental Improvement and Energy Resources Authority, or EI ERA, and the department's Clean Water Commission. EI ERA issues bonds or notes to finance qualified projects, and the department receives the capitalization grants from EPA. The program is comprised of three funds within the state and an agency fund that holds the construction loan funds. The state funds are the Water and Wastewater Loan Fund (fund 0649) that receives the federal capitalization grant funds and makes payments to the loan reserve fund, the Water and Wastewater Loan Revolving Fund (fund 0602) that receives funds as they are released from the loan reserve and that uses those funds to make new loans, and the Administrative Fee Fund (fund 0568) that receives the loan fees charged to borrowers and pays the administrative expenses of the program. The Agency Fund receives bond proceeds issued by EI ERA.

The program's financial statements and footnotes are presented for management and EPA. The State of Missouri's statewide Comprehensive Annual Financial Report includes the Clean Water SRF as a special revenue fund, which uses the modified accrual basis of accounting. Due to differences in reporting methods, there may be differences between the amounts reported in these financial statements and the Comprehensive Annual Financial Report. One major difference between the amounts reported in these

**Missouri Department of Natural Resources  
Clean Water State Revolving Fund  
Notes to the Financial Statements**

<b>NOTE 1: Summary of Significant Accounting Policies (continued)</b>
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financial statements and the Comprehensive Annual financial Report is that the agency fund is not included in the Comprehensive Annual Financial Report but is shown in these financial statements.

**Program Operations**

Missouri leverages federal and state matching funds by issuing revenue bonds to make loans to qualified communities and using federal grant and state matching funds to create reserves for the loans. Interest earned on the reserves subsidizes loan interest rates and enhances the security of the loans, which are pledged to repay bond principal and interest. Borrowers, in essence, receive two loans from the Clean Water SRF: a market-rate loan funded by the revenue bond proceeds that equals project construction costs and a zero-rate loan funded by capitalization grants and state matching funds that equals 70 percent of the project loan (50 percent prior to 1993). Bond proceeds are deposited to the construction loan funds held by the trustee bank. As communities draw on these funds to pay construction costs, 70 percent of that amount is transferred to a reserve account established for each borrower. Earnings in the reserve account reduce the borrower's net interest payments on the bonds, resulting in the subsidized, blended interest rate on the project loan.

Beginning with bond series 2004C, a portion of the revenue bonds sold to fund the leveraged loans are state match bonds that will be repaid with interest earnings on the loans. The state match bond proceeds are used to fund a portion of the construction loan account, while the reserve account is funded with federal funds only.

The Clean Water SRF also makes direct loans in certain instances. Direct loans are funded from the Water and Wastewater Loan Revolving Fund. Loan proceeds are deposited to the construction loan accounts which are held by the trustee bank. As construction costs are incurred, funds are released from the trustee bank to the borrower. The borrower repays the loan by making monthly principal and interest payments to the trustee bank. On the debt service due dates, the trustee bank makes the debt service payment to the program.

**Basis of Accounting**

The financial statements include enterprise funds and a fiduciary fund. The loan and administrative fee funds are presented as enterprise funds whereas the agency fund is presented as a fiduciary fund, all of which are maintained on the accrual basis. The enterprise funds are accounted for using the flow of economic resources measurement focus. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded at the time the liabilities are incurred. All assets and liabilities associated with the operations of the loan and administrative fee funds are included on the Statement of Net Assets. The assets and liabilities of the agency fund are included on

**Missouri Department of Natural Resources  
Clean Water State Revolving Fund  
Notes to the Financial Statements**

<b>NOTE 1: Summary of Significant Accounting Policies (continued)</b>
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the Statement of Fiduciary Net Assets. The program has elected to follow the accounting pronouncements of the Governmental Accounting Standards Board, as well as statements issued by the Financial Accounting Standards Board on or before November 30, 1989, unless the Financial Accounting Standards Board statements conflict with or contradict Governmental Accounting Standards Board pronouncements.

Clean Water SRF reports the following major funds:

*Loan Fund.* The loan fund provides financial assistance to municipalities, counties, political subdivisions, and instrumentalities of the state, and in some cases individuals, small business owners, and others in the private sector. Revenue for these loan programs is generated from federal capitalization grants, proceeds of revenue bonds issued to provide required state matching monies, proceeds of revenue bonds issued for the leverage program, and recycled monies.

*Administrative Fee Fund.* This fund accounts for the cost of administering the loan program, to pay salaries and associated expenses of program personnel devoting time to the administration of the fund.

In addition, the program reports the following fund type:

*Agency Fund.* This fund accounts for monies held on behalf of municipalities, counties, political subdivisions, and instrumentalities of the state. This fund includes the funds generated by the sale of the bonds which are deposited with a trustee bank in the applicant's name and are used for SRF eligible activities.

**Cash, Cash Equivalents and Investments**

**A. Enterprise Funds**

According to Missouri State Statutes, all monies in the enterprise funds are required to be deposited with the Missouri State Treasurer's Office, which is responsible for maintaining these deposits in accordance with state law. The program considers all such deposits to be cash. Investment interest earnings on these deposits are received by the program periodically throughout the month. According to state law, the Treasurer is responsible for maintaining the cash balances and investing excess cash of the program, as further discussed in Note 2. Consequently, management of the program does not have any control over the investment of the excess cash. The statement of cash flows considers all funds deposited with the Treasurer to be cash or cash equivalents, regardless of actual maturities of the underlying investments.

**Missouri Department of Natural Resources  
Clean Water State Revolving Fund  
Notes to the Financial Statements**

<b>NOTE 1: Summary of Significant Accounting Policies (continued)</b>
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B. Agency Fund

The agency fund accounts for the monies held at trustee banks on behalf of the loan participants. This includes their unspent loan funds, as well as the rebate funds held for arbitrage payments. The program considers all highly liquid investments with original maturities of three months or less to be cash equivalents. The program also invests in guaranteed investment contracts, government and agency bonds, U.S. Treasury bills, and commercial paper. The guaranteed investment contracts are stated at cost as they are not negotiable or transferable and are not affected by market fluctuations. The bonds, bills and commercial paper are stated at cost, which approximates fair value.

**Operating Revenues and Expenses**

Revenues and expenses as a result of providing loans to participants are considered operating revenues and expenses. Operating revenues include interest earned on loans, administrative fee revenue, and investment income. Operating expenses include salaries, benefits, and other administrative expenses. The non-operating revenues and expenses of the Clean Water SRF program are EPA capitalization grant revenues and bond interest expenses.

**Administrative Fees**

The program charges an administrative fee to borrowers to fund administrative costs of operating the program. During the year ended June 30, 2008, \$4,581,274 was collected for administrative fees from borrowers and \$3,196,674 was paid for administrative expenses and capital asset purchases. The cash balance of the administrative fee fund was \$16,662,939 as of June 30, 2008, which included interest earnings of \$770,180 for state fiscal year 2008.

**Bonds Payable**

Bonds payable are special limited obligations of Environmental Improvement and Energy Resources Authority, or EI ERA, payable from borrower loan repayments and a reserve account established for each borrower (equal to 70 percent of the outstanding bond principal), in accordance with a master trust agreement. Interest expense is reported on the accrual basis. Due to the flow-through effect of the bonds and related receivables; bond discounts, premiums, and issuance costs are not reported by the program since they represent the costs of the borrowers.

Borrowers make monthly payments to debt service repayment accounts, which also earn interest that further subsidizes the interest rates. On bond payment dates, transfers are made from the repayment accounts to the debt service funds to make the semi-annual

**Missouri Department of Natural Resources  
Clean Water State Revolving Fund  
Notes to the Financial Statements**

**NOTE 1: Summary of Significant Accounting Policies (continued)**

interest payments and annual bond principal payments. Interest earnings on the construction loan accounts and reserve accounts are also transferred to the debt service funds on the bond payment dates. These interest earnings reduce the amount that is needed from the repayment accounts.

As outstanding bond principal is reduced, an amount is released from the reserve account so that the reserve security equals 70 percent of the outstanding loan balance. Amounts released flow to the master trust unallocated fund, and, if there are no loan defaults, the amount is transferred to the Water and Wastewater Loan Revolving Fund to be used to make new loans.

State match bonds that are immediately and directly deposited inside the Clean Water SRF, and that will be repaid using Clean Water SRF interest earnings, are recorded as bonds payable. The first state match bonds that met this criteria were sold in August 2002.

State general obligation bonds sold prior to August 2002 that were used to provide state match for the Clean Water SRF program were initially being repaid with state general revenue funds rather than with Clean Water SRF interest earnings and were therefore recorded as contributed capital as the state funds were transferred into the Water and Wastewater Loan Fund. They were not recorded as Clean Water SRF bonds payable because the Clean Water SRF program was not obligated to repay them. During state fiscal year 2007, EPA approved the use of Clean Water SRF interest earnings to pay debt service on the bonds issued prior to 2002. The amount of interest earnings used to pay debt service on these bonds during state fiscal year 2008 was \$5,000,567. The obligation to repay the remainder of the bonds still rests with the state and not the Clean Water SRF program. The amount of interest earnings used to repay the bonds will be appropriated each year based on the amount of available interest and will not necessarily be for the full amount of debt service due on the bonds. As such, the bonds are not considered Clean Water SRF bonds payable and the amount of the Clean Water SRF interest earnings used each year will be expensed.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Missouri Department of Natural Resources  
Clean Water State Revolving Fund  
Notes to the Financial Statements**

<b>NOTE 1: Summary of Significant Accounting Policies (continued)</b>
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**Pending Governmental Accounting Standards Board Statement**

At June 30, 2008, the Governmental Accounting Standards Board had issued a statement that was not yet implemented by the program. This statement may have an impact on the program:

Government Accounting Standards Board Statement No. 51 *Accounting and Financial Reporting for Intangible Assets* was issued in June 2007. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets by enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. This Statement required that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. This Statement also provides authoritative guidance that specifically addresses the nature of these intangible assets. Such guidance should be applied in addition to the existing authoritative guidance for capital assets. The requirements of this Statement are effective for financial statements with periods beginning after June 15, 2009.

<b>NOTE 2: Cash, Cash Equivalents and Investments</b>
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**Enterprise Funds**

All cash in the enterprise funds is required to be deposited with the State Treasurer, who is responsible for maintaining and investing the pooled cash balances in accordance with state laws. The Treasurer is required to maintain a mix of investments in order to allow funds to be withdrawn at any time to meet normal operating needs. The program's share of the investment income from the local government investment pool is based on the average daily balance for the period and is credited to the program periodically throughout the month. The Treasurer has its own policies for custodial credit risk, interest rate risk, credit risk, concentration of credit risk and foreign currency risk. Details of the investments and risks can be obtained from the State Treasurer's Office.

All cash and investments in the local investment pool are stated at cost, which approximates fair market value. The investments in the local government investment pool are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

**Missouri Department of Natural Resources  
Clean Water State Revolving Fund  
Notes to the Financial Statements**

<b>NOTE 2: Cash, Cash Equivalents and Investments (continued)</b>
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**Agency Fund**

All cash and investments of the agency fund are invested in accordance with the trustee investment agreement. Allowable investments include:

- Federal securities
- Direct and general obligations of the State which are pledged by the full faith and credit of the State and are rated in either of the two highest rating categories
- Deposits at banks, trust companies or savings and loan associations which are fully insured by FDIC
- Federal funds, unsecured certificates of deposit, time deposits and bankers acceptances (having maturities of not more than 365 days) of any bank and which are rated in the highest short-term rating category
- Unsecured promissory notes of any bank, trust company, national banking association or bank holding company equal in quality to such institution's outstanding unsecured long-term debt that is rated in the highest rating category
- Tax exempt permitted investments
- Any other investment agreement with a provider which is rated, or whose unsecured, long-term obligations are rated at least "Aa2" or equivalent, or with a provider whose obligations are guaranteed by a guarantor which is rated, or whose unsecured, long-term obligations are rated at least "Aa2" or equivalent
- Commercial paper issued by domestic corporations rated in the second highest short-term rating category
- Shares in money market mutual funds rated in the highest applicable rating category

*Custodial credit risk.* This is the risk that, in the event of the failure of the counterparty, the program will not be able to recover the value of its deposits or investments. Of the cash and cash equivalents held by the trustee banks, \$1,551,492 of deposits was exposed to custodial credit risk because it was collateralized with securities held by the counterparty's trust department but not in the name of the program. The government and agency bonds and commercial paper are uninsured. The remaining agency fund cash and cash equivalents are invested in money market mutual funds. The money market mutual funds and the guaranteed investment contracts are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

**Missouri Department of Natural Resources  
Clean Water State Revolving Fund  
Notes to the Financial Statements**

<b>NOTE 2: Cash, Cash Equivalents and Investments (continued)</b>
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As of June 30, 2008, the agency fund had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>	
		<u>Less Than 1 Year</u>	<u>1-5 Years</u>
Guaranteed Investment Contracts	\$108,392,733	\$15,574,865	\$92,817,868
Government and Agency Bonds	13,748,000	11,746,843	2,001,157
U.S. Treasury Bills	2,994,750	2,994,750	0
Commercial Paper	16,505,598	16,505,598	0
Money Market Mutual Funds	<u>22,553,434</u>	<u>22,553,434</u>	<u>0</u>
	<u>\$164,194,515</u>	<u>\$69,375,490</u>	<u>\$94,819,025</u>

*Interest rate risk.* Interest rate risk is the risk that changes in interest rates may adversely affect the investment's fair value. The program does not have a policy to address interest rate risk.

*Credit risk.* The trustee banks are responsible for monitoring credit risk as it relates to the types of investments that can be made in accordance with the trustee investment agreement. The program has no investment policy that further limits its investment choices. As of June 30, 2008, the money market mutual funds and the Federal Home Loan Bank investments are rated AAA by Standard and Poor's. The commercial paper is rated A-1 by Standard and Poor's. The guaranteed investment contracts are unrated.

*Concentration of credit risk.* The program places no limit on the amount that may be invested with any one issuer. The percent of total investments held by each provider as of June 30, 2008 is as follows:

<u>Investment Issuer</u>	<u>Fair Value</u>	<u>Percent of Total</u>
Toyota Motor Credit Co.	\$2,865,318	2.0%
Hershey Foods Corp.	3,500,144	2.5%
Bank of America	10,140,137	7.2%
Federal Home Loan Bank	13,748,000	9.7%
FSA Capital Management	42,852,296	30.3%
Citigroup Global Markets	<u>65,540,437</u>	46.3%
	<u>\$138,646,332</u>	

**Missouri Department of Natural Resources  
Clean Water State Revolving Fund  
Notes to the Financial Statements**

<b>NOTE 3: Loans Receivable</b>
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Loans receivable consist of three types: leveraged loans, reserve loans, and direct loans. Leveraged loans are funded by the sale of revenue bonds, the proceeds of which are deposited to a construction loan fund. Borrowers are loaned funds from the construction loan fund to pay for construction costs incurred. The terms of the loans mirror the terms of the bonds in order to provide the funds to pay bond interest and principal according to the terms of the bonds. As funds are released from the construction loan fund to the borrower, an amount equal to 70 percent of the construction costs is deposited to the loan reserve fund to provide an interest subsidy to the borrower and to provide security for bond principal and interest. In general, the loans and bonds require payment of interest semi-annually and principal annually. It is the opinion of management that all loans are fully collectable, so no provision for uncollectable amounts is included in these financial statements.

The following details the three types of loans as of June 30, 2008:

<u>Loan Type</u>	<u>Loan Amount Authorized</u>	<u>Outstanding Balance</u>
Leveraged Loans	\$1,671,462,661	\$1,064,487,139
Reserve Loans	N/A	635,681,506
Direct Loans	<u>145,857,606</u>	<u>14,545,784</u>
Totals	<u>\$1,817,320,267</u>	<u>\$1,714,714,429</u>
Less Current Maturities		<u>97,558,231</u>
Loans Receivable, Net of Current Portion		<u>\$1,617,156,198</u>

Loans receivable activity during the year ended June 30, 2008 is summarized as follows:

<u>Type of Loan</u>	<u>6/30/2007</u>			<u>6/30/2008</u>
	<u>Balance</u>	<u>Disbursements</u>	<u>Repayments</u>	<u>Balance</u>
Direct Loans	\$4,163,627	\$2,300,000	\$(226,277)	\$6,237,350
Nonpoint Source Loans (Direct)	7,359,932	1,903,278	(954,776)	8,308,434
Leveraged Loans	1,060,315,406	56,335,000	(52,163,267)	1,064,487,139
Reserve Loans	611,587,390	58,937,204	(34,843,088)	635,681,506
	<u>\$1,683,426,355</u>	<u>\$119,475,482</u>	<u>\$(88,187,408)</u>	<u>\$1,714,714,429</u>

**Missouri Department of Natural Resources  
Clean Water State Revolving Fund  
Notes to the Financial Statements**

<b>NOTE 3: Loans Receivable (continued)</b>
---------------------------------------------

**Loan Maturities**

Loans mature at various intervals through fiscal year 2030. The scheduled principal payments in subsequent years are as follows:

Year Ending June 30	Direct	Nonpoint Source	Leveraged	Reserve
2009	\$293,953	\$1,026,514	\$57,751,770	\$38,485,994
2010	323,765	1,026,807	63,137,410	41,976,927
2011	332,114	935,509	65,848,574	43,589,277
2012	337,202	772,693	63,945,828	42,628,047
2013	354,527	602,832	67,474,978	44,453,305
2014-2018	1,867,852	2,808,806	329,283,579	215,350,337
2019-2023	1,726,537	1,059,859	285,425,000	165,638,786
2024-2028	964,700	75,414	128,565,000	43,558,833
2029-2033	36,700	0	3,055,000	0
<b>Total</b>	<b>\$6,237,350</b>	<b>\$8,308,434</b>	<b>\$1,064,487,139</b>	<b>635,681,506</b>

**Missouri Department of Natural Resources  
Clean Water State Revolving Fund  
Notes to the Financial Statements**

<b>NOTE 3: Loan Receivables (continued)</b>
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**Loans to Major Local Agencies**

As of June 30, 2008, the program had made leveraged and direct loans to 19 agencies that, in the aggregate, exceeded \$15,000,000. The outstanding balances of all loans to these agencies represent approximately 69 percent of the total loans receivable, as follows:

Borrower	Original Amount	Outstanding Balance	Reserve Balance
Metropolitan Sewer District	\$501,455,280	\$210,710,831	\$114,441,255
Kansas City–Water Services Dept.	142,950,000	92,020,000	64,990,432
Springfield	103,495,000	70,986,000	42,656,900
Little Blue Valley Sewer District	100,205,000	90,285,000	64,988,441
Jefferson City	39,580,000	34,755,000	24,828,543
Duckett Creek	38,673,000	24,583,000	16,257,227
Cape Girardeau	36,352,661	22,410,139	15,265,629
Taney Co. Regional Sewer District	28,548,000	13,280,000	8,934,591
Ozark	26,105,000	24,460,000	5,898,474
Rock Creek Sewer District	25,555,000	19,765,000	14,368,384
Platte Co. Regional Sewer District	25,220,000	20,900,000	11,465,840
Branson	22,950,000	15,287,000	10,525,900
Washington	21,300,000	20,490,000	2,746,974
Warrensburg	20,950,000	17,285,000	2,863,586
Joplin	20,000,000	10,189,000	7,132,300
Wentzville	19,430,000	19,430,000	13,289,174
Moberly	19,210,000	11,425,000	6,804,153
Columbia	17,680,000	13,465,000	7,916,053
St. Joseph	16,823,000	9,226,000	6,458,200
<b>Total</b>	<b>\$1,226,481,941</b>	<b>\$740,951,970</b>	<b>\$441,832,056</b>

**Missouri Department of Natural Resources  
Clean Water State Revolving Fund  
Notes to the Financial Statements**

<b>NOTE 4: Bonds Payable</b>
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The Missouri Clean Water SRF program issues revenue bonds to finance qualified projects and uses federal capitalization grants and state matching funds to provide reserves for the bonds. The bonds are issued by EI ERA and proceeds from the sales of bonds are deposited into the borrowers' accounts with the trustee banks. Bonds payable and loans receivable are recorded in the loan fund. Cash and project costs payable are recorded in the agency fund. As borrowers incur costs, funds are transferred from the construction loan fund to the borrower. At the same time, the program draws federal and state matching funds to establish the loan reserves at 70 percent of the amount released from the construction loan fund (50 percent prior to 1993). Interest earned on the construction loan fund and the reserve fund subsidizes the interest on the borrower's loan. As borrowers repay the loans, the interest and principal serve as the source of funds to pay bond principal and interest.

Beginning with Bond Series 2004C, state match bonds are issued by EI ERA in addition to leveraged bonds. Proceeds from both the state match bonds and the leveraged bonds are deposited into the borrowers' accounts at the trustee banks. The reserves for the leveraged bonds are then funded entirely by federal capitalization grants.

As of June 30, 2008, there were 45 separate revenue bond issues sold which totaled \$1,594,062,661. The bonds mature at various intervals through January 2029. The individual series, outstanding balances, and principal due included:

Series	Amount Issued	Outstanding Balance	Current Portion	Effective Rate to Community
Revenue Bond Series 1990A interest of 6.0% to 7.0% due semi-annually, principal due annually to October 2010.	\$32,650,000	\$4,130,000	\$1,285,000	3.62
Revenue Bond Series 1990B interest of 5.7% to 7.125% due semi-annually, principal due annually to December 2010.	9,695,000	1,230,000	380,000	3.55
Revenue Bond Series 1991A interest of 4.8% to 6.8755% due semi-annually, principal due annually to June 2014.	13,550,000	575,000	140,000	3.21
Revenue Bond Series 1992A interest of 3.75 to 6.555% due semi-annually, principal due annually to July 2014.	48,295,000	3,600,000	685,000	3.45

**Missouri Department of Natural Resources  
Clean Water State Revolving Fund  
Notes to the Financial Statements**

<b>NOTE 4: Bonds Payable (continued)</b>
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Series	Amount Issued	Outstanding Balance	Current Portion	Effective Rate to Community
Revenue Bond Series 1993A interest of 3.4% to 5.4% due semi-annually, principal due annually to July 2015.	\$22,425,000	\$6,665,000	\$1,060,000	2.05
Revenue Bond Series 1994A interest of 4.25% to 6.05% due semi-annually, principal due annually to July 2015.	12,215,000	1,455,000	235,000	2.23
Revenue Bond Series 1994B interest of 5.0% to 7.2% due semi-annually, principal due annually to July 2016.	43,230,000	10,855,000	1,300,000	2.67
Revenue Bond Series 1995A interest of 4.75% to 6.05% due semi-annually, principal due annually to July 2016.	17,450,000	6,145,000	180,000	2.46
Revenue Bond Series 1995B interest of 4.5% to 7.75% due semi-annually, principal due annually to January 2015.	18,000,000	1,365,000	310,000	2.27
Revenue Bond Series 1995C interest of 4.0% to 6.0% due semi-annually, principal due annually to January 2016.	30,000,000	2,260,000	430,000	2.22
Revenue Bond Series 1995D interest of 4.75% to 6.25% due semi-annually, principal due annually to January 2017.	11,462,661	3,987,139	946,770	2.99
Revenue Bond Series 1995E interest of 3.75% to 5.625% due semi-annually, principal due annually to July 2016.	26,410,000	3,830,000	1,000,000	2.36

**Missouri Department of Natural Resources  
Clean Water State Revolving Fund  
Notes to the Financial Statements**

<b>NOTE 4: Bonds Payable (continued)</b>
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Series	Amount Issued	Outstanding Balance	Current Portion	Effective Rate to Community
Revenue Bond Series 1996A interest of 3.6% to 7.0% due semi-annually, principal due annually to January 2016.	\$24,000,000	\$2,030,000	\$395,000	2.27
Revenue Bond Series 1996B interest of 3.6% to 5.9% due semi-annually, principal due annually to January 2017.	4,545,000	485,000	95,000	2.27
Revenue Bond Series 1996D interest of 4.1% to 5.9% due semi-annually, principal due annually to January 2019.	14,185,000	2,160,000	290,000	2.35
Revenue Bond Series 1996E interest of 3.8% to 6.0% due semi-annually, principal due annually to January 2019.	23,600,000	2,735,000	380,000	2.30
Revenue Bond Series 1997A interest of 3.75% to 6.0% due semi-annually, principal due annually to January 2011. (Refunding Bonds)	15,785,000	5,410,000	1,715,000	
Revenue Bond Series 1997B interest of 3.95% to 5.75% due semi-annually, principal due annually to January 2017.	22,235,000	2,640,000	1,140,000	2.43
Revenue Bond Series 1997C interest of 3.95% to 6.75% due semi-annually, principal due annually to January 2012.	5,730,000	2,670,000	635,000	2.43
Revenue Bond Series 1997D interest of 4.3% to 6.0% due semi-annually, principal due annually to January 2019.	24,060,000	7,790,000	665,000	2.04

**Missouri Department of Natural Resources  
Clean Water State Revolving Fund  
Notes to the Financial Statements**

<b>NOTE 4: Bonds Payable (continued)</b>
------------------------------------------

Series	Amount Issued	Outstanding Balance	Current Portion	Effective Rate to Community
Revenue Bond Series 1997E interest of 3.9% to 5.125% due semi-annually, principal due annually to January 2019.	\$14,015,000	\$5,435,000	\$815,000	1.83
Revenue Bond Series 1997F interest of 4.05% to 5.45% due semi-annually, principal due annually to January 2018.	2,500,000	1,375,000	125,000	1.83
Revenue Bond Series 1998A interest of 3.9% to 5.25% due semi-annually, principal due annually to January 2019.	16,480,000	10,485,000	800,000	1.83
Revenue Bond Series 1998B interest of 3.45% to 5.25% due semi-annually, principal due annually to January 2020.	17,080,000	11,345,000	865,000	1.81
Revenue Bond Series 1999A interest of 3.625% to 5.25% due semi-annually, principal due annually to January 2020.	45,655,000	20,465,000	2,080,000	1.77
Revenue Bond Series 1999B interest of 4.125% to 5.75% due semi-annually, principal due annually to July 2020.	9,550,000	2,320,000	415,000	1.98
Revenue Bond Series 2000A interest of 4.6% to 5.75% due semi-annually, principal due annually to July 2021.	32,150,000	11,860,000	1,470,000	2.82
Revenue Bond Series 2000B interest of 4.5% to 5.625% due semi-annually, principal due annually to July 2021.	34,675,000	18,580,000	1,380,000	2.32

**Missouri Department of Natural Resources  
Clean Water State Revolving Fund  
Notes to the Financial Statements**

<b>NOTE 4: Bonds Payable (continued)</b>
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	Amount Issued	Outstanding Balance	Current Portion	Effective Rate to Community
Revenue Bond Series 2001A interest of 4.0% to 5.0% due semi-annually, principal due annually to January 2022.	\$7,635,000	\$5,580,000	\$365,000	1.84
Revenue Bond Series 2001B interest of 3.0% to 5.375% due semi-annually, principal due annually to January 2019. (Refunding Bonds)	122,060,000	101,800,000	8,015,000	
Revenue Bond Series 2001C interest of 3.0% to 5.375% due semi-annually, principal due annually to July 2023.	88,880,000	72,850,000	3,635,000	1.96
Revenue Bond Series 2002A interest of 2.0% to 5.375% due semi-annually, principal due annually to January 2023.	19,175,000	15,110,000	890,000	1.89
Revenue Bond Series 2002B interest of 2.0% to 5.50% due semi-annually, principal due annually to July 2023.	76,360,000	68,690,000	2,415,000	2.25
Revenue Bond Series 2003A interest of 2.5% to 4.0% due semi-annually, principal due annually to January 2024.	88,915,000	82,225,000	2,635,000	1.15
Revenue Bond Series 2003B interest of 2.0% to 5.125% due semi-annually, principal due annually to January 2025.	28,495,000	24,340,000	1,100,000	1.27
Revenue Bond Series 2003C interest of 2.0% to 4.75% due semi-annually, principal due annually to July 2025.	16,605,000	14,705,000	665,000	1.19

**Missouri Department of Natural Resources  
Clean Water State Revolving Fund  
Notes to the Financial Statements**

**NOTE 4: Bonds Payable (continued)**

Series	Amount Issued	Outstanding Balance	Current Portion	Effective Rate to Community
Revenue Bond Series 2004A interest of 2.0% to 5.0% due semi-annually, principal due annually to July 2021. (Refunding Bonds)	60,300,000	57,100,000	2,120,000	
Revenue Bond Series 2004B interest of 2.0% to 5.0% due semi-annually, principal due annually to January 2027.	176,175,000	160,115,000	7,840,000	2.12
Revenue Bond Series 2004C interest of 3.0% to 5.25% due semi-annually, principal due annually to January 2025.	30,175,000	26,010,000	1,415,000	1.54
2004C Leveraged Portion	25,655,000	22,535,000	1,085,000	
2004C State Match Portion	4,520,000	3,475,000	330,000	
Revenue Bond Series 2005A interest of 3.0% to 5.0% due semi-annually, principal due annually to July 2026.	24,955,000	23,770,000	815,000	1.80
2005A Leveraged Portion	21,175,000	20,515,000	565,000	
2005A State Match Portion	3,780,000	3,255,000	250,000	
Revenue Bond Series 2005C interest of 3.0% to 5.25% due semi-annually, principal due annually to July 2027.	55,430,000	53,995,000	2,145,000	1.38
2005C Leveraged Portion	47,340,000	46,540,000	1,575,000	
2005C State Match Portion	8,090,000	7,455,000	570,000	
Revenue Bond Series 2006A interest of 4.0% to 5.25% due semi-annually, principal due annually to July 2027.	85,505,000	84,490,000	1,305,000	1.53

**Missouri Department of Natural Resources  
Clean Water State Revolving Fund  
Notes to the Financial Statements**

**NOTE 4: Bonds Payable (continued)**

Series	Amount Issued	Outstanding Balance	Current Portion	Effective Rate to Community
2006A Leveraged Portion	\$65,825,000	\$65,810,000	\$305,000	
2006A State Match Portion	19,680,000	18,680,000	1,000,000	
Revenue Bond Series 2006B interest of 4.0% to 5.0% due semi-annually, principal due annually to July 2027.	19,810,000	19,755,000	185,000	1.58
2006B Leveraged Portion	16,975,000	16,930,000	175,000	
2006B State Match Portion	2,835,000	2,825,000	10,000	
Revenue Bond Series 2007A interest of 4.0% to 4.75% due semi-annually, principal due annually to January 2028.	45,625,000	45,475,000	1,330,000	1.34
2007A Leveraged Portion	39,060,000	39,010,000	870,000	
2007A State Match Portion	6,565,000	6,465,000	460,000	
Revenue Bond Series 2007B interest of 4.0% to 5.0% due semi-annually, principal due annually to January 2029.	56,335,000	56,335,000	315,000	1.54
2007B Leveraged Portion	48,310,000	48,310,000	15,000	
2007B State Match Portion	8,025,000	8,025,000	300,000	
Total Leveraged Bonds	1,540,567,661	1,016,047,139	55,486,770	
Deferred Amt. on Refundings		(1,740,000)	(655,000)	
Total State Match Bonds	53,495,000	50,180,000	2,920,000	
Total Revenue Bonds	<u>\$1,594,062,661</u>	<u>\$1,064,487,139</u>	<u>\$57,751,770</u>	

As of June 30, 2008, the State had one general obligation state match bond issuance, Series A 2002, in the amount of \$15,000,000. The bonds mature at various intervals through August 2027, with interest of 3.0 percent to 5.25 percent due semi-annually. These bonds were immediately and directly deposited inside the Clean Water SRF and will be repaid using interest earnings on the Water and Wastewater Loan Revolving Fund. The outstanding balance of the state match general obligation bonds as of June 30,

**Missouri Department of Natural Resources  
Clean Water State Revolving Fund  
Notes to the Financial Statements**

<b>NOTE 4: Bonds Payable (continued)</b>
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2008 was \$13,092,500 and the current portion of the general obligation bonds was \$430,000.

Bond activity during the year ended June 30, 2008 is summarized as follows:

	6/30/2007 Balance	Repayments	New Issues	6/30/2008 Balance
Leveraged Program Bonds	\$1,018,415,406	\$(50,678,267)	\$48,310,000	\$1,016,047,139
State Match Bonds (Rev and GO)	57,922,500	(2,675,000)	8,025,000	63,272,500
Deferred Amount on Refundings	(2,515,000)	775,000	0	(1,740,000)
<b>Total</b>	<b>\$1,073,822,906</b>	<b>\$(52,578,267)</b>	<b>\$56,335,000</b>	<b>\$1,077,579,639</b>

The required annual payments for all general obligation and revenue bonds for subsequent fiscal years are as follows:

Leveraged Bonds

Year Ending June 30	Principal	Interest	Total
2009	\$54,831,770	\$50,871,949	\$105,703,719
2010	59,252,410	47,842,292	107,094,702
2011	62,038,574	44,631,505	106,670,079
2012	60,220,828	41,638,679	101,859,507
2013	63,844,978	38,691,732	102,536,710
2014-2018	312,928,579	144,626,905	457,555,484
2019-2023	273,890,000	67,508,319	341,398,319
2024-2028	124,295,000	13,462,689	137,757,689
2029-2033	3,005,000	143,900	3,148,900
<b>Total</b>	<b>\$1,014,307,139</b>	<b>\$449,417,970</b>	<b>\$1,463,725,109</b>

**Missouri Department of Natural Resources  
Clean Water State Revolving Fund  
Notes to the Financial Statements**

<b>NOTE 4: Bonds Payable (continued)</b>
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Match Bonds

Year Ending June 30	Principal	Interest	Total
2009	\$3,350,000	\$2,661,583	\$6,011,583
2010	4,327,500	2,482,104	6,809,604
2011	4,270,000	2,323,554	6,593,554
2012	4,202,500	2,167,362	6,369,862
2013	4,125,000	2,010,505	6,135,505
2014-2018	19,162,500	7,669,421	26,831,921
2019-2023	15,042,500	3,843,788	18,886,288
2024-2028	8,742,500	974,345	9,716,845
2029-2033	50,000	2,500	52,500
Total	\$63,272,500	\$24,135,162	\$87,407,662

**Advance Refundings**

There have been three separate revenue refunding bond issues (Series 1997A, 2001B, and 2004A) totaling \$198,145,000 to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in irrevocable trusts for the purpose of generating resources for future debt service payments of \$189,345,000 of revenue bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. As of June 30, 2008 the amount of refunded bonds that had yet to be called totaled \$34,825,000.

<b>NOTE 5: Net Assets</b>
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All net assets of the program are restricted. The program's enabling legislation and related regulations require that all money in the fund may be used only for purposes of the program.

The program is capitalized by grants from EPA, authorized by Title VI of the Act, and matching funds from the State of Missouri. As of June 30, 2008, EPA has awarded capitalization grants totaling \$709,575,119, of which \$678,502,316 has been drawn. The total award amount includes a \$100,000 in-kind amount on the CS290001-11 grant to pay for an independent audit and therefore will not be available to draw. The following summarizes the capitalization grants awarded, amounts drawn on each grant, and balances available:

**Missouri Department of Natural Resources  
Clean Water State Revolving Fund  
Notes to the Financial Statements**

<b>NOTE 5: Net Assets (continued)</b>
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Grant ID	Grant Amount	Total Draws June 30, 2007	2008 Draws	Total Draws June 30, 2008	Available June 30, 2008
00290001-89	\$26,147,682	\$26,147,682	\$0	\$26,147,682	\$0
00290001-90	27,046,602	27,046,602	0	27,046,602	0
00290001-91	57,292,500	57,292,500	0	57,292,500	0
00290001-92	53,863,400	53,863,400	0	53,863,400	0
00290001-93	53,282,889	53,282,889	0	53,282,889	0
00290001-94	33,061,347	33,061,347	0	33,061,347	0
CS290001-95	34,135,876	34,135,876	0	34,135,876	0
CS290001-96	56,211,813	56,211,813	0	56,211,813	0
CS290001-97	17,277,282	17,277,282	0	17,277,282	0
CS290001-98	37,329,237	37,329,237	0	37,329,237	0
CS290001-99	37,332,405	37,332,405	0	37,332,405	0
CS290001-00	42,205,784	42,205,784	0	42,205,784	0
CS290001-06	39,050,360	39,050,360	0	39,050,360	0
CS290001-07	36,957,195	36,957,195	0	36,957,195	0
CS290001-08	36,799,045	36,798,713	332	36,799,045	0
CS290001-09	37,739,197	37,618,552	120,645	37,739,197	0
CS290001-10	29,872,359	10,549,607	19,322,752	29,872,359	0
CS290001-11	24,299,648	0	22,897,343	22,897,343	1,402,305*
CS290001-12	29,670,498	0	0	0	29,670,498
	\$709,575,119	\$636,161,244	\$42,341,072	\$678,502,316	\$31,072,803

\* \$100,000 of this amount is to be retained by EPA for an independent audit and not to be drawn.

As of June 30, 2008, the state match provided for the capitalization grants was as follows:

	<u>June 30, 2007</u>	<u>2008 Match</u>	<u>June 30, 2008</u>
State Appropriations	\$98,136,140	\$0	\$98,136,140
State Match GO Bonds	15,427,980	0	15,427,980
State Match Revenue Bonds	45,470,000	8,025,000	53,495,000
Total State Match	<u>\$159,034,120</u>	<u>\$8,025,000</u>	<u>\$167,059,120</u>

The state match bonds are being repaid with Clean Water SRF interest earnings and are not contributions to fund equity. The total state contribution to fund equity is \$99,439,942. This amount consists of the \$98,136,140 of state appropriations listed above, plus an additional \$1,303,802 that the State of Missouri contributed to pay part of the debt service on the state match general obligation bonds.

**Missouri Department of Natural Resources  
Clean Water State Revolving Fund  
Notes to the Financial Statements**

**NOTE 6: Defined Benefit Pension Plan**

**Plan Description**

The State of Missouri participates in the Missouri State Employees' Plan, which is a single-employer defined benefit pension plan administered by the Missouri State Employees' Retirement System, known as MOSERS, as provided by the Revised Statutes of Missouri Sections 104.010 and 104.312 to 104.1215. MOSERS provides retirement, death, and disability benefits to its members. Missouri law establishes and amends benefit provisions. MOSERS issues a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to Missouri State Employees' Retirement System (P.O. Box 209, 907 Wildwood; Jefferson City, Missouri 65102-0209).

**Funding Policy**

The State of Missouri is obligated by state law to make all required contributions to the Missouri State Employees' Plan. The actuarially determined contributions are expressed as a level percentage of covered payroll. The actuarially determined contribution rate for the Missouri State Employees' Plan is 12.84 percent for the year ended June 30, 2008. Actual contribution rates are the same as the actuarially determined rates. No employee contributions are required. The amount of retirement contributions paid by the State of Missouri and allocated to expense of the program was \$167,423 as of June 30, 2008.

**NOTE 7: Contingencies**

The program is exposed to various risks of loss related to torts, theft of assets, errors or omissions, injuries to state employees while performing program business, or acts of God. The program maintains insurance through the State of Missouri for all risks of loss, which is included in the indirect costs allocated to the program. There have not been any claims against the program since its inception in 1989.

**NOTE 8: Commitments**

House Bill No. 2001, Section 1.025, appropriates 7,330,524 of interest earnings on the Water and Wastewater Loan Revolving Fund to be transferred to the Water Pollution Control Bond and Interest Fund in state fiscal year 2009 for the payment of a portion of the debt service due on state general obligation bonds issued prior to 2002 that provided the state match for the Clean Water SRF program. Refer to the Bonds Payable section of Note 1 for further explanation of this commitment.

**Missouri Department of Natural Resources  
Clean Water State Revolving Fund  
Notes to the Financial Statements**

**NOTE 9: Subsequent Events**

In October 2008, the program will issue revenue bond series 2008A in the amount of \$72,065,000 to finance additional loans.

## Comparison of SFY 2008 IUP (as amended) & Actual Loan Commitments

Applicant	Project #	IUP Amount	Status	Date	Amount	Comments
<b>Fundable Carryover Projects</b>						
* Buffalo	C295371-02	\$ 3,762,100	Construction	11/15/2007	\$ 3,800,000	
* Trenton	C295294-02	\$ 8,000,000	Construction	11/15/2007	\$ 8,000,000	
* Owensville	C295521-01	\$ 4,520,000	Re-design	11/15/2007	\$ 3,525,000	
* Milan	C295343-01	\$ 2,500,000	Design			Target closing Fall '08
* Springfield (Spring Br. Trunk)	C295406-04	\$ 8,799,100	Design			
* Mt. Vernon	C295071-02	\$ 5,712,000	Design			
* Kansas City (Turkey Creek PS)	C295248-14	\$ 10,666,000	Planning			
<b>Fundable Projects (Approved Debt Instrument Secured &amp; Facility Plan Submitted)</b>						
Warrensburg (Phase II)	C295510-03	\$ 4,611,400	Design			
Stockton	C295509-01	\$ 3,324,300	Construction			Target closing Fall '08
Boone County RSD	C295375-06	\$ 3,835,000	Construction	11/15/2007	\$ 2,710,000	
Wentzville (Phase II)	C295444-02	\$ 10,140,000	Planning			
Kirksville	C295250-08	\$ 2,326,971	Construction	4/29/2008	\$ 1,500,000	Direct Loan
Fair Grove	C295501-01	\$ 1,010,800	Bidding	6/24/2008	\$ 800,000	Direct Loan
Kansas City (Fishing River)	C295248-15	\$ 13,000,000	Design			
Washington	C295526-01	\$ 22,100,000	Construction	11/15/2007	\$ 20,000,000	
Moberly	C295178-04	\$ 3,005,000	Design			
Lilbourn	C295523-01	\$ 1,614,000	Design			Target Direct Loan Fall '08
Nevada	C295010-01	\$ 12,000,000	Construction	11/15/2007	\$ 12,000,000	
Fremont Hills	C295471-01	\$ 1,402,107	Bidding			Target Direct Loan Fall '08
Dexter	C295500-01	\$ 4,500,000	Construction	11/15/2007	\$ 4,500,000	
Columbia	C295499-02	\$ 5,952,100	Construction	11/15/2007	\$ 1,800,000	
La Plata	C295392-02	\$ 2,000,000	Design			Target closing Fall '08
Metropolitan St. Louis Sewer District (LeMay Wet Weather Expansion)	C295023-24	\$ 40,000,000	Construction			Target closing Fall '08
<b>Contingency Projects (Facility Plan Submitted)</b>						
Bonne Terre	C295281-02	\$ 2,570,000				Withdrew. Received other financing.
Jackson	C295247-03	\$ 9,700,000	Planning			
* Bolivar	C295458-02	\$ 4,144,800				Dropped
* Sikeston	C295323-02	\$ 7,800,000	Planning			
* Holts Summit	C295192-03	\$ 4,505,000	Planning			Re-applied
* Garden City	C295283-02	\$ 921,545	Planning			Re-applied
Kearney	C295249-03	\$ 9,000,000	Planning			
<b>Planning List</b>						
Bismark	C295527-01	\$ 4,104,250	Planning			
* California	C295261-03	\$ 4,414,000	Planning			Re-applied
Calvey Creek S.D. (Crestview Area)	C295524-01	\$ 1,650,000	Planning			
Cole Camp	C295498-01	\$ 850,000	Planning			
* Franklin County PWS#1 (Pottery Road)	C295325-02	\$ 1,500,000	Planning			Re-applied
* Houston	C295491-01	\$ 2,955,000	Design			Re-applied
Jefferson City	C295401-05	\$ 3,906,000	Design			Target closing Fall '08
Kansas City (Various collection system improvements)	C295248-16	\$ 43,000,000	Planning			
Little Blue Valley S.D. (Atherton WWTP Phase II)	C295439-03	\$ 54,300,700	Planning			
Little Blue Valley S.D. (Middle Big Creek Phase I)	C295525-01	\$ 58,118,000	Planning			
* Mansfield	C295520-01	\$ 547,000	Planning			Re-applied
* Pike Creek Common Sewer District	C295480-01	\$ 2,000,000	Planning			Re-applied
* Pulaski Co. S.D. No. 1 (Ware Hollow)	C295320-07	\$ 5,100,000	Planning			Re-applied
* Pulaski Co. S.D. No. 1 (Weeks Hollow WWTP)	C295320-06	\$ 5,220,000	Planning			Re-applied
Rogersville	C295507-01	\$ 3,643,816	Planning			
Seneca	C295210-02	\$ 4,000,000	Planning			
* Taney Co. Regional Sewer District (Ozark Beach, Powersite N, Venice)	C295219-06	\$ 18,565,939	Planning			Re-applied
* Tipton **	C295528-01	\$ 1,141,000	Planning			
* Walnut Grove	C295518-01	\$ 850,000	Planning			Re-applied
Weaubleau	C295495-01	\$ 2,113,193	Design			
Windsor	C295512-01	\$ 1,056,500	Design			

<b>CWSRF Nonpoint Source Direct Loan Program</b>						
Nonpoint Source Initiative		\$	1,000,000			
* Ozark Clean Water Company	C295517-01	\$	500,000			Dropped
* Boone County Commission	C295299-01	\$	2,211,827	Planning		Re-applied
Metropolitan St. Louis SD (Kehrs Mill Trails Subdivision)	C295023-27	\$	2,000,000			Withdrew
* Jefferson County (Hoene Springs NID)	C295409-01	\$	3,100,000			Dropped
* Normac Sewer District (Camden County)	C295519-01	\$	150,000			Dropped. Received other financing
Missouri Agriculture & Small Business Development	C295212-07	\$	4,000,000	Planning		Target Direct Loan Fall '08

<b>Direct Loan Match to 40% State Construction Grant</b>						
St. Elizabeth	C295508-01, SG-465	\$	1,200,000	Planning		
Silver Creek, Village of	C295529-01, SG-487	\$	1,500,000	Planning		
Gordonville	C295449-01, SG-455	\$	1,495,380	Planning		

**Clean Water**

SOURCE AND DISTRIBUTION OF FUNDS			
LOAN ADMINISTRATION FEES			
Fund 0568			
As of June 30, 2008			
Income	Program Income Earned During Grant Period	Program Income Earned After Grant Period	Non-Program Income
Beginning Balance as of 7/1/03	\$ 9,770,362	\$ -	\$ 184,431
FY04 Income	\$ 1,522,341	\$ 837,528	\$ 293,101
FY04 Interest Earnings	\$ 176,933	\$ -	\$ -
FY05 Income	\$ 1,580,634	\$ 1,230,424	\$ 383,910
FY05 Interest Earnings	\$ 224,986	\$ -	\$ -
FY06 Income (thru 6/30/06)	\$ 1,537,478	\$ 1,286,684	\$ 776,935
FY06 Interest Earnings	\$ 282,585	\$ 110,401	\$ 51,233
FY07 Income (thru 06/30/07)	\$ 1,619,168	\$ 1,225,578	\$ 1,475,240
FY07 Interest Earnings	\$ 317,460	\$ 196,430	\$ 116,613
FY08 Income (thru 6/30/08)	\$ 1,153,028	\$ 1,861,091	\$ 1,567,156
FY08 Interest Earnings (thru 6/30/08)	\$ 276,232	\$ 291,935	\$ 202,013
Subtotal	\$ 18,461,205	\$ 7,040,071	\$ 5,050,632
Expenses			
FY04 Personnel Services	\$ (1,054,577)	\$ -	\$ -
FY04 Fringe	\$ (349,795)	\$ -	\$ -
FY04 Equipment & Expenses	\$ (1,003,174)	\$ -	\$ -
FY04 Transfers	\$ (385,555)	\$ -	\$ -
FY05 Personnel Services	\$ (1,042,270)	\$ -	\$ -
FY05 Fringe	\$ (394,568)	\$ -	\$ -
FY05 Equipment & Expenses	\$ (949,068)	\$ -	\$ -
FY05 Transfers	\$ (375,098)	\$ -	\$ -
FY06 Personnel Services	\$ (1,071,460)	\$ -	\$ -
FY06 Fringe	\$ (424,911)	\$ -	\$ -
FY06 Equipment & Expenses	\$ (499,096)	\$ -	\$ -
FY06 Transfers	\$ (282,108)	\$ -	\$ -
FY07 Personnel Services	\$ (1,034,456)	\$ -	\$ -
FY07 Fringe	\$ (429,514)	\$ -	\$ -
FY07 Equipment & Expenses	\$ (585,361)	\$ -	\$ -
FY07 PSD Expenditures	\$ (428,609)	\$ -	\$ -
FY07 Transfers	\$ (327,701)	\$ -	\$ -
FY07 Leasing Expenses	\$ (6,559)	\$ -	\$ -
FY07 State Owned Expenditures	\$ (48,416)	\$ -	\$ -
FY08 Personnel Services	\$ (1,219,196)	\$ -	\$ (122,945)
FY08 Fringe	\$ (480,476)	\$ -	\$ (48,753)
FY08 Equipment & Expenses	\$ (570,272)	\$ -	\$ -
FY08 PSD Expenditures	\$ (116,547)	\$ -	\$ -
FY08 Transfers	\$ (513,382)	\$ -	\$ (47,900)
FY08 Leasing Expenses	\$ (61,843)	\$ -	\$ -
FY08 State Owned Expenditures	\$ (15,360)	\$ -	\$ -
Total Expenses thru 4/31/08	\$ (13,669,371)	\$ -	\$ (219,598)
Subtotal	\$ 4,791,834	\$ 7,040,071	\$ 4,831,034



**Missouri  
Department of  
Natural Resources**

Water Protection Program - Financial Assistance Center  
P.O. Box 176 Jefferson City, MO 65102-0176  
800-361-4827      [www.dnr.mo.gov](http://www.dnr.mo.gov)