

KANSAS WATER POLLUTION CONTROL REVOLVING LOAN FUND

Annual Report
For Fiscal Year 2018
(7/1/17 to 6/30/18)



September 30, 2018

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September 30, 2018

EXECUTIVE SUMMARY

The Kansas Water Pollution Control Revolving Fund (the KWPCRF) is a way for the State of Kansas through the Kansas Department of Health and Environment (KDHE) to help communities finance water pollution control projects through low interest loans to local government. The repayments on the loans are returned to the KWPCRF to “revolve” for use by other Kansas communities. The “seed” money for the KWPCRF is provided by EPA through an act of Congress. The States must provide a minimum 20% match to these Federal grants.

Through this partnership, the State of Kansas and local communities can work together to protect and improve the environment while also building a financially stable fund to help meet municipal water quality needs of future generations.

Beginning in FFY '93, KDHE in conjunction with the Kansas Development Finance Authority (K DFA) determined the KWPCRF could sell additional revenue bonds to meet the volume of funding requests from local governments, or “leverage” the KWPCRF to generate additional funding for construction projects. This effort was successful, and KDHE in conjunction with K DFA has continued to sell State match and “leveraging” bonds on many occasions to enhance and expand the financial capability of the KWPCRF.

In conjunction with the FFY 2000 revenue bond issue, the Master Bond Resolution was also revised to establish the Environmental Initiatives Fund within the KWPCRF, which can provide funding to non-municipal applicants including non-point source pollution control projects. In conjunction with the FFY 2010 revenue bond issue, a new Master Financing Indenture was developed to provide cross-collateralization of the Kansas Clean Water and Drinking Water SRFs, and allow joint bond issues.

The KWPCRF also provides technical assistance (on site operator training and energy assessments, planning review, design conferences, construction inspection oversight) in addition to funding construction project costs. In FY '18, 12 wastewater authorities entered into 12 new loan agreements and there were 9 amendments to increase the loan amount, with a total of \$17.46 million being invested for new projects related to public health protection, water quality improvement, and permit compliance. There were also 15 loan amendments in the fiscal year to decrease loan amounts and finalize loan agreement repayment schedules in the total amount of \$0.63 M decrease to loan agreements. These projects included:

- **Auburn:** Rehabilitation of portions of the wastewater collection system. Loan Amount: \$1,749,850
- **Burden:** Rehabilitation of portions of the wastewater collection system and rehabilitation and upgrade of the wastewater treatment lagoon. Loan Amount: \$307,100

- **Chanute:** Rehabilitation of portions of the wastewater collection system. Loan Amount: \$3,142,488
- **Holyrood:** Upgrade of the existing wastewater treatment lagoon. Loan Amount: \$378,457
- **Hoxie:** Financing for the design to replace the outdated and dilapidated mechanical sewage treatment plant with a new non-overflowing wastewater treatment lagoon, pumping station and force main to the new site. Loan Amount: \$500,000
- **Jefferson County SD #5:** Replacement of a dilapidated gravity sewer wastewater collection system with a new grinder pump / low pressure sewer (GP/LPS) system and rehabilitation of the non-discharging wastewater treatment lagoon. Loan Amount: \$933,150, project also receives \$595,775 principal forgiveness (GPR design)
- **Manter:** Rehabilitation of the existing wastewater treatment lagoon. Loan Amount: \$72,000
- **Moundridge:** Upgrade and capacity expansion of an existing discharging wastewater treatment lagoon with construction of an activated sludge wastewater treatment system. Loan Amount: \$1,668,550 and Amendment \$1,034,050
- **Pomona:** Rehabilitation of the wastewater collection system and rehabilitation and upgrade of the wastewater treatment lagoon. Loan Amount: \$3,471,220
- **Rose Hill:** Rehabilitation of portions of the wastewater collection system. Loan Amount: \$355,000 and Amendment: \$53,718
- **Strong City:** Financing for field work and engineering design for rehabilitation of the wastewater collection system and rehabilitation and upgrade of the wastewater treatment lagoon. Loan Amount: \$100,000
- **Westwood Hills:** Construction of rehabilitation of the existing storm sewer system "gray infrastructure". Loan Amount: \$265,244

In summary, within SFY 2018, the KWPCRF provided:

- A total of \$16,825,069.34 to new loans and amendments to increase the loan amounts.
- Also included in the above amount, a total of \$632,886.52 of decreases to loan amounts by amendments to existing loans were processed.

- Of the above, an estimated amount of \$595,775 loan funding will be provided as Principal Forgiveness to the Jefferson County SD #5 project, an estimated amount of \$813,500 loan funding will be provided as Principal Forgiveness to the Oberlin project (amendment), and an estimated amount of \$175,000 loan funding will be provided as Principal Forgiveness to the Willowbrook project (amendment). Therefore a total \$1,584,275 Principal Forgiveness funding has been provided by these amendments and loan agreements.

The revolving fund encourages participation by cities with populations 5,000 or less. Eleven of the 12 projects funded were for or within cities of 5,000 or less population. Since the revolving fund's beginning, about 29.7% of the money loaned has been to small communities. Future KDHE efforts will work to maintain this percentage as small community needs increase due to more stringent sludge and wastewater treatment requirements.

To qualify for a state revolving loan, the borrower must:

- Show a public health, water quality, or permit compliance need.
- Show financial need.
- Dedicate a source of money to repay the loan.
- Show the project is ready to proceed.
- Repay the loan once the project is constructed, according to the agreed-upon schedule.
- Meet the required federal and state laws and regulations of the KWPCRF Program.

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I. INTRODUCTION

This is the Kansas Annual Report for Fiscal Year (FY) 2018 (7/1/17-6/30/18) for the Kansas Water Pollution Control Revolving Fund (KWPCRF). This Report describes how the State of Kansas has met the goals and objectives of its Clean Water State Revolving Loan Fund (CWSRF) for the previous fiscal year as identified in the Intended Use Plan, the actual use of funds, and the financial position of the KWPCRF. The KWPCRF helps protect the health of Kansas by financing infrastructure improvements which provide treatment of sewage and wastewater.

II. FINANCIAL OVERVIEW

In FFY '93, KDHE, in conjunction with the Kansas Development Finance Authority (K DFA), was successful in "leveraging" the KWPCRF through sale of a 20 year revenue bond. This effort resulted in the sale of \$71.2 million K DFA revenue bonds in January 1993 to provide the required 20% State Match and also "leverage" additional monies. In FFY '95 a second revenue bond issue was sold, providing additional State Match through the issuance of \$6.915 in state match revenue bonds. In FFY '97 a third revenue bond issue was sold for \$39.26 million, providing additional State Match and "leverage" monies. In FFY '98 a fourth revenue bond issue of \$80.5 million was sold, to refinance a portion of the 1993 bonds and to provide additional "leverage" loan dollars. In FFY '99, a short term revenue bond of \$470,000 was sold to provide additional state match for the FFY '99 Capitalization Grant. Also in FFY 2000, a short term revenue bond of \$2.5 million was sold to provide additional State Match for the 2000 Capitalization Grant. In FFY 2000, a fifth revenue bond issue of \$82.915 million was sold to refinance the \$2.5 million bonds and to provide additional State Match and "leverage" monies. At that time the Master Bond Resolution was also revised to establish the Environmental Initiatives Fund within the KWPCRF, which could then provide funding to non-municipal applicants, anticipated to fund non-point source pollution control projects. In FFY '01, a sixth revenue bond issue of \$141.045 million was sold, to refinance selected prior bonds, provide \$4.8 M additional State Match, and provide \$40 M additional "leverage" monies. In FY '03, a seventh revenue bond issue of \$101.575 million was sold, to refinance selected prior bonds and provide \$90 M additional "leverage" monies. In FY '04, an eighth revenue bond issue of \$50.14M was sold, to refinance selected prior bonds, provide \$5.0M additional State Match, and provide \$40.0M additional "leverage" monies. In FY '06, a ninth revenue bond issue of \$118.86M was sold to refinance selected prior bonds, provide \$2.0M additional State Match, and provide \$60.88M additional "leverage" monies. In FY '09, a tenth revenue bond issue of \$66.545M was sold to provide \$5.6M additional State Match, and provide \$60.0M additional "leverage" monies. In FY '11, the eleventh revenue bond issue of \$213,950,000 was sold under the new Master Financing Indenture in conjunction with the Kansas Public Water Supply Revolving Fund, to provide \$5.0M additional State Match, provide \$60.0M additional "Leverage" monies to the KWPCRF, and to refinance selected prior bonds for both SRF programs.

The KWPCRF received the FFY 2017 federal grant in SFY '18 from the Title VI allotment of \$11,967,000 (September 27, 2017) and this is the amount of federal funds made available in FY '18 by all CW SRF grants (see Exhibit 2). The FFY 2018 federal grant application was delayed, and not received in SFY 2018. Also, recycled monies available in FY '18 were \$33,310,299 (the amount released back for new loan agreements after bond repayments were made) (March 1, 2018). In years prior to FY '10, the actual State borrowing amount for FY '10 and prior year's loans was determined by multiplying the total Loan Amounts (from Exhibit 1, Part 1) minus the project costs funded with recycled monies, minus the project costs funded with Leveraged bond monies by 20/116. In this way the necessary State Match for both the Loan and the 4% Administration monies was provided as the binding commitments were established. All State Match funds from these prior bond issues have been disbursed to projects. With the State Match borrowing in SFY 2011, a different approach was required. The \$5.0M of State Match that was borrowed was immediately spent on prior disbursements to existing loans, assuring the State Match bond proceeds were quickly utilized and also the State Match to the EPA funding was quickly spent. Additional State Match bonds were sold in January 2013 to match the FFY 2012 cap grant and a portion of the 2013 cap grant, and additional State Match bonds were sold in December 2013 to match the 2013, 2014, and a small portion of the 2015 Cap Grants. Additional State Match bonds were sold in December 2014 for the 2015 Cap Grant with an amount left to match the 2016 Cap Grant. Additional State Match bonds were sold in December 2015 for the 2016 Cap Grant with an amount left to match the 2017 Cap Grant. Additional State Match bonds were sold in September 2017 for the 2017 Cap Grant with an amount left to match the 2018 Cap Grant. (The additional state match necessary to match the entire FFY 2018 Cap Grant was obtained by sale of \$3.0M revenue bonds in April 2018.) These funds were immediately spent on disbursements to existing loans, assuring the State Match bond proceeds were quickly utilized and also the State Match to the EPA funding was quickly spent. (Any future State Match borrowing will be spent on a similar schedule.)

The total interest earnings include accrued interest during construction, interest repayments on loans from communities, interest earned on State Match borrowing and Leveraged Bond borrowing account balances, and interest earned on the Debt Service Reserve Fund and other investments (see Exhibit 2). In FY '18, \$392,796 was drawn from the Federal ACH for administrative expenses. (See Exhibit 9).

Kansas has made progress in meeting the State's water quality financing needs.

- Twelve wastewater authorities entered into 12 new loan agreements (also known as "binding commitments"), and there were 9 amendments increasing the loan amounts of existing loans, in the total amount of \$17,457,955.86 increased loan amounts.
- There were 15 amendments to existing Loan Agreements to decrease loan amounts and/or provide final repayment schedules, in the total amount of \$632,886.52 decrease to loan amounts. This results in a net increase of \$16,825,069.34 in total loan amounts for the fiscal year.

- Disbursements from the KWPCRF to the various recipients totaled \$60,121,268 on an accrual basis (see Exhibit 6). In addition, \$392,796 from the Federal ACH and \$1,023,567 from service fees was used for actual program administrative expenses in FY '18 (see Exhibit 9).
- All binding commitments, i.e. KDHE signature of a loan agreement or loan amendment, provided financial assistance for construction of wastewater collection and/or treatment facilities. Binding commitments were to provide assistance to municipal wastewater facilities projects as described in Section 212 of the Federal Clean Water Act, and also non-point source pollution control projects as described in Section 319 of the Federal Clean Water Act could be funded.

These "Section 212" projects include secondary treatment and advanced treatment facilities and upgrades including sludge handling improvements, infiltration/inflow correction and control, new interceptors, and sewer rehabilitation. A detailed breakdown of the binding commitments made is shown in Exhibit 1.

III. GOALS AND ACCOMPLISHMENTS

A. Short Term Goals and Accomplishments

The State of Kansas must annually prepare an Intended Use Plan, listing specific projects targeted for funding and describing short-term and long-term goals to be implemented in FY '18. The State has progressed toward successful completion of its short-term goals:

1. To provide financial assistance to water quality improvement projects for discharge to streams and water bodies within "high quality watersheds" consistent with the provisions of the Project Priority System.

The program has been successful in accomplishing this goal as the projects for Moundridge (lagoon upgrade by construction of activated sludge plant in the Little Ark Basin), Hoxie (design of a non-overflowing lagoon to replace a trickling filter plant in the Solomon River basin), Burden (upgrade a discharging lagoon in the Lower Arkansas River basin), Pomona (upgrade a discharging lagoon in the Marias des Cygnes River basin), Jeff. Co. SD #5 (replace a gravity collection system with a Grinder Pump/Low Pressure Sewer to eliminate I/I, in the Kansas River basin), Strong City (upgrade a discharging lagoon in the Neosho basin), Holyrood (upgrade a discharging lagoon in the Lower Arkansas River basin) funded improvements in support of the Governor's Water Quality Initiative.

2. To provide financial assistance for sewerage facilities to municipalities with population of 5,000 or less.

The fund is continuing to be popular with small communities as 11 of the 12 projects during the year were for municipalities with populations of 5,000 or less. Project costs of \$13.91 million of the total \$17.46 million (79.7%) in FY '18 were for these smaller projects. For the program to date, about 29.7% (392.1 M / 1,319.7 M) of monies in loan agreements have been to small communities.

3. To assure compliance with Water Quality Standards and effluent limitations through encouraging construction of sewerage improvements in support of KDHE Permitting and Enforcement activities.

The projects funded within FY '18 and the KDHE and K DFA combined efforts in FFY '93, FFY '95, FFY '97, FFY '98, FFY '99, FFY '00, FFY '01, FY '03, FY '04, FY '06, FY '09, and FY '11 in leveraging the fund and providing the required state matching funds indicate progress in accomplishing this goal.

The sewer rehabilitation projects and/or subsequent I/I removal for Rose Hill, Pomona, Jeff. Co. SD #5, Emporia (amendment), Chanute, and Strong City (design only) will help operations compliance with the existing treatment facilities. Improvements to the existing or construction of new mechanical treatment facilities at Moundridge will help achieve compliance with the Kansas Surface Water Quality Regulations and also provide progress toward the nutrient reduction goals of the Kansas Nutrient Reduction Plan. The projects to expand and rehabilitate the existing lagoons at Clyde (amendment), Holyrood, Oberlin (amendment), Manter, Nickerson (amendment), and Strong City, and to build new lagoons at Hoxie (design only) will improve compliance with the Kansas Surface Water Quality Standards.

4. To encourage municipalities to use the KWPCRF for solving problems related to public health protection, water quality improvement, sludge handling improvements, and wastewater treatment facilities compliance through the construction of sewerage projects.

The program has been successful in accomplishing this goal as 12 new projects and 9 amendments for over \$17.4 million signed loan agreements during the year.

Nine traditional wastewater treatment design projects were completed in FY 2018 to the point of initiation of operation of the newly constructed facilities and numerous projects are now making repayments on loans. All of the

“green innovative” non-point source pollution control project continued progress during the SFY. All required repayments (save one small repayment received two days late) were received in full and on schedule.

Also note, the number of projects and total project amounts that were completed in FY 2017 to the point of initiation of operation was not complete and accurate. A total of 7 projects in the amount of \$12,965,409 were reported, but the correct total is two additional projects for a total 8 projects in the amount of \$10,582,017. Also, one project was reported to have reached Initiation of Operation which had an additional construction contract to complete. Of these 8, one of the additional projects completed was a “green innovative” non-point source pollution control project completed to the point of initiation of operation in FY 2017. This was discovered when updating the National Information Management System (NIMS) for 2018, and NIMS is now correct.

The projects for Burden, Clyde (amendment), Holyrood, Manter, Moundridge (loan and amendment), Nickerson (amendment), Oberlin (amendment), and Willowbrook (amendment) were necessary to comply with schedules in permits and/or orders from KDHE or EPA. The projects at Burden, Clyde (amendment), Holyrood, Hoxie, and Moundridge (loan and amendment) will also improve the reduction of nutrients in effluent discharge as required by Total Maximum Daily Load (TMDL) waste load allocations (WLAs), as approved by EPA.

The use of the Fund continues as projects continue to approach KDHE for funding. KDHE has completed several revenue bond sale efforts in the past to generate additional leverage funds, and if necessary will continue these efforts in the future as allowed by the financial capability of the Fund.

5. To assure compliance with domestic sewage sludge reuse criteria and disposal practices through construction of any necessary sludge handling improvements to comply with the 40 CFR Part 503 EPA regulations.

Various projects help accomplish this goal by upgrading the sludge handling aspects of existing or new mechanical treatment facilities when the overall project is completed. KDHE preliminary project activities through the year continue to address this need, and we expect continued loan activity in the coming year.

6. Fund green infrastructure, water and energy efficiency and environmentally innovative projects in an amount that is at least ten percent of the capitalization grant.

Congress has directed that a minimum of at least 10 percent of the FFY 2017 (\$1,196,700) capitalization grant and that a minimum of at least 10 percent of the FFY 2018 (not yet received) capitalization grant are established for funding “Green Project Reserve” (GPR) projects. (Also see item 9. below.)

Kansas has continued to solicit green infrastructure, water and energy efficiency, and environmentally innovative projects.

In SFY 2018, funding was provided to the project at Jefferson County SD #5 (Hickory Acres) to replace the gravity sewer collection system with a grinder pump/low pressure sewer (GP/LPS) which will eliminate all infiltration and inflow and allow the wastewater treatment lagoon to maintain non-overflowing status. This project qualifies as a GPR design. (The project also received substantial principal forgiveness.)

In SFY 2017, additional funding was provided by amendment to the existing loan at Dodge City, to provide equipment and allow operations to recover biogas from the existing anaerobic lagoons at the South WWTP and “clean” this biogas into “pipeline quality” methane. This by-product of wastewater treatment qualifies as a “renewal identification number” (RIN) product under the EPA RIN program. The city has now signed a contract to market this methane product as a motor fuel with a national marketer. This project qualifies as a GPR design.

Also in FFY 2017, funding was provided to a non-point source pollution control project administered by the Kansas Water Office (KWO) in the amount of \$1.2 M to provide streambank stabilization. This project qualifies as “categorically green” for GPR.

In SFY 2016 additional funding was provided by amendment to the project at Johnson County – Lake Gardner, due to additional actual cost of the project after opening bids. This project qualifies as “categorically green” for GPR.

In SFY 2015 two projects with potential GPR designs were funded including Liberal (construction) and Ellis. A portion of the Ellis project is qualified as a GPR design.

KDHE has in the past required and approved business cases for projects that have been determined to not categorically qualify for the Green Project Reserve, as required by EPA guidance. Business cases are posted on the KDHE website (www.kdheks.gov/muni/index.htm) upon financing approval.

Also KDHE has revised the Kansas statutes to allow changes to establish a linked-deposit approach to fund these types of non-point source pollution control projects.

7. Provide the maximum allowable amount of principal forgiveness available to selected projects.

Projects for communities that could not otherwise afford necessary projects continue to be coordinated with the CDBG grants program and the Rural Development grant and low interest loan funding programs thru the Kansas Interagency Advisory Committee (KIAC) process. KDHE has provided the available principal forgiveness to deserving projects (reference Attachment 4), and for the future has now revised the methods of providing the additional subsidization to projects to be based on abnormally high cost projects resulting in abnormally high user charge impacts when compared to median household income of the service area population. The new "Affordability Criteria" document is available on the KDHE website (www.kdheks.gov/muni/index.htm).

In SFY 2018, the project at Jeff. Co SD #5 received substantial principal forgiveness funding in the KWPCRF loan due to the high user charge impacts of the project necessary to achieve compliance with the NPDES permit. (This project also qualifies as a Green Project Reserve design.) Several other projects also received principal forgiveness funding at Oberlin, Nickerson, and Willowbrook, in conformance with the KDHE procedures document.

Also note, the '10% appropriation' principal forgiveness from the FFY 2018 Cap Grant (not yet received) can only be provided to projects with loans dated after March 23, 2018.

Also note, the '10% appropriation' principal forgiveness from the FFY 2017 Cap Grant can only be provided to projects with loans dated after May 5, 2017.

The 30% 'WRRDA appropriations' have no dates of restriction.

8. To encourage municipalities to use the KWPCRF to implement EPA's Sustainability Policy.

EPA's Sustainability Policy encourages states to develop projects and provide funding to projects that repair existing infrastructure ("Fix it First"), promote effective utility management, or provide long term planning. These Sustainability Policy principals are also implemented through the KIAC discussions with other agencies. The projects funded for Rose Hill (loan and amendment – sewer rehab), Pomona (system rehab), Emporia (amendment – sewer rehab), Auburn (sewer rehab), Augusta (sewer rehab), Chanute (sewer rehab), Strong City (sewer rehab), Liberty (amendment – pump station replacement), Jeff. Co. SD #5 (replace collection system to reduce I/I), Manter (non-discharge lagoon rehab), and Westwood Hills (storm sewer rehab) are "Fix it First" projects.

9. To encourage Green Project Reserve (GPR) designs in projects selected to be funded, and to emphasize funding to GPR and “KDHE Green” projects.

The KWPCRF has been successful in implementing this aspect of the federal program in the past.

For the FFY 2015 capitalization grant, only loans or amendments funded after December 12, 2014 (the grant award date), would be applicable to the FFY 2015 capitalization grant GPR goal.

The project at Ellis was determined to include \$520,000 of GPR components, and for the project at Liberal (construction) the final design of the wastewater treatment plant has not yet been submitted as of the date of this Report. As the GPR determinations are based on the actual final design, review of the design documents is completed after receipt of final plans and specs, and so the designs cannot yet be reviewed for GPR components.

The project at Johnson County – Lake Gardner received an amendment to increase the loan amount by \$2,573,893 due to additional actual cost of the project after opening bids. This project qualifies as “categorically green” for GPR.

For the FFY 2016 capitalization grant only loans or amendments funded after June 14, 2016 (the grant award date), would be applicable to the FY 2016 capitalization grant GPR goal.

The project by the Kansas Water Office project C20 2022 01 includes \$1,200,000 for streambank stabilization contracts, which is “categorically green” for GPR. This loan will be amended in the future to also receive an additional \$6,700.

The project funded by the amendment to the existing loan at Dodge City provides equipment and allows operations to recover biogas from the existing anaerobic lagoons at the South WWTP and “clean” this biogas into “pipeline quality” methane. This by-product of wastewater treatment qualifies as a “renewal identification number” (RIN) product under the EPA RIN program. The city has now signed a contract to market this methane product as a motor fuel with a national marketer. This project qualifies as “categorically green” for GPR.

For the FFY 2017 capitalization grant only loans or amendments funded after September 27, 2017 (the grant award date), would be applicable to the FY 2017 capitalization grant GPR goal.

The project at Jeff. Co. SD #5 which replaces the gravity sewer collection system with a GP/LPS system to remove infiltration and inflow, provides a GPR amount of \$725,524.

For the FFY 2018 capitalization grant only loans or amendments funded after the date of grant award would be applicable to the FY 2018 capitalization grant GPR goal. This Cap Grant has not yet been awarded.

Also, KDHE has now revised the Kansas statutes to allow changes to establish a linked-deposit approach to finance these types of non-point source pollution control projects.

KDHE will continue all efforts to fund GPR designs projects. A printout from the CBR of FFY 2010 through FFY 2017 GPR projects is included in Attachment 4.

10. Expedite project development and construction by encouraging projects to begin construction within one year of providing the KWPCRF low interest loan.

The KWPCRF program has continued to accomplish this short timeframe goal between project application and construction start. The new EPA goal is to have all funded projects under construction within one year of capitalization grant award. The program continues to draw and spend the federal capitalization grant funds very quickly, by spending federal funds “first in, first out” (FIFO) to any project that includes all current federal requirements as soon as federal funds are available and until available federal funds are exhausted.

11. Continue implementing of the current and successful financial model.

The KWPCRF continues to work with the Kansas Development Finance Authority (KDFA) and the financial consultants to the KWPCRF, to monitor and track the current status of the KWPCRF and the KPWSRF under the cross-collateralization agreements of the Master Financing Indenture (MFI), and update the financial modeling software as deemed appropriate. KDHE will continue to work with other state agencies under the IAA to continue implementation of the KWPCRF, including management of the significant amount of prepayments that have now been received.

12. Operating Procedures.

The policies and procedures of the KWPCRF are continually reviewed and updated as necessary, to simplify and improve efficiency of the application, approval, financing, payments, and close out processes.

B. Long Term Goals and Accomplishments

In its Intended Use Plan, the State of Kansas made the following long-term commitments:

1. To maintain a self-supporting revolving loan program through the Kansas Water Pollution Control Revolving Fund in order to improve and protect water quality and public health.

To date, this goal is being met. The long term cash flow and fund balance projections developed by program financial advisors indicate the debt coverage ratios for the revenue bonds meet or exceed requirements. Also, the excess repayments of principal, i.e. principal repayments above the amounts necessary to satisfy payments on the KDHE Leveraged Bonds, are substantial and will continue to be deposited into the General Loan/Program Equity account. This has allowed the sale of Leveraged Bonds in the past, and KDHE will sell additional leveraging bonds in the future as necessary and when capable. This also allows "recycled" monies to be available for projects and placed in loan agreements.

The service fees generated by the loan repayments continue to be used to pay for KDFA and the Department of Administration services, are also helping to support KDHE administration of water pollution control programs, and provide funding for several operator training contractors from outside the Department. See also Item V.A. for a discussion of administrative costs and service fees and see also Attachment 5.

2. To establish and manage an effective and efficient State Revolving Fund Program, provided that its revolving nature is assured in perpetuity.

To date, this goal is being met. The Fund has been sufficiently popular with municipal projects that all available funds are quickly committed to loan agreements, and the Fund has "leveraged" additional funds for major projects on ten occasions in the past. The Fund has been efficient with a low administrative cost to project cost ratio, and projects would move very quickly into and through construction. Long term cash flow and fund balance projections developed by program financial advisors indicate a sufficient debt coverage ratio and continued growth of the Fund. A new Master Financing Indenture was developed in FY '11. Independent audits of the Fund have now been conducted for the past twenty-one years and an independent financial audit had been conducted for SFY '17. A Single Audit of the KWPCRF was conducted for SFY '15 and had no findings. It was determined the KWPCRF did not require an Single Audit for SFY '16 and SFY '17. The Financial Audit of the KWPCRF for SFY '18 has been conducted and had no findings.

The changes to the KWPCRF program as a result of additional Federal conditions in the Capitalization Grants starting with FFY '10 funding have substantially increased the administrative burden to KDHE. Also the recent changes to the KWPCRF program as a result of additional Federal requirements due to the WRRDA law (effective June 10, 2014) and ongoing amendments to WRRDA by Congress have substantially increased the administrative burden to KDHE and to the loan applicants. Hopefully the Fund will remain popular with municipalities, and KDHE will take whatever actions are necessary to ensure KWPCRF debt is repaid and the program continues financially secure into perpetuity.

3. To provide the type and amount of assistance most advantageous to local communities consistent with assuring the long-term purchasing power and stability of the Fund.

The State continues to pursue these long term goals. KDHE and KDFA will continue to monitor the financial status of the Fund. KDHE continues to coordinate funding while considering financial capability with the CDBG program and the Rural Development program, see also items 8 and 9 below. The new Affordability Criteria guidance document is now written, and will present a positive effect into the future.

4. To continue to fund water quality improvement, sludge handling improvements, and public health protection projects on a priority basis as presented in the Project Priority List.

Projects are included on the Intended Use Plan (IUP) first on basis of priority from the List, and then based on readiness to proceed. Projects for communities with population of 5,000 or less are often included on the basis of priority need, to help in development of projects. Continuing now and into the future, the new emphasis on nutrient discharge reduction will be implemented for both point source and non-point source sources of pollution.

5. To support implementation of Water Quality improvements plans as presented within the Kansas Water Plan and TMDL plans written by KDHE and approved by EPA.

This goal will continue to the FFY 2018 effort. KDHE efforts have been successful, as reflected in the large number of water quality improvement projects funded in the past and targeted by the IUP for funding in the future. The KWPCRF also continues to target funding to projects in the Kansas Lower Republican River Basin and in the Lower Arkansas River Basin in support of the Governor's Water Quality Initiative, and is targeting funding

to projects required by TMDL WLAs or with discharges to High Quality Watersheds as described in the Project Priority System.

6. To provide funding to non-traditional borrowers for water quality improvement and public health protection projects, including non-point source pollution control projects.

The fund is now providing financing to non-traditional borrowers for non-point source pollution control projects and in the past 9 years has provided \$9,227,574 to 17 loans. With the FFY 2016 changes to federal legislation regarding project applicants allowable to receive principal forgiveness which carry over to FFY 2017 and FFY 2018, KDHE will again pursue funding projects for non-point source pollution control with the 10% of the FFY 2017 cap grant amount (\$1,196,700) and the 10% of the FFY 2018 cap grant (not yet provided), allowing 100% principal forgiveness to these projects. These projects will improve water quality in the local areas by alleviating surface runoff non-point sources of pollution. Also, KDHE has now revised the Kansas statutes to allow changes to establish a linked-deposit approach to fund these types of non-point source pollution control projects.

7. Provide low-cost financing for important water quality projects while maintaining the perpetuity of the CWSRF.

Kansas continues to use a financial planning model to guide decisions on leveraging capability, bond debt coverage factors, and cash investments. Kansas works to balance the goals of maximizing subsidies while maintaining the fund in perpetuity.

8. Work with other state funding sources to coordinate water quality and asset management financing.

The KWPCRF program continues to routinely meet with other agency programs that finance wastewater infrastructure in Kansas, including the U.S. Department of Agriculture (USDA) Rural Development program, the Department of Housing and Urban Development's (HUD) Community Development Block Grant (CDBG) program as administered by the Kansas Department of Commerce, and meets monthly with other state agencies that are parties to the IAA for the KWPCRF and KPWSRF. The financing programs continue to meet with potential applicant cities to discuss program application requirements and present funding packages, which can maximize cost savings to the applicant cities and improve efficiency of all programs.

9. Use effective outreach techniques to reach important water quality priorities and maintain a high pace level.

The KWPCRF continues to bring projects to the KWPCRF program that address the state's most important water quality priorities. Various outreach techniques continue to be used, including meetings with watershed organizations, participation in conferences, brochures, KIAC meetings, and personal visits to communities. The KWPCRF will continue these efforts and respond to evolving water quality and environmental priorities in the state and nationally.

10. Expand CWSRF accessibility by creating financial assistance programs that address nonpoint source control and other nontraditional CWSRF projects.

KDHE has now revised the Kansas statutes to allow changes to establish a linked-deposit investments approach to fund these types of non-point source pollution control projects. These new financing options are being developed.

11. Expand available financing by issuing KWPCRF leveraged bonds as and when needed.

KDHE with the assistance of KDFA the KWPCRF has periodically leveraged by issuing tax-exempt revenue bonds secured jointly by the KWPCRF and the KWPCRF thru cross-collateralization, which enabled funding for a greater number of projects than would otherwise have been possible while securing the continued financial security of the previously issued revenue bonds. The KWPCRF program has in the past experienced greater demand for funding than it would be able to service without leveraging. Leveraging decisions are made based on funding needs, modeling and financial analysis to ensure additional funds are needed and can be spent in a timely manner, while complying with all requirements of the Internal Revenue Service (IRS) for tax exempt bond status and all conditions of the Security and Exchange Commission (SEC) of the U. S. Treasury for tax exempt revenue bonds. There was not a need to issue leveraging bonds in SFY 2018.

IV. DETAILS OF ACCOMPLISHMENTS

A. Fund Financial Status

1. Binding Commitments

As shown in Exhibit 1, the Kansas Water Pollution Control Revolving Fund entered into binding agreements with 12 projects and 9 amendments to

existing Loan Agreements in order to provide financial assistance for Section 212 “traditional” wastewater collection and treatment projects and also in the past for Section 319 “green innovative” non-point source pollution control projects. The total amount of binding commitments to loans in SFY 2018 is \$17,457,955.86. Also, when receiving the FFY ‘18 EPA Capitalization Grant offer KDHE will obtain additional funds for Administration of the program. Many of the projects funded in this fiscal year have all of the "Cross-Cutters" requirements imposed, and in the future additional projects will be funded with all "Cross-Cutters" imposed to insure total funded projects exceed the total Capitalization Grants received for the program.

As required by EPA due to program changes within the Water Resources Reform and Development Act (WRRDA) passed into law on June 10, 2014, the FFY 2016 and FFY 2017 program requires certain loan agreements dated after October 1, 2014, include all the “new equivalency” requirements of the federal program and also as revised by subsequent further changes to the WRRDA law by Congress. However not each and every loan agreement must include all the “new equivalency” federal requirements. The total of all loan agreements which include all the “new equivalency” federal requirements must be an amount equal to or greater than all Capitalization Grants received after October 1, 2014. Currently, this includes the FFY 2015 Capitalization Grant of \$12,591,000, the FFY 2016 Capitalization Grant of \$12,060,000, the FFY 2017 Capitalization Grant of \$11,967,000, and will include the FFY 2018 capitalization grant (\$14,488,000).

For the prior SFY 2015 Annual Report, the loan agreement for Liberal (construction), project number C20 1391 02, dated 4/22/15, in the amount of \$26,643,080 satisfied and will continue to satisfy all federal “new equivalency” requirements in effect at that time. For the prior SFY 2016 Annual Report, the loan agreements for Hays dated 8/27/15 in the amount of \$30,260,000 and Junction City dated 9/29/15 in the amount of \$11,094,000 satisfied and will continue to satisfy all federal “new equivalency” requirements in effect at that time. For the prior SFY 2017 Annual Report, the loan agreement for Emporia dated 12/23/16 in the amount of \$28,000,000 satisfies and will continue to satisfy all federal “new equivalency” requirements in effect at that time. For this SFY 2018 Annual Report, a new loan agreement to satisfy all federal “new equivalency” requirements has not yet been provided at this time.

For the program to date, the total amount required for “new equivalency” requirements (including the FFY 2018 Cap Grant of \$14,488,000) is \$ 51,106,000, and the total loan agreement amounts provided are \$95,997,080.

2. Sources of Funds

Exhibit 2 shows all sources of KWPCRF funds for FY '18. Federal funds of \$11,967,000 were received in SFY 2018 from the 2017 appropriation (offer dated 9/27/17). The FFY 2018 Cap Grant in the amount of \$14,488,000 has not yet been received.

3. Revenues and Expenses

The Statement of Revenues, Expenses, and Changes in Fund Net Assets is Exhibit 9 of this report. Fund revenues consisted of ACH draws of capitalization grants restricted for administration, interest earned on investments and debt service reserve funds, interest repayments on loans to communities, as well as capitalized interest during construction on certain loans. Fund expenses included KDHE administration expenditures, amortized bond issuance costs, arbitrage rebate, and interest paid on bonds.

4. Disbursements

On an accrual basis during the fiscal year a total of \$60,121,268 was disbursed, reference Exhibit 6, which is the total Project Payments, Interest Accrued, and Fees Accrued. This includes Federal monies (\$11,515,225) and State Match (\$4,900,000), reference Exhibit 7, \$0 of Leveraged Bond monies, and \$43,706,043 recycled monies to numerous projects. In addition, \$1,023,567 has been expended for the annual audit, payment to DAAR for accounting and reporting services, payment to KDFA for bond administration services, and KDHE administrative expenses (see Exhibit 9). These expenses are paid from revenue generated from a service fee charged to all loan recipients. The \$16,806,295 TOTAL Select Disbursements includes \$11,515,225 Federal monies for project payments, plus \$391,070 actual KDHE program administration costs, including the costs to administer the Needs Survey (see Exhibit 7).

5. Supplemental Information

Exhibit 12 entitled "Supplemental Schedules" contains three sections which provide detailed information regarding investments, accounts receivable, and accounts payable amounts included in the Statement of Net Assets. Earnings on investments by the Pooled Money Investment Board within the State Treasurer's Office accrued at an annual rate of approximately 0.809% during the fiscal year. With creation of the Master Financing Indenture in December 2010, the KWPCRF also has cash held by the Trustee, United Missouri Bank.

6. Audit for FY '18

The State Single Audit for Fiscal Year `18 (i.e. 7/1/17 through 6/30/18) was conducted by CliftonLarsonAllen LLP, and a review of the KWPCRF is not required. The independent audit of the KWPCRF for the prior twelve months of SFY '17 which ended June 30, 2017, was also conducted by CliftonLarsonAllen LLP. The independent financial audit report of the KWPCRF for FY '18 is included as Attachment 1 to this Annual Report. The State Single Audit for Fiscal Year '18 will not include a review of the KWPCRF. The State Single Audit Report for prior year SFY '17 is available on the website as indicated in Attachment 1.

B. Assistance Activity

Exhibits 1, 2, and 5 illustrate the assistance level financial activity of the Fund for FY '18.

Exhibit 1 shows new projects and increase amendments which the KWPCRF has funded. The chart is separated into four sections: Part 1 lists all Section 212 publicly owned treatment works receiving assistance; Part 2 lists all Non-Point Source Management Program loans (of which there was one); Part 3 (not shown) would present the National Estuary projects (of which there were none); and Part 4 shows the binding commitment made to provide program administration costs. All projects funded in FY '18 include all "Cross-Cutters" requirements, and the prior loan agreements for Liberal (construction), Hays, Junction City (Ph 1), and Emporia includes all "new equivalency" requirements as required by the WRRDA revisions to the Clean Water SRF program in effect at the time of loan signature. For this SFY 2018 Annual Report, a new loan agreement to satisfy all federal "new equivalency" requirements has not yet been provided at this time.

For each project, Exhibit 1 shows the communities served and loan applicants, project number, assistance amount, binding commitment date, construction start date, initiation of operations date, the type of assistance being provided, and the interest rate and maturity of all loans.

Exhibit 1 shows a breakdown of binding commitments by quarter.

Exhibit 2 illustrates the sources of funds for FY '18 broken down by quarter.

Exhibit 5 shows the assistance amount provided to each Section 212 and Section 319 project by needs category.

The level of risk for outstanding loans is consistent for the communities receiving assistance, in that the KWPCRF typically requires a "General

Obligation Pledge" and so the bond rating of a community (or even the lack of a rating) is of secondary importance. This demand for a "G.O. Pledge" coupled with KDHE review/approval of the Financial Capability submittal and certification of fund sources available for debt service (including loan repayments and existing debt) and operation, maintenance, and replacement expenses ensures adequate funds are provided for repayments to the Fund.

Several wastewater systems within the State are operated as a "utility", i.e., are fully supported by the rate payers. These systems historically operate with "Revenue Obligation" debt only. KDHE revised procedures within FFY '92 under the Master Bond Resolution to accommodate these systems. Any wastewater system which did not or could not present a "General Obligation Pledge" was required by the covenants of the KDFA Revenue Bond to secure the obligation of the Municipality to make loan repayments by an Insurance Policy issued in favor of KDHE. The Insurer which issues the Policy had to be rated not less than "AAA" by Moody's Investors Services, Inc. and "AAA" by Standard & Poor's Corporation. These Insurance Policies typically required a 10% loan reserve account be established and might require a rate covenant. Such loan reserve accounts continue to be held in trust by the Fund. KDHE has further revised procedures within FFY '11 under the Master Financing Indenture to continue to accommodate systems that historically operate with "Revenue Obligation" debt only, with similar requirements that reflect current financial market conditions but recognize a Policy of Bond Insurance is no longer available for the relatively low amounts of the loans provided by the KWPCRF.

With the advent of the ARRA program funding and the FFY 2010 and subsequent federal appropriations, certain projects which qualified for the "green project reserve" also received "principal forgiveness" for a portion of the KWPCRF loan. At that time this combination of loan low interest and principal forgiveness allowed the KWPCRF to fund non-point source pollution control projects to not-for-profit applicants, without endangering the financial stability of the KWPCRF. With the program changes as a result of the WRRDA legislation, additional subsidy (principal forgiveness) could no longer be provided to not-for-profit organizations. However, the FFY 2016 Clean Water SRF appropriation provides 10% of the Capitalization Grant amount (for Kansas - \$1,206,700) in loans for principal forgiveness which are not required to comply with the WRRDA restriction and this was provided to one loan agreement. This funding was provided to the Kansas Water Office project C20 2022 01 at \$1,200,000, a streambank stabilization project which is "categorically green" for GPR. (This loan agreement will be amended to receive another \$6,700.)

The FFY 2017 Clean Water SRF appropriation provides 10% of the Capitalization Grant amount (for Kansas - \$1,196,700) to be provided in

loans for principal forgiveness which are not required to comply with the WRRDA restriction. This option will be considered by KDHE in providing loans with principal forgiveness in the coming SFY 2019.

The FFY 2018 Clean Water SRF appropriation provides 10% of the Capitalization Grant amount (for Kansas - \$1,448,800,) to be provided in loans for principal forgiveness which are not required to comply with the WRRDA restriction. This option will be considered by KDHE in providing loans with principal forgiveness in the coming SFY 2019.

KDHE has now revised the Kansas statutes to allow changes to establish a linked-deposit investments approach to fund these types of non-point source pollution control projects.

C. Provisions of the Operating Agreement/Conditions of the EPA Capitalization Grants

The State of Kansas agreed to numerous conditions in the Operating Agreement and the 30 previously received Capitalization Grant Agreements from EPA. The ARRA grant included many additional unique conditions. KDHE believes all conditions have been met, and several conditions are more fully described below. The grants will be utilized for project costs, and also for the administrative costs, on a “first in - first out” basis. The following conditions have been met as described in the operating agreement or the capitalization grant agreement:

Agreement to Accept Payments

State Laws and Procedures

State Accounting and Auditing Procedures

Recipient Accounting and Auditing Procedures

Use of the Automated Clearing House (ACH)

Repayments

Annual Audit

Annual Report

Annual Review

Anti-lobbying

Rural Area Business Enterprise Development Plan

Use of EPA Approved Indirect Cost Rate

Prior EPA Approval of Administrative Contracts and Equipment Purchases

Development of Priority System, List, and IUP with Public Participation

Suspension and Debarment Certifications

Use of Administrative Monies in Compliance with 40 CFR 31.36

Use of Recycled Paper

Implement the EPA - approved Quality Assurance Plan

Hotel and Motel Fire Safety Act of 1990

Financial Status Reports

Section 603(d)(7) of the Federal Water Pollution Control Act allows a certain amount of the federal capitalization grant to be used for SRF administration annually. This amount is the greater of 3 determinations; \$400,000, 1/5 percent (0.2%) of the current valuation of the fund, and 4% of the all capitalization grant awards received by the State CWSRF (excluding federal administrative funds spent). As established in the most recent capitalization grant application, the 3rd option results in the largest determination. The Kansas Capitalization Grants awarded through June 30, 2018 total \$382,363,647 (including the ARRA Cap Grant), of which 4% is \$15,279,294. Federal administrative funds spent prior to the beginning of SFY 2018 totaled \$10,375,729 which results in maximum administration use of \$4,903,565 available for SFY 2018. Federal capitalization grant funds used for administration during SFY 2018 totaled \$392,796.

The following conditions are being met as described more fully below.

1. Provide 20% State Match.

The total provided for State Match since the inception of the Program is \$72,516,690. The 2017 capitalization grant (awarded September 27, 2017) required a state match of \$2,393,400, of which \$612,200 was deposited on December 21, 2015. The remaining amount of \$1,781,200 was deposited on October 10, 2017, leaving \$118,800 available to allocate to future capitalization grant requirements. On April 5, 2018 an additional \$3,000,000 of state match was deposited to meet future capitalization grant match requirements. The state match requirement for the 2018 capitalization grant (awarded August 1, 2018) was met as of June 30, 2018

Water Pollution Control Revolving Fund
Federal Grants/State Match Requirements

Grant Year	EPA Grant	State Match Requirement	2015 SM Bonds	2017 SM Bonds	2018 SM Bonds
FFY2017	11,967,000.00	2,393,400.00	612,200.00	1,781,200.00	
FFY2018	14,488,000.00	2,897,600.00		118,800.00	2,778,800.00
FFY2019**	15,000,000.00	3,000,000.00			221,200.00
Totals	411,851,647.00	75,295,489.40	2,500,000.00	1,900,000.00	3,000,000.00

** Grant not yet allotted amounts are estimated

Additional State Match bonds will be sold in the future as needed for the additional State Match funding for the FFY '19 and future Capitalization Grants. This borrowing may also provide a portion of the state match for the future FFY 2020 Capitalization Grant.

2. Binding Commitments Within One Year

The State of Kansas will enter into binding commitments to provide assistance from the KWPCRF in amounts greater than or equal to 120 percent of each quarterly grant payment (per schedule in the grant offer or subsequent amendments) within one year after each scheduled quarterly ACH increase. See Exhibit 3 for the comparison of select binding commitments to grant payments.

3. Expeditious and Timely Expenditure

The State of Kansas will disburse all cash draws and other available KWPCRF funds in a timely and expeditious manner. Kansas will monitor the projects to ensure timely initiation of operations in accordance with the established schedules.

4. Eligible Activities of the KWPCRF

All projects and project costs funded by the KWPCRF were eligible for funding by the KWPCRF. The eligible activities of the KWPCRF have not changed during the year, however the ARRA grant and the FFY 2010, FFY 2011, FFY 2012, FFY 2013, FFY 2014, FFY 2015, FFY 2016 and FFY 2017 Cap Grants require principal forgiveness be provided, and also requires the KWPCRF attempt to fund "green project reserve" qualifying projects. The future FFY 2018 Cap Grant will also require principal forgiveness be provided, and also require the KWPCRF attempt to fund additional "green project reserve" qualifying projects.

5. Compliance with "Cross-Cutters" Requirements and "New Equivalency" Requirements

The KWPCRF loan application packets reflect all "cross cutters" requirements, and now also the "new equivalency" federal requirements as a result of the WRRDA revisions to the CW SRF program which are applied to certain projects. This information is closely reviewed before signing a Loan Agreement, approving an engineering contract, approval of construction bids, and now approval of final payment on the loan. Also, KDHE provides oversight inspection and reviews on-going construction administration of all projects.

In prior years, any prior year's funded projects which met all "Cross-Cutters" that exceeded the federal share of the capitalization grants were banked toward the next capitalization grant's "Cross-Cutters" requirement. As additional Capitalization Grants were received additional projects were funded requiring compliance with "Cross-Cutters" requirements. With the program revisions as a result of the WRRDA legislation, the additional requirements for the "new equivalency" requirements are included for certain loan agreements. The Procurement Policy is updated as necessary to ensure all necessary Federal Cross-Cutters and "new equivalency" requirements are imposed as necessary.

6. MBE/WBE (DBE) Requirement

The FFY 2013 Program Requirements and prior EPA Capitalization Grants included various "fair share" objective goals for the KWPCRF to provide MBE/WBE (DBE) participation. There were four separate categories of "fair share" objectives including supplies, equipment, services, and construction for the entire agency. In the past the "fair share" objective goals for "construction" within the FFY 2013 and prior EPA Capitalization Grants were MBE - 4.1% and WBE - 6.9%.

The KWPCRF Procurement Policy reflected the (MBE/WBE) Disadvantaged Business Enterprise utilization approach acceptable to EPA Region VII through the FFY '13 Capitalization Grant for the "construction" category. The supplies, equipment, and services categories may be utilized with the 4% administration portion of the grant, and are not reported here. MBE/WBE (DBE) participation for supplies, equipment, and services are reported separately to EPA by KDHE.

Additional EPA Guidance was issued in December 2014. The FFY 2017 and FFY 2018 Cap Grants will also follow the changes as a result of this guidance.

For all loan agreements individual loan recipients submit a completed EPA Form 5700-52A annually. These submittals are compiled by KDHE and a MBE/WBE Consolidation Report is submitted to EPA Region VII. The EPA Guidance for DBE created new forms to be utilized for reporting, and established a threshold procurement amount of \$150,000. Now with the 2014 Guidance changes, MBE/WBE (DBE) reporting forms and reporting frequencies are being implemented for all loans provided by the KWPCRF.

For SFY '18 for Loan Agreement ("construction") costs, a total of \$179,442 was reported for sub-agreements with MBE/WBE firms. This includes \$141,242 MBE subcontracts and \$38,200 WBE subcontracts. For the program to date 3.95% (15.09 M / 382.36 M) of the total Capitalization Grants amount have been agreements awarded to MBE firms, and 4.90%

(18.74 M / 382.36 M) have been agreements and sub-agreements awarded to WBE firms.

7. Other Federal Authorities

The State of Kansas has complied with all applicable federal authorities and special conditions of the EPA Capitalization Grants.

Recipients of KWPCRF assistance have complied with the program requirements presented within the loan agreements between the recipient and the State of Kansas. The recent loan recipients are required to submit project audit reports for fiscal year 2017 by September 30, 2018, as specified in the Loan Agreements. Typically, project audits are completed by all loan recipients where required by the loan agreements, but not all are submitted by September 30. As in prior years, KDHE will continue to pursue submittal of all project audits from loan recipients as required by the covenants of the loan agreements. An audit tracking system is maintained by KDHE to log incoming audits. After the September 30 deadline reminder letters are sent out to those not received.

The prior Federal OMB Circular A-133 required any loan recipient that receives in excess of \$500,000 in Federal funds within a fiscal year to conduct an A-133 audit. OMB has published new rules regarding federal audit requirements (now known as “Single Audits”, performed to the federal specifications presented in 2 CFR Part 200, Subpart F, dated 12/16/13), and the threshold is now federal funds greater than \$750,000 for non-Federal entities. And so as of June 30, 2015, this amount is now increased for KWPCRF loan recipients to \$750,000. EPA guidance indicates KDHE must designate certain projects in the IUP and/or in the Annual Report to complete the Single Audit as part of the “new equivalency” requirements for certain designated projects. The loan recipient’ fiscal year is typically January 1 to December 31, and in these cases the KWPCRF institutes a procedure to review the IUP designations and/or project payment records in January. If a loan recipient has a different fiscal year period a similar notification process is followed. KDHE notifies every loan recipient that has received project payments from the Federal Capitalization Grants of the amount of Federal funds allocated or received in the prior calendar (or local fiscal) year. This allows the recipient auditor to determine if a “federal-spec” Single Audit is required.

For the FFY 2016 Cap Grant, the loan agreements to Hays and Junction City are designated to conduct a Single Audit, and meet all “new equivalency” requirements. For the projects funded in SFY 2017, the loan agreement to Emporia is designated to conduct a Single Audit, and meet all “new equivalency” requirements. For the FFY 2018 Cap Grant, a “new equivalency” loan agreement has not yet been completed.

8. State Environmental Review Process (SERP)

During SFY '18, the State of Kansas conducted environmental reviews on the 12 Section 212 and Section 319 projects in accordance with the SERP. It was determined that no Environmental Impact Statements (EIS) were necessary; instead, an Environmental Assessment (EA) was prepared and a Finding of No Significant Impact (FNSI) was issued for each project.

9. Cash Draw

Exhibit 4 shows the total drawn from the Federal ACH for projects and Administration expenses. Excluding the Leveraged Bond monies and Recycled Loan monies, this represents a 100.00% Federal Share in FY '18. Overall the program now has an 82.66% Federal Share, excluding the ARRA funds, Leveraged Bond monies and Recycled Loan monies. The ARRA monies were tracked separately, as there was no state match requirement.

The KWPCRF uses the cash flow method of leveraging the CWSRF. The federal capitalization grants are **not** used as security on the bonds. For SFY 2018 the KWPCRF continued to follow the EPA Memorandum "Clarification of Cash Draw Rules for Leveraged SRF Programs" (August 26, 2011). The entire amount of state matching funds for the 2017 cap grant was deposited to the KWPCRF and has been paid to loan recipients. The Payment Schedule provided to EPA reflected this plan. State match was provided before the payment of capitalization grant funds was received and all state match funds were disbursed before any federal funds were drawn for project payments, therefore the grant funds are drawn at a 100% proportionality ratio. This same procedure will be used for the FFY 2018 Cap Grant.

10. Third Quarter Disbursement Schedule/Commitment

With reference to EPA Headquarters Memo 00-10, beginning in FFY 2000, disbursement projections are no longer required by EPA.

11. Independent Audit per 40 CFR 35.3165

The Kansas Department of Administration on behalf of KDHE and the KWPCRF has contracted for a financial audit per 40 CFR 35.3165 for FY '18. The State Single Audit for Fiscal Year '17 had determined a review of the KWPCRF is not required; the Single Audit Report for SFY '15 which included the KWPCRF remains available. A Financial Audit of the KWPCRF was conducted for FY '17, and that report is available. The Financial Audit for FY '18 is included as Attachment 1.

12. Priority List and Intended Use Plan

The SFY 2019 Priority List and Intended Use Plan, indicating the use of the funds provided by the FFY 2017 Cap Grant and the future FFY 2018 Cap Grant, were submitted to EPA and have been approved.

13. Green Project Reserve

The EPA guidance document entitled “2012 Clean Water State Revolving Fund 10% Green Project Reserve: Guidance for Determining Eligibility” dated March 2, 2012 requires the Annual Report include “information regarding key project characteristics, milestones, and environmental/ public health protection results” to achieve “4) compliance with the Green Project Reserve requirement” of the EPA guidance and federal law. The FFY 2013, FFY 2014, FFY 2015, FFY 2016, and FFY 2017 Cap Grants all reference the 2012 guidance. (The FFY 2018 Cap Grant has not yet been received, but will also reference the 2012 guidance.) A brief summary of Green Project Reserve funding with the FFY 2010 Capitalization Grant, the FFY 2011 Capitalization Grant, the FFY 2012 Capitalization Grant, the FFY 2013 Capitalization grant, the FFY 2014 Capitalization Grant, the FFY 2015 Capitalization Grant, the FFY 2016 Capitalization Grant, the FFY 2017 Capitalization Grant is provided below. CBR printout summaries of Green Project Reserve funding for all Capitalization Grants since FFY 2010 are provided in Attachment 4 within this Annual Report.

The KWPCRF published the “Final SFY 2011 KWPCRF Intended Use Plan” dated September 16, 2010, which presented the plan and approach to assure the minimum 20% Green Project Reserve (GPR) funding goal as was required at that time was met. KDHE chose to continue the methods utilized for the ARRA funding to encourage GPR projects receive funding at that time. This plan and approach regarding the use of “principal forgiveness” in support of GPR projects were modified by the “Affordability Criteria” procedures dated September 18, 2015.

The FFY 2010 Cap Grant GPR goal amount was \$3,678,200, and this goal was met as of February 24, 2012.

The FFY 2011 Cap Grant GPR goal amount was \$2,665,600, and this goal was met as of September 24, 2012.

The FFY 2012 Cap Grant GPR goal amount was \$1,275,700, and this goal was met as of September 28, 2012.

The FFY 2013 Cap Grant GPR goal amount was \$1,205,100, and this goal was met as of January 31, 2014.

The FFY 2014 Cap Grant GPR goal amount was \$1,265,600, and this goal was met as of January 31, 2014.

The FFY 2015 Cap Grant GPR goal amount was \$1,259,100 (after the rescission), and this goal was met as of July 7, 2015.

The FFY 2016 Cap Grant GPR goal amount was \$1,206,700, and this goal was met as of September 20, 2016. (Also, the KWO loan 2022 will be amended to increase the Loan Amount by \$6,700.)

The FFY 2017 Cap Grant GPR goal amount is \$1,196,700, and a loan amount for GPR of \$725,524 has been provided to date. Additional loan amounts will be provided in the future to achieve this goal requirement.

The FFY 2018 Cap Grant GPR goal amount will be \$1,448,800, and loan amounts will be provided in the future to achieve this goal requirement.

The total amount of Cap Grant GPR set aside amounts goal from 2010 through 2017 is \$13,572,000 while the total GPR amounts provided from 2010 through 2017 is \$51,570,959 (see Attachment 4), and may increase following the review of the design for the project at Liberal (-02).

The Watershed Management Section of the Bureau of Water administers the NPS projects funded by the KWPCRF. KDHE has now revised the Kansas statutes to allow changes to establish a linked-deposit investments approach to fund non-point source pollution control projects.

KDHE will continue to develop the GPR aspects of all other “traditional” wastewater collection and treatment projects from the 2019 Intended Use Plan, and pursue adding additional traditional wastewater projects as funding allows. With the changes to WRRDA by Congress with the FFY 2016 appropriation law, KDHE will now also pursue non-point source pollution control projects utilizing the 10% principal forgiveness funds as allowed.

14. Principal Forgiveness

The April 21, 2010, EPA Guidance, the May 20, 2011, EPA Guidance, and the March 2, 2012 EPA Guidance also requires the Annual Report include “information regarding key project characteristics, milestones, and environmental/public health protection results” to achieve “5) compliance with the additional subsidization requirement” of the EPA guidance and Federal law. The FFY 2013, FY 2014, FFY 2015, FFY 2016, and FFY 2017 EPA grant awards require the continued use of the FFY 2012 guidance. (The FFY 2018 Cap Grant has not yet been received, but will also reference the 2012 guidance.)

Loans that are scheduled to receive additional subsidy (in the form of principal forgiveness) from 2010 through 2017 Capitalization Grants are documented in the CBR and listed in Attachment 4. KDHE does not officially award principal forgiveness until adequate loan disbursements are made and the repayment schedule of the loan is revised; therefore the amounts listed for loans that are not finalized are estimates, and this is also indicated in the loan agreements. The final principal forgiveness is calculated as a percentage of qualifying disbursements. Because these projects are not complete, or in some cases have not yet advertised all contracts for bids, the exact additional subsidy amount will be determined in the future and documented in the CBR and listed in Attachment 4. The estimated principal forgiveness amounts for existing loans exceed the minimum amounts required by the 2010 through 2017 Capitalization Grants, and utilize a great portion of the maximum amount available from the 2010 through 2017 Capitalization Grants. Because the entire amount of principal forgiveness cannot be awarded until final loan disbursements are made, compliance with this requirement cannot be determined at this time. This is also reflected in the 2019 IUP.

The KWPCRF published the “Final SFY 2011 KWPCRF Intended Use Plan” dated September 16, 2010, which presented the plan and approach to assure the minimum principal forgiveness amounts are met and the maximum allowable amounts are not exceeded. This plan and approach have now been revised for the future with completion of the “Affordability Criteria” document” as presented on the KDHE website www.kdheks.gov/muni/index.htm , as required by WRRDA.

The FFY 2010 cap grant maximum principal forgiveness set aside amount was \$9,181,294 and the total estimated principal forgiveness amount of \$9,181,294 will be funded. All projects listed with principal forgiveness are expected to receive Final Loan Amendment for the Loan Amount by September 2018.

The FFY 2011 cap grant maximum principal forgiveness set aside amount was \$4,116,837 and the total estimated principal forgiveness amount of \$4,116,837 will be funded. All projects listed with principal forgiveness are expected to receive Final Loan Amendment for the Loan Amount by December 2018.

The FFY 2012 cap grant maximum principal forgiveness set aside amount was \$1,063,482 and the total estimated principal forgiveness amount of \$1,063,482 will be funded. All projects listed with principal forgiveness are expected to receive Final Loan Amendment for the Loan Amount by December 2018.

The FFY 2013 cap grant maximum principal forgiveness set aside amount was \$851,480 and the total estimated principal forgiveness amount of \$851,480 will be funded. All projects listed with principal forgiveness are expected to receive Final Loan Amendment for the Loan Amount by December 2018.

The FFY 2014 cap grant maximum principal forgiveness set aside amount was \$1,033,065 and the total estimated principal forgiveness amount of \$1,033,065 will be funded. All projects listed with principal forgiveness are expected to receive Final Loan Amendment for the Loan Amount by December 2018.

The FFY 2015 cap grant optional maximum principal forgiveness set aside amount was \$3,777,300 and the total estimated principal forgiveness amount of \$3,777,300 will be funded. All projects listed with principal forgiveness are expected to receive Final Loan Amendment for the Loan Amount by December 2018.

The FFY 2016 cap grant maximum principal forgiveness set aside amount is in two separate amounts with different restrictions and stipulations, at a total amount of 40% of the cap grant, or \$4,824,000. There is a 30% optional amount (\$3,617,300) that must comply with the WRRDA restrictions and stipulations, and a 10% mandatory amount (\$1,206,700) that need only comply with Clean Water SRF stipulations. The entire amount of the total estimated principal forgiveness amount of \$4,824,000 has not yet been placed into Loan Agreements to be funded, but an additional \$6,700 will be added to the KWO 2022 project to place the entire amount FFY 2016 amount. All projects listed with principal forgiveness are expected to receive Final Loan Amendment for the Loan Amount by June 2021.

The FFY 2017 cap grant maximum principal forgiveness set aside amount will also be in two separate amounts with different restrictions and stipulations, at a total amount of 40% of the cap grant, or \$4,786,800. There will be a 30% optional amount (\$3,590,100) that must comply with the WRRDA restrictions and stipulations, and there will be a 10% mandatory amount (\$1,196,700) that need only comply with Clean Water SRF stipulations. The entire amount of the total estimated principal forgiveness amount of \$4,786,800 has not yet been placed into Loan Agreements to be funded. All projects listed with principal forgiveness are expected to receive Final Loan Amendment for the Loan Amount by June 2022.

The FFY 2018 cap grant has not yet been received.

KDHE will continue to administer the principal forgiveness aspects of the Clean Water SRF program for wastewater collection and treatment projects from the 2019 Intended Use Plan. This plan and approach have now been revised with completion of the “Affordability Criteria” document” as presented on the KDHE website www.kdheks.gov/muni/index.htm , as required by WRRDA.

The GPR status of a project design and the amount of principal forgiveness is summarized in the Executive Summary of this Annual Report for all projects funded within the report year.

Programmatic Condition No. 6 of the FFY 2010 Capitalization Grant, Programmatic Condition 3 of the FFY 2011 Capitalization Grant, Programmatic Condition 3 of the FFY 2012 Capitalization Grant, Programmatic Condition 3 of the FFY 2013 Capitalization Grant, and Programmatic Condition 9 of the FFY 2014 Capitalization Grant included the following paragraph:

“Priority for additional subsidies should be given to communities that could not otherwise afford such projects or that are defined by the state as disadvantaged. To further ensure sustainability of projects receiving additional subsidies, these subsidies should be directed to: 1) repair, replacement, and upgrade of infrastructure in existing communities; 2) investigations, studies, or plans that improve the technical, financial and managerial capacity of the assistance recipient to operate, maintain, and replace finances infrastructure; and/or 3) preliminary planning, alternatives assessment and eligible capital projects that reflect the full life cycle costs of infrastructure assets, conservation of natural resources, and alternative approaches to integrate natural or “green” systems into the built environment. The recipient agrees to provide in its Annual Report an explanation as to how they did or did not address this provision.”

The FFY 2015, FFY 2016, and 2017 Capitalization Grants do not include this paragraph, but Programmatic Condition 7 in these grants requires the Annual Report to “Report information regarding ... use of additional subsidization”).

As previously indicated, the KWPCRF had previously met the intent of this grant condition by providing a minimum 15% principal forgiveness to all loans for engineering and construction costs to assure the minimum required Additional Subsidy requirement is met, and also provided an additional 25% principal forgiveness in certain loans for engineering and construction costs of the “green” design components of the project to encourage these types of design components and also help assure the goals are met. This approach has now ended as the FFY 2015 funding has provided adequate principal forgiveness to satisfy all prior obligations. As presented in the FFY 2019 IUP, KDHE will provide principal forgiveness to

loans in accordance with the established procedures in Appendix F of the IUP, and in accordance with the “Affordability Criteria” document” as presented on the KDHE website (www.kdheks.gov/muni/index.htm), as required by WRRDA . The additional principal forgiveness will be provided to loan agreements as determined by KDHE, and for new loans in the order as the effective dates of the loan agreements, and where such funds are provided as initial financing or to buy, refinance, or restructure debt obligations only where such debt was incurred on or after the date of enactment of congressional appropriations.

As the amounts of federal funding for principal forgiveness on prior loans are reduced as the prior principal forgiveness loan commitment amounts are satisfied, the principal forgiveness funding will then be utilized to the maximum extent possible.

15. Federal Funding Accountability and Transparency Act (FFATA)

The KWPCRF complies with the requirements of FFATA by selecting a number of projects to report into the federal database each year in a total dollar amount somewhat exceeding the amount of the Capitalization Grant for that federal fiscal year. See Attachment 6.

16. The KWPCRF complies with the requirements for Loan recipients to conduct Single Audits, as presented by EPA. The Loan Recipients required to conduct Single Audits for the Fiscal Year (calendar year) 2018 (submittals due to KDHE September 30, 2019) are presented in Attachment 7.

17. The KWPCRF complies with the requirements of the SRF Signage Guidance in order to enhance public awareness of EPA assistance agreements nationwide.

V. PROGRAM CHANGES

A. Comparison with the Intended Use Plan

The Annual Report reflects the following changes from the original Intended Use Plan.

- Of the projects listed on the Intended Use Plan eleven obtained loan agreements. The 12 projects which signed loan agreements were generally on schedule with the IUP. The numerous other projects listed on the IUP and the updates to the IUP continue to be developed. The projects which have been funded are listed in Exhibit 1. All other projects on the IUP are developing engineering studies and applications.

- Program administration disbursements were estimated in the IUP to total 4% of the projected disbursements for projects for the year. Actual administration disbursements totaled \$1,416,363 (\$392,796 ACH plus \$1,023,567 service fees) (see Exhibit 9). Considering the Federal/State, Leveraged Bond, and Recycled Monies disbursements, total disbursements in SFY 2018 including capitalized interest accrued and service fees accrued are \$60,121,268 (reference Exhibit 6), and administration disbursements are 2.36% of the total.

B. Modifications of Goals and Objectives

- The Final IUP listed eight long term goals, and KDHE management of the KWPCRF reflected these goals. KDHE efforts are to manage the KWPCRF to provide a financing option attractive to local governments in constructing water pollution control projects of high priority to both the local and state governments, while protecting and maintaining the financial security of the revolving loan fund in perpetuity. KDHE anticipates a review and possible modifications to the long term goals of the program in development of the upcoming Intended Use Plans.
- The Final IUP also listed eleven short term goals, and KDHE has made progress in achieving these goals in FY '18. The KWPCRF continues to fund projects on a priority basis from the approved Project Priority List, while also offering low interest loan financing to nearly any and all projects for municipalities with population of 5,000 or less.

VI. PROPOSED IMPROVEMENTS

A. Modification of the Program

At the time of this FY '18 Annual Report, i.e. June 30, 2018, KDHE is concentrating on developing several smaller (i.e., less than \$1.0M), many mid-size (i.e., \$1.0M to \$10.0M), and hopefully some larger (i.e., over \$10 M) projects. As before, the Priority System targets projects on a watershed basis, with the Governor's Water Quality Initiative directing resources to the Kansas/Lower Republican basin and also the Lower Arkansas basin.

The Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA) has had a significant effect on the cash flow management and future borrowing projections and timing of bond sale of the KWPCRF, with the result the bond sale schedules were significantly delayed. Also, the prior turmoil in the national credit markets had impacted the daily routine and management of the KWPCRF. Daily operations and decision making as well as operating procedures were adjusted to those challenges to the management of the Program. With the passage of the ARRA significant additional Federal

funding was available, but with significant additional administrative provisions. The FFY 2010, FFY 2011, FFY 2012, FFY 2013, FFY 2014, FFY 2015, FFY 2016, and FFY 2017 Federal funding also includes many of these continuing administrative and reporting provisions.

Also, Congress passed the 2014 Water Resources Reform and Development Act (WRRDA) on June 10, 2014, which provided amendments to Title I, Title II, Title V, and Title VI (the SRF program) of the Clean Water Act. Congress continues to add program requirements through the annual WRRDA appropriations legislation. This resulted in many changes to the KWPCRF program as well as to the Loan Agreements and project funding efforts for water pollution control projects. Kansas has provided the changes necessary to continue to receive Capitalization Grants into the future, as well as continue to access the significant non-federal funds now “revolving” within this low interest loan fund. Significant changes to program documents and project procedures occurred as a result of WRRDA, and changes continue from Congress.

There are many changes to the KWPCRF program as a result of the WRRDA federal legislation, and the EPA methods of implementing these changes. These include:

- A. All cross-cutting federal requirements will continue to apply to all loans.
- B. American Iron and Steel program requirements will apply to all new loans dated effective after January 17, 2014, in accordance with the EPA procedures document dated March 20, 2014.
- C. FFATA reporting requirements will be completed by KDHE and will apply to only certain new loans, designated as “equivalency” loans, effective starting June 10, 2014, in accordance with the EPA Guidance Memo dated September 22, 2014. See also Attachment 6.
- D. The requirement for A-133 Audits will apply to only certain loans, designated as “equivalency” loans, as in recent years. See also Attachment 7.
- E. A/E procurement requirements (the Brooks Act) will apply to only certain loans, designated as “equivalency” loans, effective starting October 1, 2014.
- F. A Fiscal Sustainability Plan including an Asset Management Plan must be prepared and submitted for approval by loan applicants for all loans dated after October 1, 2014.
- G. An effort must be completed by loan recipients of only certain loans, designated as “equivalency” loans, to make the public aware of the construction project funded by the KWPCRF for the selected loans dated after June 3, 2015.
- H. An “Affordability Criteria” document has been written for the KWPCRF by KDHE as required by WRRDA, and was completed by the deadline date

of September 30, 2015. This now affects future loan agreements and the future award of principal forgiveness.

I. A “cost & effectiveness” policy and procedure has been written for the KWPCRF by KDHE and concurrence of the Governor’s Office has been received, as required by WRRDA. This document was completed by the deadline date of October 1, 2015. The consulting engineer and the loan applicant must complete this project design review effort, and submit the “Cost & Effectiveness” document concurrently or prior to submitting the design plans and specifications. This applies to all facility planning efforts for projects funded by the KWPCRF, effective starting October 1, 2015.

B. Long and Short Term Goals for Future IUP

KDHE will continue to pursue the short-term and long-term goals of the Program. The ongoing federal demands for changes to the state revolving fund programs are proving to be difficult and demanding to administer. The new Master Financing Indenture allows the KWPCRF management team to better react and adjust to financial market. These issues and priorities will continue to be discussed and debated in the public hearing process of the Intended Use Plan.

The Kansas Surface Water Quality Standards continue to be updated with revisions adopted by regulation and the Total Maximum Daily Load documents continue to be finalized presenting new Waste Load Allocations, which drive NPDES effluent limitations and subsequent upgrades to wastewater treatment facilities. Even with the potential of delays for certain projects, all available funds in the KWPCRF are being fully utilized by the projects which are now voluntarily proceeding. KDHE will continue to encourage all necessary projects proceed with construction of upgrades and pollution control improvements.

KDHE completed the sale of additional State Match Bonds in April 2018, and will conduct an additional bond sale as necessary in the future for additional state match.

KDFA continues to provide services as required by the revenue bonds. Accounting and reporting services are provided by the Kansas Department of Administration. A three-party Inter-Agency Agreement is in place presenting the duties, responsibilities, and payments for services.

KDHE is continuing to develop and implement options to provide funding to Non Point Source (NPS) pollution control projects under the new Master Financing Indenture, including the current EPA options for funding opportunities in the FFY 2016 and FFY 2017 Cap Grants (which will also be available in the FFY 2018 Cap Grant), as well as offering these types of

projects to receive low interest loan funding through the linked-deposit program approach. The Watershed Management Section of the Bureau of Water administers the NPS projects funded by the KWPCRF. KDHE has revised Kansas statutes to allow a linked-deposit investments approach to fund non-point source pollution control projects as well.

EXHIBIT 1
STATE OF KANSAS
FY '18 Binding Commitments by Quarter and Type

09/27/18

EXHIBIT 1 PART 1: FY 18 BINDING COMMITMENTS BY QUARTER

PROJECT NAME COMMUNITIES SERVED	PROJECT NUMBER	BINDING COMMITMENTS FISCAL YEAR 2018				FY 2018 TOTAL	* TYPE
		QTR 1	QTR 2	QTR 3	QTR 4		
Loans							
MOUNDRIDGE	1950 01	1,668,550				1,668,550	L
HOXIE	1425 01		500,000			500,000	L
ROSE HILL	2023 01		355,000			355,000	L
BURDEN	2031 01		307,100			307,100	L
POMONA	2014 01		3,471,220			3,471,220	L
JEFFERSON CO. (SD #5)	2005 01		933,150			933,150	L
AUBURN	2032 01		1,749,850			1,749,850	L
CHANUTE	2045 01			3,142,488		3,142,488	L
MANTER	2047 01			72,000		72,000	L
WESTWOOD HILLS	2051 01				265,244	265,244	L
STRONG CITY	2065 01				100,000	100,000	L
HOLYROOD	2030 01				378,457	378,457	L
Amendments							
CLYDE	1990 01	100,000				100,000	L
LIBERTY	1779 01		2806			2,806	L
EMPORIA	2002 01		735000			735,000	L
AUGUSTA	2009 01			386,800		386,800	L
OBERLIN	1529 01			813,500		813,500	L
NICKERSON	1636 01			1,214,023		1,214,023	L
ROSE HILL	2023 01			53,718		53,718	L
WILLOWBROOK	1199 01			175,000		175,000	L
MOUNDRIDGE	1950 01			1,034,050		1,034,050	L
SUBTOTAL						17,457,956	

EXHIBIT 1 PART 2: SECTION 319 NON POINT SOURCE PROJECTS FY 18 BINDING COMMITMENTS BY QUARTER

PROJECT NAME COMMUNITIES SERVED	PROJECT NUMBER	BINDING COMMITMENTS FISCAL YEAR 2018				FY 2018 TOTAL	* TYPE
		QTR 1	QTR 2	QTR 3	QTR 4		
Loans							
SUBTOTAL						0	

SECTION 319 NONPOINT SOURCE PROJECTS	0	0	0	0	0	0	L
SECTION 320 ESTUARY PROGRAMS	0	0	0	0	0	0	L
PROGRAM ADMIN		0	0	0	0	0	A
BINDING COMMIT. TOTAL	1,768,550	8,054,126	6,891,579	743,701	17,457,956		
CUMULATIVE BC TOTALS	1,768,550	8,054,126	6,891,579	743,701	17,457,956		

* L=Loans; A=Administration

EXHIBIT 1 PART 2: BINDING COMMITMENTS BY TYPE

LOANS		
212 PROJECTS	17,457,956	
SECTION 319	0	
SECTION 320	0	
REFINANCE	0	
PROG ADMIN	0	
TOTAL	17,457,956	

EXHIBIT 2

**KANSAS WATER POLLUTION CONTROL REVOLVING LOAN FUND
SOURCE OF FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

SOURCES OF FUNDS	QTR 1	QTR 2	QTR 3	QTR 4	TOTALS	FY 2017
ACH PAYMENTS						
FY17 Grant	-	11,967,000	-	-	11,967,000	-
REVENUES						
Interest Earnings						
Debt Service Reserve Funds	-	-	-	-	-	204,240
Other Investment Income	475,634	316,397	435,513	316,569	1,544,113	649,102
Net Bond Proceeds	-	1,900,000	-	3,000,000	4,900,000	-
Loan Repayments						
Principal Repayments	15,296,472	3,395,581	14,983,270	3,078,509	36,753,832	43,855,872
Interest Repayments	3,970,224	476,312	3,989,414	433,563	8,869,513	9,146,157
Interest During Construction	-	28,516	-	8,714	37,230	58,988
TOTALS	19,742,330	18,083,806	19,408,197	6,837,355	64,071,688	53,914,359

EXHIBIT 3
 STATE OF KANSAS
 SELECT BINDING COMMITMENTS WITH RESPECT TO PAYMENTS

09/27/18

COMMUNITIES SERVED	PROJECT NUMBER	ASSISTANCE AMOUNT	BINDING COMMITMENT DATE	INTEREST RATE	DATE LOAN MATURES	BINDING COMMITMENTS - FY 18 BY QUARTER			
						QTR 1	QTR 2	QTR 3	QTR 4
						07/17- 09/17	10/17- 12/17	01/18 - 03/18	04/18 - 06/18
New Loans									
MOUNDRIDGE	1950-01	1,668,550.00	07/01/17	2.21	03/01/39	1,668,550.00			
HOXIE	1425-01	500,000.00	10/02/17	2.13	03/01/39		500,000.00		
ROSE HILL	2023-01	355,000.00	10/16/17	2.13	09/01/39		355,000.00		
BURDEN	2031-01	307,100.00	10/30/17	2.13	03/01/39		307,100.00		
POMONA	2014-01	3,471,220.00	10/31/17	2.13	03/01/39		3,471,220.00		
JEFFERSON CO. (SD #5)	2005-01	933,150.00	11/02/17	1.81	03/01/39		933,150.00		
AUBURN	2032-01	1,749,850.00	11/21/17	2.14	03/01/39		1,749,850.00		
CHANUTE	2045-01	3,142,488.00	03/14/18	2.15	09/01/39			3,142,488.00	
MANTER	2047-01	72,000.00	03/28/18	2.15	03/01/39			72,000.00	
WESTWOOD HILLS	2051-01	265,244.00	04/05/18	2.25	09/01/39				265,244.00
STRONG CITY	2065-01	100,000.00	05/30/18	2.31	09/01/39				100,000.00
HOLYROOD	2030-01	378,457.00	06/19/18	2.33	09/01/39				378,457.00
Amendments to Existing Loans									
GARDEN PLAIN	1716 01A	(0.51)	07/05/17	2.60	09/01/31	(0.51)			
JF CO (SD #2)	1388-01	(1,950.55)	08/09/17	2.86	03/01/26	(1,950.55)			
CLYDE	1990-01	100,000.00	08/10/17	2.22	09/01/38	100,000.00			
OSAWATOMIE	1961-01	(6,743.28)	08/15/17	2.86	03/01/30	(6,743.28)			
ELLIS	1988-01	(48,498.84)	10/02/17	2.13	09/01/37		(48,498.84)		
DOUGLASS	1788-01	(56,783.67)	10/03/17	2.20	09/01/36		(56,783.67)		
OZAWKIE	1975-01	(2,632.39)	10/24/17	2.62	03/01/35		(2,632.39)		
LIBERTY	1779-01	2,805.86	11/01/17	2.86	03/01/31		2,805.86		
EMPORIA	2002-01	735,000.00	11/07/17	1.94	03/01/38		735,000.00		
HUMBOLDT	1708-01	(33,073.85)	12/01/17	1.72	09/01/28		(33,073.85)		
EL DORADO	1987-01	(231,968.67)	12/18/17	2.20	09/01/36		(231,968.67)		
SABETHA	1953-01	(48,417.90)	01/03/18	2.00	09/01/37			(48,417.90)	
AUGUSTA	2009-01	386,800.00	01/04/18	1.81	03/01/38			386,800.00	
OBERLIN	1529-01	813,500.00	01/05/18	2.77	03/01/26			813,500.00	
NICKERSON	1636-01	1,214,023.00	01/25/18	2.72	03/31/20			1,214,023.00	
ROSE HILL	2023-01	53,718.00	01/25/18	2.13	09/01/38			53,718.00	
COLLYER	1995-01	(100.00)	02/05/18	2.22	03/01/39			(100.00)	
WILLOWBROOK	1199-01	175,000.00	02/20/18	2.91	03/01/25			175,000.00	
COLONY	1939-02	(68,954.43)	02/27/18	2.13	03/01/38			(68,954.43)	
GLACIAL HILLS RCDC (DEL/MUDDY)	1946-01	(30,890.15)	02/27/18	2.33	09/01/36			(30,890.15)	
MOUNDRIDGE	1950-01	1,034,050.00	03/23/18	2.21	03/01/39			1,034,050.00	
WELLSVILLE	1475-01	(47,800.00)	04/18/18	2.86	09/01/23				(47,800.00)
PRATT	1799-01	(11,869.79)	04/19/18	2.45	03/01/32				(11,869.79)
LAKIN	1477-01	(43,203.00)	05/10/18	2.76	09/01/25				(43,203.00)
Adminstration Paid From Grant Funds									
During FY 2018						90,537.00	107,588.00	88,365.00	104,580.00

Total Binding Commitments	17,216,138.83	1,850,392.66	7,788,756.44	6,831,581.52	745,408.21
Cumulative Binding Commitments	1,303,654,902.16	1,288,289,155.99	1,296,077,912.43	1,302,909,493.95	1,303,654,902.16

Required Total Binding Comittments 120% of total non ARRA CAP Grant payments made by June 30, 2017 plus ARRA Cap Grant = 437,401,136.40
 [335,022,447 x 1.20 + 35,374,200 = 437,401,136.40]

EXHIBIT 4

**KANSAS WATER POLLUTION CONTROL REVOLVING LOAN FUND
SELECT DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

	FY 2017	FISCAL YEAR 2018				TOTAL
		QTR 1	QTR 2	QTR 3	QTR 4	
SELECT DISBURSEMENTS	12,700,519	90,537	10,456,813	3,154,365	3,104,580	16,806,295
Less FEDERAL ARRA DISBURSEMENTS	-	-	-	-	-	-
FY CUMULATIVE TOTALS	12,700,519	90,537	10,547,350	13,701,715	16,806,295	16,806,295
ACH AVAILABLE (BEGINNING)	13,934,795	1,234,276	1,143,739	4,553,926	1,399,561	
CUMULATIVE ACH DEPOSITS	-	-	11,967,000	-	-	11,967,000
CASH DRAW FROM ACH	12,700,519	90,537	8,556,813	3,154,365	104,580	11,906,295
ACH AVAILABLE (ENDING)	1,234,276	1,143,739	4,553,926	1,399,561	1,294,981	
STATE SHARE	-	-	1,900,000	-	3,000,000	4,900,000
CUMULATIVE STATE SHARE	-	-	1,900,000	1,900,000	4,900,000	
ACH DRAW AS % OF DISBURSEMENTS *	100.00%	100.00%	81.83%	100.00%	3.37%	70.84%

* Federal percentage of total expenditures to date is: 82.66%

EXHIBIT 6 PART 1: SECTION 212 PUBLICLY OWNED TREATMENT WORKS

PROJECT NAME COMMUNITIES SERVED	PROJECT NUMBER	NEEDS CATEGORY								
		I CWT - Secondary Treatment	II CWT - Advanced Treatment	III A CWT - Infiltration/ Inflow Correction	III B CWT - Sewer System Rehab	IV A CWT - New Collector Sewers	IV B CWT - New Interceptors	V CWT - CSO Correction	Stormwater - Gray Infrastructure	
Loans										
MOUNDRIDGE	1950-01	1,668,550								
HOXIE	1425-01	500,000								
ROSE HILL	2023-01				355,000					
BURDEN	2031-01		307,100							
POMONA	2014-01				3,471,220					
JEFFERSON CO. (SD #5)	2005-01				933,150					
AUBURN	2032-01				1,749,850					
CHANUTE	2045-01				3,142,488					
MANTER	2047-01		72,000							
WESTWOOD HILLS	2051-01									265,244
STRONG CITY	2065-01				100,000					
HOLYROOD	2030-01	378,457								
	Subtotal	2,547,007	379,100	0	9,751,708	0	0	0	0	265,244
Amendments										
CLYDE	1990 01	100,000								
LIBERTY	1779 01				2,806					
EMPORIA	2002 01				735,000					
AUGUSTA	2009 01						386,800			
OBERLIN	1529 01	813,500								
NICKERSON	1636 01	1,214,023								
ROSE HILL	2023 01				53,718					
WILLOWBROOK	1199 01				175,000					
MOUNDRIDGE	1950 01	1,034,050								
	Subtotal	3,161,573	0	0	966,524	0	386,800	0	0	0
PART 1 TOTAL		5,708,580	379,100	0	10,718,232	0	386,800	0	0	265,244

EXHIBIT 6 PART 2: SECTION 319 NON POINT SOURCE PROJECTS

PROJECT NAME COMMUNITIES SERVED	PROJECT NUMBER	NEEDS CATEGORY								
		I CWT - Secondary Treatment	II CWT - Advanced Treatment	III A CWT - Infiltration/ Inflow Correction	III B CWT - Sewer System Rehab	IV A CWT - New Collector Sewers	IV B CWT - New Interceptors	V CWT - CSO Correction	Stormwater - Gray Infrastructure	
Loans										
	Subtotal	0	0	0	0	0	0	0	0	0
PART 2 TOTAL		0	0	0	0	0	0	0	0	0
'18 Total		5,708,580	379,100	0	10,718,232	0	386,800	0	0	265,244

EXHIBIT 6

**KANSAS WATER POLLUTION CONTROL REVOLVING LOAN FUND
PROJECT LOAN REPAYMENT AND INTEREST ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2018**

	FY 89-17 TOTAL	9/30/2017	12/31/2017	3/31/2018	6/30/2018	FY 18 TOTAL	GRAND TOTAL
Total Project Payments	1,132,113,136.91	11,308,221.05	12,570,021.97	15,935,195.67	20,265,289.16	60,078,727.85	1,192,191,864.76
Total Interest Accrued	5,342,247.09	0.00	28,516.29	0.00	8,713.96	37,230.25	5,379,477.34
Total Fees Accrued	500,034.91	0.00	3,891.18	0.00	1,418.79	5,309.97	505,344.88
Total Principal Outstanding	362,842,522.59	358,355,853.08	367,506,733.27	367,932,597.41	384,982,715.35	384,982,715.35	384,982,715.35
Total Principal Forgiveness	42,296,177.41	498,418.82	55,968.00	526,061.38	146,795.60	1,227,243.80	43,523,421.21
Total Principal Payments	732,816,718.91	15,296,471.74	3,395,581.25	14,983,270.15	3,078,508.37	36,753,831.51	769,570,550.42
Total Interest Payments	236,365,882.16	3,970,224.37	476,311.40	3,989,414.04	433,562.61	8,869,512.42	245,235,394.58
Total Fee Payments	20,101,249.57	406,587.72	43,170.14	416,145.79	39,251.19	905,154.84	21,006,404.41

EXHIBIT 7

**KANSAS WATER POLLUTION CONTROL REVOLVING LOAN FUND
ACTUAL DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

	QTR 1	QTR 2	QTR 3	QTR 4	TOTAL
FEDERAL LOAN	0	8,449,225	3,066,000	0	11,515,225
FEDERAL ADMINISTRATION	90,537	107,588	88,365	104,580	391,070
STATE MATCH LOAN	0	1,900,000	0	3,000,000	4,900,000
ACTUAL SRF PROGRAM TOTALS	90,537	10,456,813	3,154,365	3,104,580	16,806,295

EXHIBIT 8

**KANSAS WATER POLLUTION CONTROL REVOLVING LOAN FUND
STATEMENTS OF NET POSITION
AS OF JUNE 30, 2018 AND 2017**

	UNAUDITED	AUDITED
	2018	2017
ASSETS		
Current assets:		
Cash	\$ 14,029,917	\$ 19,507,290
Investment interest receivable	70,303	79,002
Investments	82,005,046	86,972,447
Loans	37,207,322	33,919,402
Loan interest receivable	2,760,048	2,734,123
Other receivables	304,784	279,324
Total current assets	<u>136,377,420</u>	<u>143,491,588</u>
Noncurrent assets:		
Restricted cash - arbitrage rebate	252,789	251,019
Restricted cash - loan reserve earnings	96,404	396,813
Investments	-	299,892
Loans	347,775,393	328,923,120
Loan reserve accounts - investments	3,179,719	4,012,495
Loan reserve accounts - cash	3,756,858	3,774,906
Total noncurrent assets	<u>355,061,163</u>	<u>337,658,245</u>
Total Assets	<u>491,438,583</u>	<u>481,149,833</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts on refunding	<u>1,435,346</u>	<u>1,769,821</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	228,472	498,758
Bond interest payable	2,012,612	2,120,257
Revenue bonds payable	19,538,476	8,507,531
Total current liabilities	<u>21,779,560</u>	<u>11,126,546</u>
Noncurrent liabilities:		
Loan reserve accounts	6,936,577	7,787,401
Revenue bonds payable, long-term, net	102,909,089	119,447,565
Total noncurrent liabilities	<u>109,845,666</u>	<u>127,234,966</u>
Total Liabilities	<u>131,625,226</u>	<u>138,361,512</u>
TOTAL NET POSITION	<u>\$ 361,248,703</u>	<u>\$ 344,558,142</u>

EXHIBIT 9

**KANSAS WATER POLLUTION CONTROL REVOLVING LOAN FUND
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE TWELVE MONTH PERIODS ENDING 2018 AND 2017**

	UNAUDITED	AUDITED
	2018	2017
OPERATING REVENUES		
Interest on loans	\$ 8,932,667	\$ 9,095,861
Grant revenue	392,796	365,330
Service fee revenue	922,491	912,391
Other revenue	407,346	-
Total operating revenues	<u>10,655,300</u>	<u>10,373,582</u>
OPERATING EXPENSES		
Program administration - federal	392,796	365,330
Program administration - other	1,023,567	877,132
Loan principal forgiveness	1,227,244	5,628,744
Total operating expenses	<u>2,643,607</u>	<u>6,871,206</u>
Operating Income	<u>8,011,693</u>	<u>3,502,376</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income:		
Bond reserve fund	-	204,240
Other investment income	1,544,113	649,101
Capital contributions - capitalization grants, net of recognized administrative grants	11,515,225	12,321,875
Interest expense - bonds	(5,379,001)	(9,719,426)
Bond issuance costs	(35,840)	-
Other nonoperating revenue	1,034,371	1,033,262
Total nonoperating revenues (expenses)	<u>8,678,868</u>	<u>4,489,052</u>
Change in net position	16,690,561	7,991,428
Net position, beginning of year	<u>344,558,142</u>	<u>336,566,714</u>
TOTAL NET POSITION, END OF PERIOD	<u>\$ 361,248,703</u>	<u>\$ 344,558,142</u>

EXHIBIT 10

**KANSAS WATER POLLUTION CONTROL REVOLVING LOAN FUND
STATEMENTS OF CASH FLOWS
FOR THE TWELVE MONTH PERIODS ENDING 2018 AND 2017**

	UNAUDITED	AUDITED
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Program administration expenses	\$ (392,796)	\$ (365,330)
Other revenues (expenses)	123,622	(10,240)
Service fees received	910,465	918,234
Service fees paid	(1,023,567)	(877,132)
Capitalization grant for administrative costs	392,796	365,330
Net cash provided by operating activities	<u>10,520</u>	<u>30,862</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Bond principal paid	(9,190,000)	(12,095,000)
Bond interest paid (includes defeasance costs)	(6,369,702)	(8,480,375)
Capitalization grant for loans	11,515,225	12,321,875
Bond proceeds, including premium	4,900,000	-
Bond issuance costs	(35,840)	-
Payment to bond escrow agent	-	(20,810,000)
Other nonoperating revenues	1,034,371	1,033,262
Net cash provided by (used in) noncapital financing activities	<u>1,854,054</u>	<u>(28,030,238)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan principal collected	36,753,832	43,855,872
Loans disbursed	(60,121,268)	(37,902,367)
Interest received on loans	8,906,743	9,205,145
Proceeds from sales and maturities of investments	360,555,684	101,318,927
Purchase of investments	(355,288,390)	(144,860,368)
Proceeds from sales and maturities of debt service reserve investments	-	7,411,034
Interest received on investments and debt service reserve funds	1,552,812	1,090,018
Loan reserve accounts	(18,047)	-
Net cash used in investing activities	<u>(7,658,634)</u>	<u>(19,881,739)</u>
Net decrease in cash	(5,794,060)	(47,881,115)
Cash, beginning of year	<u>23,930,028</u>	<u>71,811,143</u>
CASH, END OF PERIOD	<u>\$ 18,135,968</u>	<u>\$ 23,930,028</u>
Cash consists of:		
Cash	\$ 14,029,917	\$ 19,507,290
Restricted cash - arbitrage rebate	252,789	251,019
Loan reserve deposits	3,756,858	3,774,906
Restricted cash - loan reserve earnings	96,404	396,813
	<u>\$ 18,135,968</u>	<u>\$ 23,930,028</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 8,011,693	\$ 3,502,376
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Loans receivable	(22,140,193)	11,582,248
Loan interest receivable	(25,925)	109,284
Other receivables	(25,461)	5,844
Accounts payable and accrued expenses	(270,287)	(10,240)
Effect of changes in operating assets and liabilities:		
Loan principal collected	(36,753,832)	(43,855,872)
Loans disbursed	60,121,268	37,902,367
Interest received on loans	(8,906,743)	(9,205,145)
Net cash provided by operating activities	<u>\$ 10,520</u>	<u>\$ 30,862</u>

NOTE 1 – Summary of Significant Accounting Policies

A. Description of Program

The Kansas Water Pollution Control Revolving Fund (the Fund) was established pursuant to K.S.A. 65-3321 *et seq.* in 1988 by the Kansas Legislature. The Fund was created to implement the State's participation under the Federal Clean Water Act as amended by the Federal Water Quality Act of 1987. Under Kansas law, the Secretary of the Department of Health and Environment (KDHE) administers the Water Pollution Control Revolving Loan Program (the Program). The Federal Act authorizes the Environmental Protection Agency (EPA) to award capitalization grants for deposit into state revolving funds in order to provide financial assistance for constructing publicly owned wastewater treatment facilities. The Program is the response by the State to federal law changes governing the development of publicly owned wastewater treatment works. The state revolving fund may be used to make loans, fund debt service reserves, and provide other types of financial assistance to public entities. Initial funding for the Program is to be provided from the federal capitalization grants and state matching funds. The state matching funds must be equal to 20% of the federal capitalization grants. Under the Program, of the total amount to be deposited in a state revolving fund from federal capitalization grants and state matching funds, 83 1/3% is to be provided by federal capitalization grants and 16 2/3% is to be provided by state matching funds. The Fund is to be established, maintained, and credited with repayments and the Fund equity is to be available in perpetuity for providing such financial assistance.

Loans are made to municipalities from the Fund for eligible project costs. Kansas Administrative Regulation 28-16-113 establishes the interest rates for the loans, together with fees set for servicing the loans, to be an amount equal to 60% of the previous three months' average "bond buyers 20 bond index" as published on Friday of each week for the preceding three months. KDHE administers those aspects of the Program relating to selection of projects and the making of loans to eligible municipalities. Kansas Development Finance Authority (K DFA) issues revenue bonds for the state matching funds needed and for leveraged borrowing for the Fund. The Department of Administration administers the accounting and reporting aspects of the Program relating to the receipt and disbursement of monies within the Fund, including disbursement of loans to municipalities and billing and collecting of loan repayments. Moneys in the Fund are deposited with the Treasurer of the State of Kansas.

B. Measurement Focus, Basis of Accounting

The Fund is an enterprise fund of the State. The financial statements of the Fund are prepared on the accrual basis of accounting and on an economic resources measurement focus in accordance with accounting principles generally accepted in the United States of America as applied to government units. With this measurement focus, all assets, deferred outflows, liabilities, and deferred inflows are included on the statement of net position. The statement of revenues, expenses, and changes in fund net position presents increases (revenues) and decreases (expenses) in net total position. Revenues are recognized when earned and expenses are recorded when liabilities are incurred. The statement of cash flows provides information about how the Fund meets the cash flow needs of its activities. Program management has decided that this approach

is necessary to demonstrate the success of the Program and to assure interested parties that the Fund will be available in perpetuity as intended.

C. Disclosure

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 estimates.

D. Net Position

Cash is considered the fund and account balances on deposit with the State of Kansas Treasurer even though these monies are invested as part of the State's idle funds pool and earn average daily balance interest. Cash also includes balances held by the Trustee, UMB Bank, na.

Investments include guaranteed investment contracts, fully flexible repurchase agreements, and other investments as permitted by Master Bond Resolution No. 37 dated November 9, 1992, Supplemental Resolution No 37-a dated January 8, 1993, Supplemental Resolution No. 37-b dated July 7, 1995, Supplemental Resolution No. 37-c dated January 7, 1997, Supplemental Resolution No. 37-d dated May 1, 1998, Supplemental Resolution No. 37-e dated May 7, 1999, Supplemental Resolution No. 37-f dated November 5, 1999, Supplemental Resolution No. 37-g dated December 3, 1999, Supplemental Resolution No. 37-h dated January 7, 2000, Supplemental Resolution No. 37-i dated August 17, 2001, Supplemental Resolution No. 37-j dated October 4, 2002, Supplemental Resolution No. 37-k dated May 6, 2004, Supplemental Resolution No. 37-l dated July 14, 2005, Supplemental Resolution No. 37-m dated July 10, 2008, Supplemental Resolution No. 37-n dated November 6, 2008, Supplemental Resolution No. 37-o dated March 5, 2009, Supplemental Resolution No. 37-p dated November 4, 2010, Master Financing Indenture dated November 1, 2010, the First Supplemental Financing Indenture dated December 15, 2010, the Second Supplemental Financing Indenture dated May 15, 2011, the Third Supplemental Financing Indenture dated November 1, 2012, the Fourth Supplemental Financing Indenture dated January 15, 2013, the Fifth Supplemental Financing Indenture dated December 15, 2013, the Sixth Supplemental Financing Indenture dated December 15, 2014, the Seventh Supplemental Financing Indenture dated December 15, 2015, the Eight Supplemental Financing Indenture dated October 1, 2017, and the Ninth Supplemental Financing Indenture dated April 1, 2018.

Receivables include interest earnings, current loan repayments due, and loan principal balances outstanding. All receivables are considered collectable; therefore, no allowance account has been established.

Net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Currently the fund has no investment in

capital assets. Net position is reported as restricted when there are external limitations imposed on their use. All assets of the program have been determined to be restricted assets in accordance with the conditions of the Water Pollution Control capitalization grants and bond covenants. Restricted net position includes EPA capitalization grants restricted for loans to municipalities and for program administration expenses. The amount of capitalization grants restricted for program administration is being recognized as revenue when earned.

The Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The Fund only has one item that qualifies for reporting in this category. It is the deferred amounts on refunding reported in the statement of net position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods will not be recognized as an inflow of resources (revenue) until that time. The Fund has no items that qualify for reporting in this category.

The Fund revenues consist of operating and non-operating revenues. Operating revenues include: 1) interest earned on loans of \$8,932,667, 2) federal grant dollars earned for administrative costs of \$392,796, 3) loan service fees of \$922,491, and 4) other revenue of \$407,346. Non-operating revenues include: 1) income from invested program moneys of \$1,544,113, 2) interest subsidy on the 2010 SRF-1 bonds of \$1,034,371, and 3) \$11,515,225 of federal grant dollars drawn for loans.

The Fund expenses consist of \$8,058,448 in operating and non-operating expenses. Operating expenses include: 1) administrative costs and 2) loan principal forgiveness. Nonoperating expenses include: 1) revenue bond interest, 2) revenue bond premium and discount amortized, and 3) bond issuance costs.

The Statement of Cash Flows identifies the sources and the uses of cash during the fiscal year and demonstrates that the Fund had sufficient cash to meet its obligations.

NOTE 2 – Long-Term Debt

The balances of Revenue Bonds issued by Kansas Development Finance Authority at fiscal year end are as follows:

2010 Series		\$ 152,440,000
Less Bonds Paid	4.52% - 5.945%	(35,380,000)
Less Bonds Defeased		0
Plus Unamortized OIP		<u>2,387,565</u>
		119,447,565
2017 Series		\$ 1,900,000
Less Bonds Paid	1.20%	<u>(1,900,000)</u>
		0
2018 Series		\$ 3,000,000
Less Bonds Paid	2.16%	<u>0</u>
		3,000,000

Revenue Bond debt service requirements to maturity are as follows:

Year Ending June 30,	Principal Amount Due	Interest Amount Due	Total
2019	\$ 18,460,000	\$ 6,054,951	\$ 24,514,951
2020	17,295,000	5,223,271	22,518,271
2021	20,020,000	4,358,521	24,378,521
2022	14,115,000	3,357,521	17,472,521
2023	10,990,000	2,701,452	13,691,452
2024	12,035,000	2,177,229	14,212,229
2025	4,475,000	1,579,089	6,054,089
2026	3,875,000	1,347,732	5,222,732
2027	4,060,000	1,117,363	5,177,363
2028	4,295,000	875,996	5,170,996
2029	4,795,000	620,658	5,415,658
2030	5,645,000	335,595	5,980,595
	\$ 120,060,000	\$ 29,749,376	\$ 149,809,376

NOTE 3 – Arbitrage Rebate

In accordance with Internal Revenue Code Section 148(f) relating to arbitrage restrictions on tax-exempt bonds, there is currently no rebate liability for the 2001, 2005, or 2010. The 2018 bond is a taxable bond and is not subject to arbitrage. As of June 30, 2018 the Fund had a restricted cash balance of \$252,789 for future arbitrage liabilities.

NOTE 4 – Federal Capitalization Grants

Ninety-six percent of the federal capitalization grants awarded by the EPA are to be loaned out to municipalities. Up to four percent of the capitalization grants may be spent on Program administration. Management of the Fund has determined that the entire four percent will be spent on administration as evidenced by the budget page of each grant agreement. Therefore, as administration funds are drawn down, Fund equity is reduced and Program administration grant revenue is recognized.

Federal capitalization grants awarded are as follows:

Federal Capitalization Grants	Loans	Program Administration	Total Grant
1989 Grant Award	\$ 8,431,725	\$ 351,322	\$ 8,783,047
1990 Grant Award	8,714,020	363,084	9,077,104
1991 Grant Award	17,783,600	740,983	18,524,583
1992 Grant Award	16,836,716	701,530	17,538,246
1993 Grant Award	16,655,190	693,966	17,349,156
1994 Grant Award	10,334,364	430,599	10,764,963
1995 Grant Award	10,673,182	444,716	11,117,898
1996 Grant Award	17,482,935	728,451	18,211,386
1997 Grant Award	5,359,104	223,296	5,582,400
1998 Grant Award	11,668,441	486,185	12,154,626
1999 Grant Award	12,050,539	486,225	12,536,764
2000 Grant Award	11,629,920	484,577	12,114,497
2001 Grant Award	11,526,451	480,269	12,006,720
2002 Grant Award	11,552,112	481,338	12,033,450
2003 Grant Award	11,477,030	478,210	11,955,240
2004 Grant Award	11,483,968	478,499	11,962,467
2005 Grant Award	9,335,904	388,996	9,724,900
2006 Grant Award	7,568,736	315,364	7,884,100
2007 Grant Award	9,272,064	386,336	9,658,400
2008 Grant Award	5,860,032	244,168	6,104,200
2009 Grant Award	5,860,128	244,172	6,104,300
2009 Grant Award - ARRA	33,959,232	1,414,968	35,374,200
2010 Grant Award	17,655,360	735,640	18,391,000
2011 Grant Award	12,794,880	533,120	13,328,000
2012 Grant Award	12,246,720	510,280	12,757,000
2013 Grant Award	11,568,960	482,040	12,051,000
2014 Grant Award	12,149,760	506,240	12,656,000
2015 Grant Award	12,087,360	503,640	12,591,000
2016 Grant Award	11,577,600	482,400	12,060,000
Prior FY Awards	355,596,033	14,800,614	370,396,647
Less Prior FY Draws	(358,786,643)	(10,375,729)	(369,162,372)
Available for FY 2018	(3,190,610)	4,424,885	1,234,275
2017 Grant Award	11,488,320	478,680	11,967,000
Less FY 2018 Draws	(11,515,225)	(391,069)	(11,906,294)
Available to Draw	\$ (3,217,515)	\$ 4,512,496	\$ 1,294,981

As of June 30, 2018, \$1,294,981 of the capitalization grants had not been drawn down.

NOTE 5 – Program Commitments / Loan Agreements

Loan Recipient	Project Number	Total Loan Commitment	Total Project Payments	Undisbursed Loan Amount	Outstanding Principal Balance as of 6/30/2018
City of Abilene	1480-01	\$ 701,892.00	\$ 701,892.00	\$ -	\$ -
City of Abilene	1657-01	8,620,416.56	8,620,416.56	-	4,842,022.31
City of Admire	1492-01	225,163.00	225,163.00	-	44,267.31
City of Alma	1464-01	323,442.36	323,442.36	-	-
City of Alma	1646-01	2,704,200.00	2,704,200.00	-	-
City of Almena	1498-01	426,499.91	426,499.91	-	131,166.87
City of Alta Vista	1568-01	764,903.51	764,903.51	-	209,017.89
City of Americus	1414-01	1,637,000.00	1,637,000.00	-	834,992.22
City of Andale	1644-01	588,225.00	588,225.00	-	227,534.89
City of Anthony	1212-01	1,885,432.00	1,885,432.00	-	441,436.97
City of Anthony	1775-01	3,645,106.51	3,151,167.64	493,938.87	1,522,698.35
City of Argonia	1782-01	641,992.35	641,992.35	-	486,242.71
City of Arkansas City	1250-01	2,513,466.49	2,513,466.49	-	-
City of Arlington	2021-01	700,000.00	-	700,000.00	-
City of Arma	1317-01	1,025,168.00	1,025,168.00	-	-
City of Ashland	1251-01	650,735.18	650,735.18	-	-
City of Assaria	1903-01	274,378.87	274,378.87	-	181,748.32
City of Atchison	1305-01	3,657,035.00	3,238,300.52	418,734.48	2,073,562.95
City of Attica	1601-01	301,984.75	301,984.75	-	124,685.91
City of Atwood	1448-01	827,518.50	827,518.50	-	-
City of Auburn	1308-01	1,049,203.33	1,049,203.33	-	134,635.93
City of Auburn	1726-01	477,767.47	477,767.47	-	278,890.67
City of Auburn	2032-01	1,749,850.00	-	1,749,850.00	-
City of Augusta	1364-01	9,248,942.21	9,248,942.21	-	-
City of Augusta	2009-01	1,217,800.00	316,624.11	901,175.89	316,624.11
Baileyville Improvement District No. 1	1663-01	80,807.78	80,807.78	-	-
City of Baldwin City	1211-01	300,558.51	300,558.51	-	-
City of Baldwin City	1211-02	450,537.93	450,537.93	-	-
City of Baldwin City	1303-01	409,438.12	409,438.12	-	-
City of Baldwin City	1571-01	2,955,073.78	2,955,073.78	-	-
City of Baldwin City	1748-01	1,256,648.69	1,256,648.69	-	-
City of Basehor	1463-01	8,110,368.00	8,110,368.00	-	-
City of Basehor	1767-01	5,663,682.22	5,663,682.22	-	-
City of Baxter Springs	0804-01	622,242.95	622,242.95	-	116,629.07
City of Bazine	1638-01	146,000.00	146,000.00	-	67,757.44
City of Beattie	1664-01	199,553.25	199,553.25	-	111,387.20
City of Bel Aire	1959-01	535,980.00	535,980.00	-	428,087.43
City of Belle Plaine	1183-01	3,111,219.89	3,111,219.89	-	-
City of Belleville	1416-01	1,643,674.72	1,643,674.72	-	597,748.88
City of Beloit	1319-01	2,671,685.37	2,671,685.37	-	-
City of Belvue	1672-01	196,504.00	196,504.00	-	81,614.41
City of Bennington	1365-01	467,594.00	467,594.00	-	68,456.86
City of Bentley	1515-01	302,327.00	302,327.00	-	-
City of Benton	1483-01	820,401.49	820,401.49	-	496,359.72
City of Bern	1633-01	73,027.13	73,027.13	-	23,965.67
City of Beverly	1572-01	98,475.23	98,475.23	-	37,019.32
City of Bird City	1727-01	538,143.29	538,143.29	-	294,897.70
City of Bronson	1565-01	187,790.93	187,790.93	-	47,516.77
City of Bucklin	1040-02	206,668.00	206,668.00	-	-
City of Bucklin	1800-01A	646,224.16	646,224.16	-	-
City of Buhler	1540-01	374,699.28	374,699.28	-	62,149.16
City of Buhler	1700-01	1,108,491.20	1,108,491.20	-	559,180.64
City of Burden	2031-01	307,100.00	-	307,100.00	-
City of Burlington	1328-01	629,842.00	629,842.00	-	-
City of Burrton	1570-01	445,667.89	445,667.89	-	290,165.71
City of Caldwell	0808-02	687,000.00	687,000.00	-	281,793.85
City of Caney	1499-01	600,000.00	600,000.00	-	114,622.39
City of Caney	1709-01	1,155,596.00	1,155,596.00	-	855,431.65
City of Canton	1658-01	288,227.98	288,227.98	-	134,086.16
City of Carbondale	1277-01	712,740.75	712,740.75	-	-
City of Carbondale	1974-01	3,181,800.00	2,721,507.27	460,292.73	2,720,907.27
City of Cawker City	1905-01	255,669.41	255,669.41	-	161,176.68
City of Chanute	1419-01	1,140,602.91	1,140,602.91	-	-
City of Chanute	1930-01	1,267,362.00	953,953.45	313,408.55	731,158.41

NOTE 5 – Program Commitments / Loan Agreements

Loan Recipient	Project Number	Total Loan Commitment	Total Project Payments	Undisbursed Loan Amount	Outstanding Principal Balance as of 6/30/2018
City of Chanute	2045-01	3,142,488.00	-	3,142,488.00	-
City of Cheney	1462-01	1,148,001.20	1,148,001.20	-	-
City of Cheney	1976-01	454,937.01	454,937.01	-	412,138.47
City of Cherokee	1470-01	280,900.00	247,064.79	33,835.21	233,185.13
Cherokee County Sewer District No. 1	1745-01	284,469.01	284,469.01	-	190,655.81
City of Chetopa	1340-01	343,841.10	343,841.10	-	-
City of Cimarron	1335-01	899,093.00	899,093.00	-	-
City of Claflin	1381-01	244,006.47	244,006.47	-	100,248.98
City of Clay Center	1334-01	425,052.60	425,052.60	-	-
City of Clay Center	1712-01	855,583.00	855,583.00	-	551,078.12
City of Clearwater	0812-02	1,455,932.00	1,455,932.00	-	-
City of Clyde	1990-01	352,000.00	275,103.87	76,896.13	275,103.87
City of Coats	1649-01	65,163.25	65,163.25	-	24,657.79
City of Coffeyville	1252-01	9,188,589.85	9,188,589.85	-	1,417,594.82
City of Coffeyville	1252-02	3,028,448.00	3,028,448.00	-	303,957.17
City of Coffeyville	1471-01	1,628,702.00	1,628,702.00	-	138,024.81
City of Colby	1653-01	8,755,230.00	8,755,230.00	-	4,418,348.57
City of Collyer	1995-01	468,596.25	226,307.59	242,288.66	226,307.59
City of Colony	1939-01	716,434.54	716,434.54	-	-
City of Colony	1939-02	238,045.57	238,045.57	-	-
City of Columbus	1742-01	695,633.87	695,633.87	-	454,105.91
City of Colwich	1341-01	1,055,493.82	1,055,493.82	-	-
City of Conway Springs	1420-01	425,827.59	425,827.59	-	-
City of Conway Springs	1622-01	314,433.01	314,433.01	-	104,956.46
City of Copeland	1977-01	354,928.30	354,928.30	-	325,032.73
City of Council Grove	1358-01	878,230.00	878,230.00	-	-
City of Council Grove	1784-01	509,600.00	509,600.00	-	314,127.69
City of Dearing	1476-01	177,438.00	177,438.00	-	6,569.19
City of Delia	1575-01	231,181.00	231,181.00	-	104,251.81
City of Delphos	1449-01	350,267.02	350,267.02	-	-
City of Denison	1494-01	59,810.24	59,810.24	-	12,148.38
City of Derby	1789-01A	3,264,501.00	3,264,501.00	-	1,073,241.72
Dickinson County	1489-01	247,272.30	247,272.30	-	24,955.30
City of Dodge City	1792-01	35,715,446.00	35,286,785.50	428,660.50	27,044,717.83
City of Douglass	1278-01	721,500.00	721,500.00	-	47,886.32
City of Douglass	1541-01	1,288,296.00	1,288,296.00	-	505,080.99
City of Douglass	1788-01	493,808.33	493,808.33	-	491,043.73
City of Downs	1484-01	1,444,432.39	1,444,432.39	-	905,077.93
City of Easton	1576-01	376,231.00	376,231.00	-	165,622.53
City of Edgerton	1738-01	197,615.16	197,615.16	-	-
City of Edgerton	1926-01	11,495,381.88	11,495,381.88	-	9,716,199.06
City of Edna	1254-01	69,800.00	69,800.00	-	-
City of Edna	1741-01	426,583.54	426,583.54	-	-
City of Edwardsville	1495-01	109,079.00	109,079.00	-	-
City of Edwardsville	1599-01	3,063,878.91	3,063,878.91	-	-
City of Effingham	1318-01	218,300.00	218,300.00	-	33,614.55
City of El Dorado	1421-01	1,182,869.00	1,182,869.00	-	-
City of El Dorado	1639-01A	11,606,957.75	11,606,957.75	-	-
City of El Dorado	1827-01	2,106,252.00	2,106,252.00	-	1,002,548.44
City of El Dorado	1987-01	1,058,908.33	1,058,908.33	-	979,399.83
City of Elbing	1297-01	282,202.65	282,202.65	-	46,822.52
City of Elgin	1628-01	50,220.00	50,220.00	-	19,546.15
City of Ellinwood	0948-02	1,985,675.97	1,985,675.97	-	-
City of Ellis	1343-01	1,023,154.84	1,023,154.84	-	34,652.89
City of Ellis	1988-01	831,611.16	831,611.16	-	814,809.93
Ellis County	1647-01	59,056.02	59,056.02	-	27,654.36
City of Ellsworth	1674-01	1,500,000.00	1,500,000.00	-	897,018.92
City of Emporia	1467-01	5,010,437.48	5,010,437.48	-	-
City of Emporia	1600-01	7,389,810.55	7,389,810.55	-	-
City of Emporia	2002-01	28,735,000.00	18,073,871.19	10,661,128.81	18,073,871.19
City of Englewood	1642-01	64,093.05	64,093.05	-	26,183.51
City of Ensign	1764-01	324,650.97	324,650.97	-	270,591.99
City of Eudora	1506-01	5,515,000.00	5,515,000.00	-	-
City of Eudora	1678-01	2,767,450.00	2,767,450.00	-	1,765,936.76

NOTE 5 – Program Commitments / Loan Agreements

Loan Recipient	Project Number	Total Loan Commitment	Total Project Payments	Undisbursed Loan Amount	Outstanding Principal Balance as of 6/30/2018
City of Eureka	1307-01	3,138,478.01	3,138,478.01	-	-
City of Eureka	1701-01	510,204.00	510,204.00	-	253,887.22
Flint Hills RC&D	1921-01	764,300.00	764,300.00	-	-
City of Ford	1577-01	196,965.35	196,965.35	-	55,115.13
City of Fort Scott	1344-02	6,788,070.49	6,788,070.49	-	376,913.79
City of Fredonia	1382-01	554,280.00	554,280.00	-	96,649.91
City of Frontenac	1345-01	2,602,064.59	2,602,064.59	-	-
City of Frontenac	2000-01	1,200,000.00	1,024,878.87	175,121.13	961,045.02
City of Garden City	1367-01	13,400,889.62	13,400,889.62	-	-
City of Garden Plain	1716-01A	2,865,396.49	2,865,396.49	-	926,341.86
City of Gardner	1346-01	2,223,206.00	2,223,206.00	-	-
City of Gardner	1514-01	20,078,700.00	20,078,700.00	-	-
City of Gardner	1721-01	3,483,009.39	3,483,009.39	-	1,550,940.50
City of Gardner	1956-01	10,167,807.82	10,167,807.82	-	8,480,599.97
City of Garnett	1348-01	3,300,000.00	3,300,000.00	-	-
City of Garnett	1450-01	727,030.18	727,030.18	-	-
City of Geuda Springs	1519-01	186,823.77	186,823.77	-	23,408.69
City of Girard	1179-01	1,486,104.99	1,486,104.99	-	-
Glacial Hills RC&D (Delaware)	1882-01A	268,063.00	268,063.00	-	-
Glacial Hills RC&D (Delaware)	1882-01	295,776.06	295,776.06	-	-
Glacial Hills RC&D (Delaware)	1923-01	755,416.75	755,416.75	-	-
Glacial Hills RC&D (Delaware)	1946-01	357,404.85	357,404.85	-	-
Glacial Hills RC&D (Holton)	1881-01A	-	-	-	-
Glacial Hills RC&D (Holton)	1881-01	191,310.00	191,310.00	-	-
Glacial Hills RC&D (Wolf River)	1942-01	153,948.00	153,948.00	-	-
City of Glasco	1912-01	288,978.25	288,978.25	-	50,711.37
City of Glen Elder	1166-01	134,275.32	134,275.32	-	51,081.91
City of Goddard	1507-01	500,000.00	500,000.00	-	82,378.78
City of Goddard	1734-01	6,817,490.00	6,817,490.00	-	5,009,571.85
City of Goessel	1578-01	206,316.40	206,316.40	-	-
City of Gorham	1702-01	188,201.82	188,201.82	-	127,151.72
City of Grainfield	1931-01	818,520.97	818,520.97	-	577,007.11
City of Grandview Plaza	1645-01	133,384.00	133,384.00	-	30,630.54
City of Grandview Plaza	1828-01	695,700.00	16,500.00	679,200.00	16,500.00
City of Great Bend	1257-01	5,590,000.00	5,590,000.00	-	190,773.90
City of Great Bend	1768-01	2,193,658.00	2,193,658.00	-	-
City of Greeley	1763-01	-	-	-	-
City of Grinnell	1908-01	522,342.80	522,342.80	-	140,529.04
City of Halstead	1536-01	924,334.73	924,334.73	-	150,281.32
City of Halstead	1753-01	309,664.30	309,664.30	-	173,391.88
City of Hanover	1384-01	239,581.00	239,581.00	-	-
City of Harper	1650-01	1,157,067.00	1,157,067.00	-	471,268.91
City of Hartford	1562-01	235,000.00	235,000.00	-	66,965.95
City of Harveyville	1625-01	123,643.09	123,643.09	-	-
City of Haven	1671-01	513,893.05	513,893.05	-	313,733.08
City of Hays	1280-01	5,516,363.82	5,516,363.82	-	-
City of Hays	1842-01A	156,577.20	156,577.20	-	-
City of Hays	1989-01	30,260,000.00	14,066,111.06	16,193,888.94	14,066,111.06
City of Herington	1203-01	596,722.29	596,722.29	-	250,598.84
City of Hesston	1960-01	3,016,950.42	3,016,950.42	-	2,561,214.64
City of Hiawatha	1309-01	691,927.00	691,927.00	-	-
City of Highland	1455-01	797,380.00	797,380.00	-	-
City of Hill City	1801-01	3,725,109.64	3,725,109.64	-	1,753,816.88
City of Hillsboro	1187-01	422,447.00	422,447.00	-	-
City of Hillsboro	1386-01	399,577.86	399,577.86	-	-
City of Hillsboro	1490-01	490,000.00	490,000.00	-	-
City of Hillsboro	1641-01	2,857,205.93	2,857,205.93	-	-
City of Hoisington	1968-01	798,040.00	115,175.53	682,864.47	43,474.79
City of Holton	1281-01	2,005,535.59	2,005,535.59	-	-
City of Holton	1659-01	4,628,576.02	4,628,576.02	-	2,945,151.08
City of Holyrood	1363-01	318,917.00	318,917.00	-	81,518.26
City of Holyrood	2030-01	378,457.00	-	378,457.00	-
City of Howard	1561-01	819,760.00	819,760.00	-	257,992.47
City of Hoxie	1425-01	500,000.00	-	500,000.00	-

NOTE 5 – Program Commitments / Loan Agreements

Loan Recipient	Project Number	Total Loan Commitment	Total Project Payments	Undisbursed Loan Amount	Outstanding Principal Balance as of 6/30/2018
City of Hoyt	1349-01	692,779.53	692,779.53	-	-
City of Hoyt	1757-01	725,486.03	725,486.03	-	573,683.82
City of Hugoton	1387-01	1,738,259.45	1,738,259.45	-	-
City of Humboldt	1461-01	1,200,000.00	1,200,000.00	-	-
City of Humboldt	1504-01	1,326,970.00	1,326,970.00	-	255,069.26
City of Humboldt	1708-01	1,013,000.15	1,013,000.15	-	913,994.94
City of Humboldt	2019-01	5,698,851.00	385,843.06	5,313,007.94	385,843.06
City of Hutchinson	1133-01	1,311,490.00	1,311,490.00	-	-
City of Hutchinson	1517-01	5,989,284.06	5,989,284.06	-	-
City of Hutchinson	1666-01	10,000,000.00	10,000,000.00	-	5,652,864.36
City of Hutchinson	1780-01A	5,700,000.02	5,700,000.02	-	2,179,985.69
City of Independence	0959-05	418,305.66	418,305.66	-	-
City of Independence	1241-01	507,264.72	507,264.72	-	-
City of Independence	1426-01	7,447,476.18	7,447,476.18	-	-
City of Independence	1915-01	4,000,000.00	3,764,485.43	235,514.57	2,574,618.60
City of Ingalls	1503-01	341,736.00	341,736.00	-	121,768.10
City of Iola	1618-01	2,727,942.00	2,727,942.00	-	1,523,209.09
City of Iola	1932-01	668,393.62	668,393.62	-	526,463.58
Jefferson County Sewer District No. 2	1388-01	609,608.55	609,608.55	-	301,233.49
Jefferson County Sewer District No. 5	2005-01	933,150.00	-	933,150.00	-
Jefferson County Sewer District No. 7	1557-01	336,696.83	336,696.83	-	-
City of Jetmore	1579-01A	1,480,929.30	1,480,929.30	-	559,706.14
Johnson County - Indian Creek Lower Basin Phase III	0611-08	3,146,378.29	3,146,378.29	-	-
Johnson County - Indian Creek Lower Basin Phase IV	0611-09	1,752,469.17	1,752,469.17	-	-
Johnson County - Mission Main Phase IV	1167-04	4,902,966.07	4,902,966.07	-	-
Johnson County - Turkey Creek Phase II	1168-02	3,069,300.00	3,069,300.00	-	-
Johnson County - Turkey Creek Phase III	1168-03	3,543,860.18	3,543,860.18	-	-
Johnson County - Mill Creek	1293-01	47,190,000.00	47,190,000.00	-	-
Johnson County - Blue River	1447-01	14,290,397.34	14,290,397.34	-	463,474.11
Johnson County - Mill Creek Activated Sludge	1532-01	12,519,392.00	12,519,392.00	-	5,671,277.15
Johnson County	1794-01A	18,307,268.70	18,307,268.70	-	7,003,169.09
Johnson County - Gardner Lake	1920-01	10,705,671.00	10,174,952.30	530,718.70	5,107,591.72
Johnson County - Lone Elm	1920-02	1,128,966.94	1,128,966.94	-	565,353.28
Johnson County Community College	1885-01A	528,500.00	528,500.00	-	-
City of Junction City	1534-01	3,849,274.74	3,849,274.74	-	679,233.47
City of Junction City	1694-01	6,002,166.24	6,002,166.24	-	2,964,133.22
City of Junction City	1973-01	11,094,000.00	9,296,307.18	1,797,692.82	9,047,476.04
City of Kanopolis	1668-01	90,746.95	90,746.95	-	39,474.19
City of Kansas City	1350-01	531,041.00	531,041.00	-	-
City of Kansas City	1428-01	12,284,148.39	12,284,148.39	-	-
City of Kansas City	1454-01	3,322,871.00	3,322,871.00	-	-
City of Kansas City - CSO Phase I	1596-01	13,231,300.00	13,060,953.08	170,346.92	3,994,510.26
City of Kansas City	1596-02	19,890,000.00	16,828,301.02	3,061,698.98	13,548,310.50
Kansas State University	1887-01A	583,507.00	583,507.00	-	-
Kansas University	1897-01A	178,941.00	178,941.00	-	-
Kansas University	1945-01	450,000.00	450,000.00	-	-
Kansas Water Office	1895-01A	1,716,792.99	1,716,792.99	-	-
Kansas Water Office	1943-01	287,111.93	287,111.93	-	-
Kansas Water Office	1944-01	1,310,652.00	1,252,233.34	58,418.66	-
Kansas Water Office	2022-01	1,200,000.00	109,735.25	1,090,264.75	105,875.25
City of Kensington	1370-01	208,959.29	208,959.29	-	-
City of Kincaid	1685-01	149,460.46	149,460.46	-	81,473.73
City of Kingman	1371-01	873,425.00	873,425.00	-	-
City of Kingman	1371-02	3,726,575.00	3,726,575.00	-	-
City of Kinsley	1598-01	575,656.00	575,656.00	-	211,402.72
City of Kirwin	1681-01	166,827.15	166,827.15	-	109,712.15
Labette County	1749-01	477,482.49	477,482.49	-	294,448.87
City of LaCrosse	1206-01	2,316,168.25	2,316,168.25	-	1,023,139.30
City of LaCygne	1294-01	559,171.00	559,171.00	-	125,683.25
City of LaHarpe	1207-01	760,000.00	760,000.00	-	74,452.14
City of Lakin	1477-01	844,295.00	844,295.00	-	210,055.68
City of Lancaster	1500-01	305,817.23	305,817.23	-	32,174.37
City of Lansing	1516-01	15,674,126.73	15,674,126.73	-	-
City of Larned	1287-01	6,824,461.94	6,824,461.94	-	3,936,632.80

NOTE 5 – Program Commitments / Loan Agreements

Loan Recipient	Project Number	Total Loan Commitment	Total Project Payments	Undisbursed Loan Amount	Outstanding Principal Balance as of 6/30/2018
City of Latham	1718-01	189,499.00	189,499.00	-	121,362.56
City of Lawrence	1260-01	44,773,720.20	44,773,720.20	-	-
Leavenworth County	1429-01	380,027.31	380,027.31	-	181,589.58
Leavenworth County Sewer District No. 3	1785-01	1,139,577.95	1,139,577.95	-	764,503.85
City of Lebo	1629-01	467,079.00	467,079.00	-	196,493.36
City of Leecompton	1522-01	161,494.34	161,494.34	-	-
City of Lehigh	1520-01	358,533.00	358,533.00	-	219,576.92
City of Lenexa	1852-01A	1,073,430.00	1,073,430.00	-	193,108.70
City of Lenora	1300-01	128,598.01	128,598.01	-	-
City of Leon	1311-01	455,930.00	455,930.00	-	-
City of Leon	1914-01	776,831.00	776,831.00	-	612,086.02
City of Leonardville	1651-01	81,401.00	81,401.00	-	-
City of Leoti	1822-01	888,148.72	888,148.72	-	464,677.04
City of Liberal	1391-01	2,985,000.00	1,345,252.14	1,639,747.86	1,099,266.52
City of Liberal	1391-02	26,643,080.00	3,003,507.08	23,639,572.92	2,214,333.91
City of Liberty	1779-01	218,162.19	218,162.19	-	174,129.26
City of Lincoln Center	1288-01	699,704.83	699,704.83	-	261,106.06
City of Lincolnville	1929-01	209,706.63	209,706.63	-	169,147.38
City of Lindsborg	1339-01	1,150,000.00	1,150,000.00	-	-
City of Lindsborg	1790-01A	4,950,672.79	4,950,672.79	-	2,495,047.21
City of Linwood	1581-01	205,171.16	205,171.16	-	-
City of Little River	1615-01	190,382.62	190,382.62	-	87,500.01
City of Logan	1531-01	540,837.08	540,837.08	-	250,192.12
City of Lorraine	1958-01	88,220.00	88,220.00	-	70,918.11
City of Louisburg	1275-01	866,617.85	866,617.85	-	-
City of Lyndon	1430-01	1,466,000.00	1,466,000.00	-	723,962.63
City of Lyndon	2011-01	9,832,000.00	1,784,922.11	8,047,077.89	1,784,922.11
City of Lyons	1392-01	1,402,806.05	1,402,806.05	-	170,095.18
City of Madison	1261-01	630,856.93	630,856.93	-	20,825.12
City of Maize	1312-01	2,828,534.78	2,828,534.78	-	-
City of Maize	2012-01	6,100,000.00	4,749,643.51	1,350,356.49	4,749,643.51
City of Manhattan	1583-01	8,666,236.07	8,666,236.07	-	2,468,300.42
City of Manhattan	1746-02	36,732,684.05	36,732,684.05	-	25,871,380.32
City of Manhattan	1786-01	1,642,257.82	1,642,257.82	-	1,021,249.78
City of Mankato	1289-01	300,652.64	300,652.64	-	68,333.73
City of Manter	2047-01	72,000.00	3,904.50	68,095.50	3,904.50
City of Maple Hill	1321-01	318,930.00	318,930.00	-	-
City of Marion	1924-01	346,481.96	346,481.96	-	277,782.72
City of Marysville	1352-01	3,761,700.00	3,761,700.00	-	-
City of Marysville	1632-01	937,212.76	937,212.76	-	312,255.26
City of Mayetta	1451-01	229,793.48	229,793.48	-	15,032.27
City of McCune	0855-02	450,527.46	450,527.46	-	73,979.10
City of McFarland	1634-01	289,253.07	289,253.07	-	120,500.05
City of McLouth	1431-01	1,522,288.00	1,522,288.00	-	344,304.67
City of McPherson	1313-01	1,067,644.67	1,067,644.67	-	-
City of McPherson	1474-01	11,346,393.00	11,346,393.00	-	6,877,911.32
City of McPherson	1493-01	1,127,000.00	1,127,000.00	-	180,426.34
City of McPherson	1983-01	5,863,464.00	3,754,143.98	2,109,320.02	3,289,923.27
City of Meade	0856-02	843,338.48	843,338.48	-	257,704.26
City of Medicine Lodge	1393-01	2,946,766.00	2,946,766.00	-	1,129,961.15
City of Melvern	1566-01	150,575.00	150,575.00	-	-
City of Meriden	1283-01	527,530.51	527,530.51	-	-
Metropolitan Topeka Airport Authority	1432-01	2,410,485.74	2,410,485.74	-	595,566.02
City of Milford	1236-01	302,067.65	302,067.65	-	-
City of Minneapolis	1171-01	416,528.81	416,528.81	-	-
City of Minneapolis	1951-01	687,577.70	687,577.70	-	325,814.80
City of Mission	1858-01A	406,272.10	406,272.10	-	71,994.26
City of Mission Hills	1621-01	4,116,534.08	4,116,534.08	-	-
Montgomery County Sewer District No. 2	1597-01	248,456.34	248,456.34	-	80,715.99
City of Moran	1468-01	358,225.00	358,225.00	-	45,036.07
City of Moran	1909-01	346,807.72	346,807.72	-	264,586.87
City of Moscow	1762-01	-	-	-	-
City of Moscow	2003-01	558,694.00	61,300.00	497,394.00	61,300.00
City of Moundridge	1950-01	2,702,600.00	261,252.20	2,441,347.80	261,252.20

NOTE 5 – Program Commitments / Loan Agreements

Loan Recipient	Project Number	Total Loan Commitment	Total Project Payments	Undisbursed Loan Amount	Outstanding Principal Balance as of 6/30/2018
City of Neodesha	1684-01	300,448.74	300,448.74	-	-
City of Newton	1610-01	1,207,034.06	1,207,034.06	-	309,397.37
City of Newton	1747-01	7,647,208.15	7,647,208.15	-	4,525,698.69
City of Newton	1747-03	18,151,650.72	18,151,650.72	-	14,430,080.18
City of Nickerson	1636-01	6,622,623.00	4,645,095.35	1,977,527.65	109,107.36
City of Norton	1530-01	4,300,000.00	4,300,000.00	-	2,011,401.25
City of Nortonville	1585-01	671,183.85	671,183.85	-	256,889.25
City of Oakley	1783-01	1,563,220.93	1,563,220.93	-	1,075,558.87
City of Oberlin	1529-01	2,572,580.85	1,786,956.64	785,624.21	727,898.09
City of Ogden	1711-01	1,525,279.02	1,525,279.02	-	952,860.90
City of Olathe	1248-02	686,460.85	686,460.85	-	-
City of Olathe	1265-01	2,864,968.00	2,864,968.00	-	-
City of Olathe	1282-01	3,663,045.35	3,663,045.35	-	-
City of Olathe	1409-01	542,545.26	542,545.26	-	-
City of Olathe	1611-01	2,184,000.00	2,184,000.00	-	853,487.53
City of Olathe	1695-01	768,500.00	768,500.00	-	408,553.32
City of Olathe	1728-01	5,000,000.00	5,000,000.00	-	3,103,927.93
City of Olpe	1607-01	567,303.00	567,303.00	-	199,227.99
City of Osage City	1677-01	1,500,000.00	566,898.89	933,101.11	566,898.89
Osage County Sewer District No. 1	1962-01	284,200.00	284,200.00	-	241,133.67
City of Osawatomie	1314-01	1,518,928.96	1,518,928.96	-	-
City of Osawatomie	1395-01	2,413,902.70	2,413,902.70	-	-
City of Osawatomie	1961-01	1,266,256.72	1,266,256.72	-	1,227,930.74
City of Osborne	1760-01	292,009.54	292,009.54	-	196,895.38
City of Oskaloosa	1012-02	369,266.70	369,266.70	-	-
City of Oskaloosa	1637-01	3,013,221.50	3,013,221.50	-	-
City of Oswego	1276-01	272,952.36	272,952.36	-	-
City of Ottawa	1266-01	10,764,013.86	10,764,013.86	-	-
City of Ottawa	1928-01	4,089,429.07	4,089,429.07	-	3,467,547.55
City of Overbrook	1587-01	1,054,662.16	1,054,662.16	-	450,352.33
City of Oxford	1082-01	290,503.71	290,503.71	-	-
City of Ozawkie	1975-01	845,487.61	845,487.61	-	-
City of Palco	1396-01	224,307.00	224,307.00	-	80,148.93
City of Paola	1652-01	6,955,248.00	6,955,248.00	-	-
City of Park	1901-01	349,045.62	349,045.62	-	248,611.55
City of Parsons	1397-01	1,023,543.89	1,023,543.89	-	-
City of Parsons	1435-01	7,100,000.00	7,100,000.00	-	3,186,179.83
City of Parsons	1957-01	6,323,886.00	3,738,108.82	2,585,777.18	2,971,680.65
City of Partridge	1510-01	200,363.00	200,363.00	-	91,932.80
City of Pawnee Rock	1626-01	299,594.97	299,594.97	-	117,339.43
City of Paxico	1513-01	116,590.48	116,590.48	-	47,616.59
City of Perry	1497-01	607,800.00	607,800.00	-	77,409.33
City of Phillipsburg	1441-01	2,855,518.62	2,855,518.62	-	-
City of Pittsburg	1527-01	3,800,000.00	3,800,000.00	-	-
City of Pittsburg	1656-01	4,500,000.00	4,293,202.36	206,797.64	2,068,825.95
City of Pittsburg	1818-01A	2,508,310.81	2,508,310.81	-	950,848.66
City of Plains	1936-01	756,588.00	756,588.00	-	623,210.70
City of Plainville	1398-01	712,172.40	712,172.40	-	21,433.90
City of Plainville	1986-01	648,206.96	648,206.96	-	560,504.29
City of Pleasanton	1588-01	347,441.00	347,441.00	-	103,310.82
City of Pomona	1354-01	735,458.00	735,458.00	-	-
City of Pomona	2014-01	3,471,220.00	54,720.00	3,416,500.00	54,720.00
Pottawatomie County	1786-01	3,034,345.58	3,034,345.58	-	1,874,474.52
Pottawatomie County	1860-01	44,800.00	44,800.00	-	-
Pottawatomie County	1860-01A	-	-	-	-
City of Potwin	1627-01	173,288.34	173,288.34	-	67,753.05
City of Pratt	1436-01	1,810,689.00	1,810,689.00	-	168,571.88
City of Pratt	1799-01	4,385,168.21	4,385,168.21	-	2,156,311.64
City of Prescott	1373-01	165,636.00	165,636.00	-	-
City of Preston	1528-01	326,632.54	326,632.54	-	-
City of Preston	1777-01	295,923.06	295,923.06	-	170,416.56
City of Pretty Prairie	1399-01	596,397.79	596,397.79	-	303,529.58
City of Princeton	1696-01	142,161.35	142,161.35	-	73,627.76
City of Protection	1698-01	711,030.00	711,030.00	-	379,154.19

NOTE 5 – Program Commitments / Loan Agreements

Loan Recipient	Project Number	Total Loan Commitment	Total Project Payments	Undisbursed Loan Amount	Outstanding Principal Balance as of 6/30/2018
City of Quenemo	1469-01	386,400.00	386,400.00	-	-
City of Quenemo	1669-01	440,419.00	440,419.00	-	-
City of Quinter	1190-01	449,611.40	449,611.40	-	113,627.81
City of Quinter	1758-01	713,981.00	713,981.00	-	414,622.69
City of Ramona	1683-01	-	-	-	-
Reno County	1237-01	354,103.59	354,103.59	-	-
City of Riley	1323-01	698,296.11	698,296.11	-	287,735.09
Riley County - University Park	1478-01	180,106.30	180,106.30	-	11,942.43
City of Robinson	1704-01	180,000.00	180,000.00	-	-
City of Robinson	1937-01	605,070.76	605,070.76	-	-
City of Rose Hill	1228-01	667,047.00	667,047.00	-	-
City of Rose Hill	1630-01	819,856.11	819,856.11	-	281,429.22
City of Rose Hill	1720-01	6,146,227.51	6,146,227.51	-	3,766,048.10
City of Rose Hill	2023-01	408,718.00	250,307.96	158,410.04	250,307.96
City of Rossville	1526-01	558,539.56	558,539.56	-	198,905.17
City of Russell	1355-01	2,500,000.00	2,500,000.00	-	-
City of Sabetha	1401-01	3,250,000.00	3,250,000.00	-	1,428,981.44
City of Sabetha	1953-01	1,292,032.10	1,292,032.10	-	1,265,259.72
City of Saint Francis	1616-01	481,859.54	481,859.54	-	184,022.87
City of Saint George	1595-01	52,874.03	52,874.03	-	19,065.50
City of Saint Marys	1487-01	3,385,268.25	3,385,268.25	-	864,421.42
City of Sawyer	1693-01	157,570.00	157,570.00	-	96,522.15
City of Schoenchen	2015-01	285,000.00	253,574.82	31,425.18	253,574.82
City of Scranton	1302-01	213,380.00	213,380.00	-	-
City of Scranton	1631-01	520,307.33	520,307.33	-	-
City of Sedan	1268-01	236,000.00	236,000.00	-	-
City of Sedan	1496-01	701,772.00	701,772.00	-	108,647.71
City of Sedgwick	1491-01	957,626.28	957,626.28	-	-
City of Seneca	1502-01	900,000.00	900,000.00	-	-
City of Seneca	2016-01	2,231,391.00	1,221,637.14	1,009,753.86	1,221,637.14
City of Severy	1724-01	153,840.00	153,840.00	-	92,520.33
City of Shawnee	1862-01A	465,000.00	465,000.00	-	-
Shawnee County - MSD 33	1038-07	2,760,844.98	2,760,844.98	-	-
Shawnee County - Halfday Creek	1038-08	2,772,224.29	2,772,224.29	-	-
Shawnee County - Sewer District No. 83	1038-10	1,643,656.83	1,643,656.83	-	-
Shawnee County - Sewer District No. 42	1274-01	996,800.00	996,800.00	-	-
Shawnee County - Sherwood	1560-01	10,990,672.17	10,990,672.17	-	-
Shawnee County	1916-01	2,650,000.00	2,650,000.00	-	503,424.04
City of Silver Lake	1269-01	340,452.65	340,452.65	-	-
City of Silver Lake	1710-01	343,625.88	343,625.88	-	185,946.29
City of Silver Lake	1934-01	692,564.72	692,564.72	-	576,083.86
City of Smith Center	1356-01	1,661,830.79	1,661,830.79	-	905,587.64
City of Smolan	1719-01	152,548.00	152,548.00	-	-
City of Soldier	1759-01	180,857.00	180,857.00	-	106,911.85
City of Solomon	1791-01	206,280.00	206,280.00	-	150,363.36
City of South Hutchinson	1413-01	2,123,510.00	2,123,510.00	-	-
City of South Hutchinson	1591-01	6,267,538.05	6,267,538.05	-	-
City of Spring Hill	1217-01	776,042.56	776,042.56	-	-
City of Spring Hill	1525-01	3,843,815.09	3,843,815.09	-	832,012.94
City of Stark	1592-01	84,025.00	84,025.00	-	29,889.65
City of Sterling	1460-01	1,218,536.39	1,218,536.39	-	770,100.15
City of Stockton	1802-01	5,402,300.00	5,402,300.00	-	2,623,157.85
City of Strong City	1437-01	340,253.59	340,253.59	-	64,655.30
City of Strong City	2065-01	100,000.00	-	100,000.00	-
Strother Field	1682-01	1,008,394.97	1,008,394.97	-	429,086.40
Sumner County - Slate Valley Sewer District	1648-01	202,393.65	202,393.65	-	93,971.12
City of Tampa	1725-01	70,812.75	70,812.75	-	46,195.74
City of Tescott	1559-01	236,054.03	236,054.03	-	59,547.87
City of Tescott	1982-01	150,980.00	150,980.00	-	141,740.70
City of Tonganoxie	1299-01	671,500.00	671,500.00	-	-
City of Tonganoxie	1299-02	311,939.88	311,939.88	-	-
City of Tonganoxie	1608-01	4,382,649.71	4,382,649.71	-	-
City of Topeka - Halfday Creek	1038-09	1,209,404.49	1,209,404.49	-	-
City of Topeka - Oakland Disinfection	1271-01	4,330,136.00	4,330,136.00	-	551,272.86

NOTE 5 – Program Commitments / Loan Agreements

Loan Recipient	Project Number	Total Loan Commitment	Total Project Payments	Undisbursed Loan Amount	Outstanding Principal Balance as of 6/30/2018
City of Topeka - Oakland Ammonia Phase II	1272-02	60,000,000.00	60,000,000.00	-	21,402,155.79
City of Topeka - Oakland	1272-04	9,317,000.00	9,317,000.00	-	5,083,799.63
City of Topeka - North Topeka	1273-01	29,835,125.00	29,835,125.00	-	-
City of Topeka - West Topeka	1412-01	4,828,002.00	4,828,002.00	-	-
City of Topeka - Water Plant	1472-01	11,605,000.00	11,605,000.00	-	1,088,510.26
City of Towanda	1446-01	776,778.00	776,778.00	-	-
City of Towanda	1518-01	112,900.29	112,900.29	-	-
City of Towanda	1737-01	1,252,465.07	1,252,465.07	-	724,554.65
City of Troy	1913-01	113,706.90	113,706.90	-	-
City of Tyro	1680-01	260,000.00	260,000.00	-	127,746.17
City of Udall	1325-01	400,251.67	400,251.67	-	63,449.52
City of Uniontown	1667-01	271,080.00	271,080.00	-	127,714.60
City of Valley Center	1740-01	3,299,868.00	3,299,868.00	-	1,915,394.48
City of Victoria	1523-01	1,043,195.00	1,043,195.00	-	264,656.38
City of Viola	1692-01	450,000.00	450,000.00	-	296,924.73
City of Wakeeney	1404-01	2,764,282.81	2,764,282.81	-	1,535,869.97
City of Wakefield	1459-01	235,404.50	235,404.50	-	-
City of Wakefield	2020-01	400,000.00	377,878.91	22,121.09	377,878.91
City of Wamego	1360-01	2,215,304.50	2,215,304.50	-	-
City of Washington	1408-01	774,362.07	774,362.07	-	-
City of Wathena	1661-01	811,064.80	811,064.80	-	277,131.81
City of Waverly	1327-01	201,100.00	201,100.00	-	6,584.40
City of Wellington	1722-01	13,800,000.00	13,800,000.00	-	9,493,155.07
City of Wellsville	1475-01	2,744,175.54	2,744,175.54	-	958,832.41
City of West Mineral	1624-01	215,671.40	215,671.40	-	64,950.83
City of Westmoreland	1705-01	567,670.34	567,670.34	-	255,994.58
City of Westmoreland	2001-01	448,750.00	314,599.61	134,150.39	314,599.61
City of Westwood Hills	2051-01	265,244.00	-	265,244.00	-
City of Wetmore	1405-01	398,040.17	398,040.17	-	192,797.18
City of Wetmore	2008-01	2,197,500.00	443,905.76	1,753,594.24	443,905.76
City of White City	0884-01	373,792.35	373,792.35	-	98,974.03
City of Williamsburg	1330-01	259,560.97	259,560.97	-	8,669.30
City of Williamsburg	1996-01	205,123.07	205,123.07	-	-
City of Willowbrook	1199-01	1,050,600.00	766,536.60	284,063.40	212,841.24
City of Wilson	1407-01	483,958.05	483,958.05	-	161,876.09
City of Winchester	1361-01	259,286.73	259,286.73	-	-
City of Winchester	1706-01	693,419.82	693,419.82	-	335,558.69
City of Windom	0906-03	169,907.00	169,907.00	-	84,066.77
City of Winfield	1272-01	7,970,091.00	7,970,091.00	-	-
City of Winona	1978-01	685,345.80	685,345.80	-	-
City of Woodston	1770-01	118,920.48	118,920.48	-	97,678.51
Wyandotte County Community Housing	1880-01A	57,185.00	57,185.00	-	-
City of Yates Center	1362-01	2,738,507.38	2,738,507.38	-	776,201.92
Totals		\$ 1,303,263,832.16	\$ 1,198,076,686.98	\$ 105,187,145.18	\$ 384,982,715.35

STATE OF KANSAS
REPORT OF ANNUAL LOAN REPAYMENTS
AGING OF ACCOUNTS

	DAYS			
	0-30	31-60	61-120	OVER 121
LOAN REPAYMENTS				
OUTSTANDING (6/30/18)	1	0	0	0

EXHIBIT 12

**KANSAS WATER POLLUTION CONTROL REVOLVING LOAN FUND
SUPPLEMENTAL SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2018**

SCHEDULE OF INVESTMENTS

MATURITY DATE	DESCRIPTION	AMOUNT	INTEREST RATE
INVESTMENTS - Program Equity			
08/15/2018	Banco De Credito	\$ 8,925,589.56	0.000%
08/29/2018	Banco De Credito	4,076,378.70	0.000%
08/15/2018	Bank of Nova Scotia	1,172,870.85	0.000%
08/07/2018	Bank of Tokyo	3,776,083.13	0.000%
07/25/2018	Bayerische Lndmrk	4,263,982.10	0.000%
07/13/2018	Credit Suisse First NY	5,758,927.06	0.000%
07/19/2018	Credit Suisse First NY	5,106,957.70	0.000%
08/20/2018	GE Capital Treasury	1,252,646.35	0.000%
03/01/2019	KDFA-KDHE Series 2018SRF-1Bonds	2,600,000.00	2.160%
09/01/2018	Maryland St Cmnty Dev Admin Dept	189,749.96	1.408%
09/04/2018	Metlife Short Term Fdg	994,973.89	0.000%
07/11/2018	MUFG Bank LTD/NY	6,475,581.66	0.000%
08/01/2018	Natixis	2,966,173.33	0.000%
07/03/2018	Prudential Plc	6,126,692.77	0.000%
09/11/2018	QUALCOMM INC	4,836,756.53	0.000%
09/01/2018	Yuba CA Levee Fing Auth Revenue	110,112.65	2.000%
	Subtotal	<u>58,633,476.24</u>	
INVESTMENTS - Principal Revenue			
08/15/2018	Banco De Credito	\$ 1,484,356.99	0.000%
09/11/2018	QUALCOMM INC	2,587,101.11	0.000%
08/22/2018	Societe Generale	4,770,088.14	0.000%
08/22/2018	Standard Chartered Bank	3,815,730.07	0.000%
08/22/2018	Sumitomo TR & Bkg Co Ltd New York	5,242,081.74	0.000%
	Subtotal	<u>17,899,358.05</u>	
INVESTMENTS - Interest Revenue			
08/15/2018	Banco De Credito	\$ 357,905.04	0.000%
09/11/2018	QUALCOMM INC	572,458.46	0.000%
08/22/2018	Standard Chartered Bank	1,072,963.85	0.000%
08/22/2018	Sumitomo TR & Bkg Co Ltd New York	2,775,606.24	0.000%
	Subtotal	<u>4,778,933.59</u>	
INVESTMENTS - General			
08/07/2018	Bank of Tokyo	\$ 693,277.86	0.000%
	Subtotal	<u>693,277.86</u>	
	Subtotal Investments	\$ 82,005,045.74	
INVESTMENTS - Loan Reserve Accounts			
06/01/2022	MTAA Loan (AIG)	\$ 162,774.10	5.300%
06/01/2020	Topeka Oakland Loan (AIG)	292,136.00	5.300%
11/25/2023	Topeka Oakland 2 Loan (AIG)	2,095,249.00	5.300%
12/01/2019	Topeka Water Plant Loan (AIG)	629,559.71	5.300%
	Subtotal Investments - Loan Reserve Accounts	<u>\$ 3,179,718.81</u>	
TOTAL INVESTMENTS		<u><u>85,184,764.55</u></u>	

EXHIBIT 13
STATE OF KANSAS

PART 1: CONSTRUCTION STARTS

PROJECT NAME COMMUNITIES SERVED	PROJECT NUMBER	ASSISTANCE AMOUNT	BINDING COMMITMENT	CONSTRUCTION START	INTEREST RATE (a)	DATE LOAN MATURES
COLONY	1939 02	238,045.57	02/26/16	07/17/17	2.13%	04/18/18
MAIZE	2012 01	6,100,000.00	09/01/16	07/24/17	1.74%	03/01/38
WAKEFIELD	2020 01	400,000.00	12/29/16	08/01/17	1.94%	09/01/38
SENECA	2016 01	2,231,391.00	07/21/16	08/22/17	1.91%	09/01/38
SCHOENCHEN	2015 01	285,000.00	11/21/16	10/04/17	1.81%	03/01/38
WESTMORELAND	2001 01	448,750.00	11/30/16	10/23/17	1.81%	09/01/38
CLYDE	1990 01	352,000.00	12/25/15	11/01/17	2.22%	09/01/38
COLLYER	1995 01	468,596.25	12/15/15	01/29/18	2.22%	03/01/39
AUGUSTA	2009 01	1,217,800.00	11/25/06	02/05/18	1.81%	03/01/38
ROSE HILL	2023 01	408,718.00	10/16/17	02/12/18	2.13%	09/01/38
WETMORE	2008 01	2,197,500.00	10/31/16	03/21/18	1.72%	03/01/38
LYNDON	2011 01	9,832,000.00	10/25/16	03/22/18	1.72%	03/01/38
MOSCOW	2003 01	558,694.00	11/29/16	04/16/18	1.81%	03/01/38
MOUNDRIDGE	1950 01	2,702,600.00	07/01/17	04/30/18	2.21%	03/01/39
HUMBOLDT	2019 01	5,698,851.00	10/31/16	05/14/18	1.72%	09/01/38
CHANUTE	2045 01	3,142,488.00	03/14/18	06/19/18	2.15%	09/01/39
Part 1 Total		36,282,434				(a) Includes .25% Service Fee

PART 2: INITIATION OF OPERATION

PROJECT NAME COMMUNITIES SERVED	PROJECT NUMBER	ASSISTANCE AMOUNT	BINDING COMMITMENT	CONSTRUCTION START	INITIAL OPER	INTEREST RATE (a)	DATE LOAN MATURES
CHEROKEE	1470 01	280,900	03/02/16	12/05/16	08/12/17	2.06%	03/01/37
JOHNSON COUNTY (Gardner Lake)	1920 01	10,705,671	01/23/12	11/11/13	08/18/17	2.42%	09/01/34
SABETHA	1953 01	1,292,032	06/03/16	11/14/16	08/31/17	2.00%	09/01/37
COLONY	1939 02	238,046	02/26/16	07/17/17	09/19/17	2.13%	03/01/38
MCPHERSON	1983 01	4,259,216	03/25/15	05/18/15	10/12/17	2.13%	09/01/36
WAKEFIELD	2020 01	400,000	12/29/16	08/01/17	12/12/17	1.94%	09/01/38
SCHOENCHEN	2015 01	285,000	11/21/16	10/04/17	12/20/17	1.81%	03/01/38
WESTMORELAND	2001 01	448,750	11/30/16	10/23/17	04/26/18	1.81%	09/01/38
ROSE HILL	2023 01	392,248	10/16/17	02/12/18	06/05/18	2.13%	09/01/38
Part 2 Total		18,301,863					(a) Includes .25% Service Fee

Attachment 1

SFY '17 and SFY '18 SRF Audit Findings and Responses

A final copy of the Independent Auditors Report of the KWPCRF for the Fiscal Year ended June 30, 2018, is included here (24 pages). The SFY '17 (26 pages) and '16 (26 pages) Auditors Reports are now posted on the KDHE website at <http://www.kdheks.gov/muni/index.htm>.

The KWPCRF is a major program, but in the SFY '18 and the SFY '17 the program was not required to conduct a Single Agency Audit. The KWPCRF was reviewed in the SFY '15 Single Agency Audit. The State of Kansas Single Audit Report for SFY '15 is available on the Kansas Legislative Division of Post Audit website located at <http://www.kslpa.org/>.

**KANSAS WATER POLLUTION CONTROL
REVOLVING FUND
(AN ENTERPRISE FUND OF THE STATE OF KANSAS)**

**FINANCIAL STATEMENTS
JUNE 30, 2018 and 2017**

**KANSAS WATER POLLUTION CONTROL REVOLVING FUND
(AN ENTERPRISE FUND OF THE STATE OF KANSAS)**

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INDEPENDENT AUDITORS' REPORT

Jeff Andersen
Secretary of Kansas Department
of Health and Environment
Topeka, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of the Kansas Water Pollution Control Revolving Loan Fund (the Fund), an enterprise fund of the State of Kansas, as of and for the years ended June 30, 2018 and June 30, 2017, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Fund as of June 30, 2018 and June 30, 2017, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1 – Organization and Summary of Accounting Policies, the basic financial statements of the Fund are intended to present the financial position, changes in financial position and cash flows of only that portion of the financial reporting entity of the Fund that is attributable to the transactions of the Fund. They do not purport to, and do not, present fairly the financial position of the State of Kansas as of June 30, 2018 and the changes in their financial position and their cash flows, where applicable, for the years then ended, in conformity with the accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 24, 2018, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Fund's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Greenwood Village, Colorado
September 24, 2018

KANSAS WATER POLLUTION CONTROL REVOLVING FUND (AN ENTERPRISE FUND OF THE STATE OF KANSAS)

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Years Ended June 30, 2018 and 2017

The Kansas Water Pollution Control Revolving Fund (the Fund) provides financial assistance to Kansas municipalities in the form of loans for the construction of publicly owned wastewater treatment facilities. The Fund is comprised of federal capitalization grants, proceeds of revenue bonds issued to provide required state-matching monies, proceeds of revenue bonds issued to leverage the program, and recycled moneys.

In this twenty-ninth year of operations, the Fund continued to grow as shown below.

During the year ended June 30, 2018:

- ❑ The federal fiscal year (FFY) 2017 capitalization grant in the amount of \$11,967,000 was awarded. Of this amount, \$478,680 is available for administrative costs and \$11,488,320 is available for loan project payments.
- ❑ No federal capitalization grants were amended.
- ❑ Federal capitalization grant dollars drawn down: \$11,515,225 for loan project payments and \$391,069 for administration expenses
- ❑ Bonds issued:
 - 2017SRF-1 State Match - \$1,900,000
 - 2018SRF-1 State Match - \$3,000,000
- ❑ Total available for loans - unexpended: \$64,580,429
 - \$0 leveraged, \$0 federal for loans, \$63,273,881 program equity, and \$1,306,548 general
- ❑ Total loan agreements: 490 loans totaling \$1,303,263,832 of which \$1,198,076,687 has been disbursed
- ❑ Loan agreements:
 - New loans: 12 totaling \$12,943,059
 - Loan amendments: 9 increase amendments totaling \$4,514,897 and 14 decrease amendments totaling \$632,887
- ❑ Disbursements for project costs: \$60,121,268
- ❑ Average monthly disbursements during FY 2018: \$5,010,106
- ❑ Average monthly disbursements, program-to-date: \$3,462,649
- ❑ Completed projects: 9 totaling \$18,301,863
- ❑ Total revenue bond debt service paid (including defeasance costs): \$15,559,702

The Fund is reported as an enterprise fund of the State of Kansas. As such, we prepare three basic financial statements, notes to the financial statements, and required supplementary information including this Management's Discussion and Analysis (MD&A). The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Fund. Assets consist of cash, interest receivables from loans and investments, investments of idle funds and reserve funds, and loan receivables. Liabilities include revenue bond interest, other accounts payable, arbitrage payable, and revenue bonds payable. Net position includes the federal capitalization grants earned for loan projects and the excess earnings of the Fund's operations since inception.

**KANSAS WATER POLLUTION CONTROL REVOLVING FUND
(AN ENTERPRISE FUND OF THE STATE OF KANSAS)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Years Ended June 30, 2018 and 2017**

	Net Position		
	2018	2017	2016
Current and other assets	\$ 136,377,420	\$ 143,491,588	\$ 144,419,594
Noncurrent assets	355,061,163	337,658,245	360,986,570
Total assets	491,438,583	481,149,833	505,406,164
Deferred outflows of resources	1,435,346	1,769,821	4,919,989
Long-term liabilities	109,845,666	127,234,966	154,656,119
Other liabilities	21,779,560	11,126,546	19,103,320
Total liabilities	131,625,226	138,361,512	173,759,439
Total net position	\$ 361,248,703	\$ 344,558,142	\$ 336,566,714

The decrease in current assets for the year ended June 30, 2017 of \$0.9 million is due mainly to a decrease in current loans receivable. Noncurrent debt service reserve cash of \$2.2 million was deallocated during the year and is now current cash. Additionally, there was an increase in current investments of \$45.6 million and a decrease in noncurrent investments of \$2.1 million. Loan disbursements this fiscal year were \$37.9 million. In addition, \$10.2 million of loan prepayments were received this fiscal year. There was a \$0.5 million decrease in current loans receivable.

The decrease in total liabilities for the year ended June 30, 2017 of \$35.4 million is due mainly to bond debt outstanding decreasing because of bond debt service principal payments during the year of \$12.1 million and the defeasance of \$20.8 million in bonds. This was a cash defeasance with prepayment cash on hand of \$22.0 million used to fund the required escrow account. Bond interest payable also decreased \$0.3 million due to the decrease in bonds outstanding.

The decrease in current assets for the year ended June 30, 2018 of \$7.1 million is due mainly to a decrease in cash and current investments. There was an increase in current loans receivable of \$3.3 million and an increase in noncurrent loans receivable of \$18.9 million. Additionally, loan reserve earnings accounts decreased \$0.3 million due to the decrease in loan reserve account cash and investments of \$0.9 million. Loan disbursements this fiscal year were \$60.1 million. In addition, \$2.4 million of loan prepayments were received this fiscal year.

The decrease in total liabilities for the year ended June 30, 2018 of \$6.7 million is due mainly to bond debt outstanding decreasing because of bond debt service principal payments during the year of \$9.2 million. Bond interest payable also decreased \$0.1 million due to the decrease in bonds outstanding. Additionally, loan reserve accounts payable decreased by \$0.9 million.

All net position of the program has been determined to be restricted net position in accordance with the conditions of the Water Pollution Control capitalization grants and bond covenants.

Prior to the SRF2010 bonds, all bonds issued for this Program were tax-exempt revenue bonds. The Series SRF2010-1 bonds additionally are tax exempt. The Series SRF2010-2 bonds are taxable Build America Bonds and the Series SRF2010-3 bonds are taxable bonds. As a requirement for issuance of tax-exempt bonds, the Internal Revenue Service requires issuers to calculate and remit the amount of earnings attributable to the bonds that are in excess of the cost of the debt. As of June 30, 2018 and 2017, there is no rebate liability for the Series 2001, 2005, and 2010 bonds. The 2017 and 2018 bonds are taxable bonds and are not subject to arbitrage. The Fund's revenue bonds payable totaled

**KANSAS WATER POLLUTION CONTROL REVOLVING FUND
(AN ENTERPRISE FUND OF THE STATE OF KANSAS)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Years Ended June 30, 2018 and 2017**

\$120,060,000 and \$124,350,000 at June 30, 2018 and 2017, respectively. Please refer to the notes to the financial statements for more information on debt activity.

The Statements of Revenues, Expenses, and Changes in Net Position provide information about the Fund resources and uses of those resources. These statements demonstrate that sufficient resources have been generated to cover expenses in fiscal year 2017. The increase in net position as of June 30, 2017 was \$8.0 million. The Fund operating revenues decreased by 12.1% due to a decrease in interest and service fees received on loans. The Fund operating expenses (excluding principal forgiveness expense) decreased by 7.8% due to a decrease in administration expenses. Principal forgiveness decreased 5.5%. Nonoperating revenues, including capital contributions, increased 8.3% due to an increase in grant draws of \$1.3 million. Nonoperating expenses decreased by 0.3% due to a reduction in bond issuance costs and bond interest expenses.

The Statements of Revenues, Expenses, and Changes in Net Position demonstrate that sufficient resources have been generated to cover expenses in fiscal year 2018. The increase in net position as of June 30, 2018 was \$16.7 million. The Fund operating revenues increased by 2.7% due to an increase in other revenue, consisting of excess earnings on loan reserve accounts and municipal derivatives settlement payments. The Fund operating expenses (excluding principal forgiveness expense) increased by 14.0% due to an increase in administration expenses. Principal forgiveness decreased 78.2%. Nonoperating revenues, including capital contributions, decreased 0.8% due to a decrease in grant draws of \$0.8 million. Nonoperating expenses decreased by 44.3% due to a reduction in bond interest expenses.

**KANSAS WATER POLLUTION CONTROL REVOLVING FUND
(AN ENTERPRISE FUND OF THE STATE OF KANSAS)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Years Ended June 30, 2018 and 2017**

Revenues, Expenses, and Changes in Net Position

	2018	2017	2016
Revenues:			
Operating revenues:			
Loans receivable	\$ 8,932,667	\$ 9,095,861	\$ 10,289,816
Grant revenue	392,796	365,330	449,912
Service fee revenue	922,491	912,391	1,001,536
Other revenue	407,346	-	56,122
Nonoperating revenues:			
Investment income:			
Bond reserve fund	-	204,240	532,149
Other investment income	1,544,113	649,101	505,929
Other nonoperating revenue	1,034,371	1,033,262	1,031,043
Total revenues	<u>13,233,784</u>	<u>12,260,185</u>	<u>13,866,507</u>
Expenses:			
Operating expenses:			
Program administration - federal	392,796	365,330	449,912
Program administration - other	1,023,567	877,132	897,282
Loan principal forgiveness	1,227,244	5,628,744	5,953,841
Nonoperating expenses:			
Bond issuance costs	35,840	-	17,220
Bond interest	5,379,001	9,719,426	9,734,095
Total expenses	<u>8,058,448</u>	<u>16,590,632</u>	<u>17,052,350</u>
Increase (decrease) in net position before contributions	5,175,336	(4,330,447)	(3,185,843)
Capital contributions			
Capitalization grants, net of recognized administrative grants	11,515,225	12,321,875	11,045,759
Change in net position	16,690,561	7,991,428	7,859,916
Total net position - beginning of year	344,558,142	336,566,714	328,706,798
Total net position - end of year	<u>\$ 361,248,703</u>	<u>\$ 344,558,142</u>	<u>\$ 336,566,714</u>

The Statements of Cash Flows are provided to identify the sources and the uses of cash during the fiscal year and to demonstrate that the Fund has sufficient cash to meet its obligations. The Fund experienced a decrease in cash during the year ended June 30, 2017 of \$47.9 million. Part of this decrease is due to the purchase of investments and also is due to a payment to the bond escrow agent for bonds placed in escrow. The balance of the decrease is due to routine Program operations.

The Fund experienced a decrease in cash during the year ended June 30, 2018 of \$5.8 million. Part of this decrease is due to an increase in loan disbursements. The balance of the decrease is due to routine Program operations. Proceeds from sales and maturities of investments increased \$259.2 million, and purchases of investments increased \$210.4 million. This is due to short term investments being purchased with maturity dates staggered such that a maturity occurs every week. This strategy allows funds to be readily available for weekly loan disbursements. A small cash balance is maintained with the trustee, but the majority of funds not used for disbursements are reinvested weekly.

KANSAS WATER POLLUTION CONTROL REVOLVING FUND (AN ENTERPRISE FUND OF THE STATE OF KANSAS)

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Years Ended June 30, 2018 and 2017

The Fund has no spending limits and is not subject to any State General Fund appropriations or any other appropriations. Recent issuances of state match bonds have been an internal placement with the Kansas Public Water Supply Loan Fund (KPWSLF). The next issuance of state match bonds is also expected to be an internal placement with the KPWSLF Loan Fund with a term of less than one year and a maturity date to coincide with the debt service payment dates of the Master Financing Indenture bonds. At this time there is no need to leverage further until loan demand increases.

While the financial strength of the Fund does face risk from the overall health of the US and Kansas economies indirectly through the program's borrowers, this risk is mitigated by several factors: first, the program is well capitalized and lightly leveraged at this point in time; second, it is anticipated that the program will receive additional capitalization grants from the EPA; third, the program, through the loan agreements, has a relatively strong security position in the borrowers' financial resources; and finally, the program's history of experiencing no borrower defaults through the prior two economic recessions.

This report is intended to provide financial information about the Kansas Water Pollution Control Revolving Fund to State of Kansas and United States Environmental Protection Agency officials, investors, and other interested parties and to discuss the activity and success of the Fund. For additional information, you may contact Rod Geisler, Program Manager, Kansas Department of Health and Environment or Martin Eckhardt, Manager, Statewide Agency Audits & Municipal Services, Office of the Chief Financial Officer, Department of Administration.

**KANSAS WATER POLLUTION CONTROL REVOLVING FUND
(AN ENTERPRISE FUND OF THE STATE OF KANSAS)**

STATEMENTS OF NET POSITION

	June 30,	
	2018	2017
ASSETS		
Current assets:		
Cash	\$ 14,029,917	\$ 19,507,290
Investment interest receivable	70,303	79,002
Investments	82,005,046	86,972,447
Loans	37,207,322	33,919,402
Loan interest receivable	2,760,048	2,734,123
Other receivables	304,784	279,324
Total current assets	136,377,420	143,491,588
Noncurrent assets:		
Restricted cash - arbitrage rebate	252,789	251,019
Restricted cash - loan reserve earnings	96,404	396,813
Investments	-	299,892
Loans	347,775,393	328,923,120
Loan reserve deposits - investments	3,179,719	4,012,495
Loan reserve deposits - cash	3,756,858	3,774,906
Total noncurrent assets	355,061,163	337,658,245
Total Assets	491,438,583	481,149,833
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts on refunding	1,435,346	1,769,821
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	228,472	498,758
Bond interest payable	2,012,612	2,120,257
Revenue bonds payable	19,538,476	8,507,531
Total current liabilities	21,779,560	11,126,546
Noncurrent liabilities:		
Loan reserve accounts	6,936,577	7,787,401
Revenue bonds payable, long-term, net	102,909,089	119,447,565
Total noncurrent liabilities	109,845,666	127,234,966
Total Liabilities	131,625,226	138,361,512
TOTAL NET POSITION	\$ 361,248,703	\$ 344,558,142

**KANSAS WATER POLLUTION CONTROL REVOLVING FUND
(AN ENTERPRISE FUND OF THE STATE OF KANSAS)**

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

	For the Years Ended June 30,	
	2018	2017
OPERATING REVENUES		
Interest on loans	\$ 8,932,667	\$ 9,095,861
Grant revenue	392,796	365,330
Service fee revenue	922,491	912,391
Other revenue	407,346	-
Total operating revenues	10,655,300	10,373,582
OPERATING EXPENSES		
Program administration - federal	392,796	365,330
Program administration - other	1,023,567	877,132
Loan principal forgiveness	1,227,244	5,628,744
Total operating expenses	2,643,607	6,871,206
Operating Income	8,011,693	3,502,376
NONOPERATING REVENUES (EXPENSES)		
Investment income:		
Bond reserve fund	-	204,240
Other investment income	1,544,113	649,101
Capital contributions - capitalization grants, net of recognized administrative grants	11,515,225	12,321,875
Interest expense - bonds	(5,379,001)	(9,719,426)
Bond issuance costs	(35,840)	-
Other nonoperating revenue	1,034,371	1,033,262
Total nonoperating revenues (expenses)	8,678,868	4,489,052
Change in net position	16,690,561	7,991,428
Net position, beginning of year	344,558,142	336,566,714
TOTAL NET POSITION, END OF YEAR	\$ 361,248,703	\$ 344,558,142

**KANSAS WATER POLLUTION CONTROL REVOLVING FUND
(AN ENTERPRISE FUND OF THE STATE OF KANSAS)**

STATEMENTS OF CASH FLOWS

	For the Years Ended June 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Program administration expenses	\$ (392,796)	\$ (365,330)
Other revenues (expenses)	123,622	(10,240)
Service fees received	910,465	918,234
Service fees paid	(1,023,567)	(877,132)
Capitalization grant for administrative costs	392,796	365,330
Net cash provided by operating activities	<u>10,520</u>	<u>30,862</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Bond principal paid	(9,190,000)	(12,095,000)
Bond interest paid (includes defeasance costs)	(6,369,702)	(8,480,375)
Capitalization grant for loans	11,515,225	12,321,875
Bond proceeds, including premium	4,900,000	-
Bond issuance costs	(35,840)	-
Payment to bond escrow agent	-	(20,810,000)
Other nonoperating revenues	1,034,371	1,033,262
Net cash provided by (used in) noncapital financing activities	<u>1,854,054</u>	<u>(28,030,238)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan principal collected	36,753,832	43,855,872
Loans disbursed	(60,121,268)	(37,902,367)
Interest received on loans	8,906,743	9,205,145
Proceeds from sales and maturities of investments	360,555,684	101,318,927
Purchase of investments	(355,288,390)	(144,860,368)
Proceeds from sales and maturities of debt service reserve investments	-	7,411,034
Interest received on investments and debt service reserve funds	1,552,812	1,090,018
Loan reserve accounts	(18,047)	-
Net cash used in investing activities	<u>(7,658,634)</u>	<u>(19,881,739)</u>
Net decrease in cash	(5,794,060)	(47,881,115)
Cash, beginning of year	<u>23,930,028</u>	<u>71,811,143</u>
CASH, END OF YEAR	<u>\$ 18,135,968</u>	<u>\$ 23,930,028</u>
Cash consists of:		
Cash	\$ 14,029,917	\$ 19,507,290
Restricted cash - arbitrage rebate	252,789	251,019
Loan reserve deposits	3,756,858	3,774,906
Restricted cash - loan reserve earnings	96,404	396,813
	<u>\$ 18,135,968</u>	<u>\$ 23,930,028</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 8,011,693	\$ 3,502,376
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Loans receivable	(22,140,193)	11,582,248
Loan interest receivable	(25,925)	109,284
Other receivables	(25,461)	5,844
Accounts payable and accrued expenses	(270,287)	(10,240)
Effect of changes in operating assets and liabilities:		
Loan principal collected	(36,753,832)	(43,855,872)
Loans disbursed	60,121,268	37,902,367
Interest received on loans	(8,906,743)	(9,205,145)
Net cash provided by operating activities	<u>\$ 10,520</u>	<u>\$ 30,862</u>

KANSAS WATER POLLUTION CONTROL REVOLVING FUND (AN ENTERPRISE FUND OF THE STATE OF KANSAS)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018 AND 2017

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

Description of Program – The Kansas Water Pollution Control Revolving Fund (the Fund) was established pursuant to Kansas Statutes Annotated (K.S.A.) 65-3321 *et seq.* in 1988 by the Kansas Legislature. The Fund was created to implement the State of Kansas’ (Kansas or the State) participation under the Federal Clean Water Act as amended by the Federal Water Quality Act of 1987. Under State law, the Secretary of the Kansas Department of Health and Environment (KDHE) administers the Water Pollution Control Revolving Loan Program (the Program). The Federal Act authorizes the Environmental Protection Agency (EPA) to award capitalization grants for deposit into state revolving funds in order to provide financial assistance for constructing publicly owned wastewater treatment facilities. The Program is the response by the State to federal law changes governing the development of publicly owned wastewater treatment works. The State revolving fund may be used to make loans, fund debt service reserves, and provide other types of financial assistance to public entities. Initial funding for the Program is to be provided from the federal capitalization grants and proceeds of bonds, which will provide State match funds. The State match funds must be equal to 20% of the federal capitalization grants. The Fund is to be established, maintained, and credited with repayments and the Fund equity is to be available in perpetuity for providing such financial assistance.

Loans are made to municipalities from the Fund for eligible project costs as defined by federal and state law and regulations. These costs are primarily construction, planning and design engineering costs, and other costs related to a municipal construction project. Kansas Administrative Regulation 28-16-113 establishes the interest rates for the loans, together with fees set for servicing the loans, to be an amount equal to 60% of the previous three months’ average “bond buyers 20 bond index” as published each week for the preceding three months. KDHE administers the aspects of the Program relating to selection of projects and the making of loans to eligible municipalities. The Department of Administration administers the accounting and reporting aspects of the Program relating to the receipt and disbursement of monies within the Fund, including disbursement of loans to municipalities, and billing and collecting of loan repayments. The Kansas Development Finance Authority (KDFA) issues revenue bonds for the State matching funds needed and for leveraged borrowing for the Fund. Monies in the Fund are deposited with the Treasurer of the State of Kansas (the Treasurer) and UMB (the Trustee).

Basis of Presentation and Accounting – The Fund is an enterprise fund of the State. The financial statements of the Fund have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Basis of accounting refers to when revenues, expenses and the related assets, deferred outflows, liabilities, and deferred inflows are recognized in the accounts and reported in the financial statements. Measurement focus refers to what is being measured. The financial statements are prepared on the accrual basis of accounting and on an economic resources measurement focus in accordance with accounting principles generally accepted in the United States of America. With this measurement focus, all assets, deferred outflows, liabilities, and deferred inflows are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (revenues) and decreases (expenses) in net total position. The statement of cash flows provides information about how the Fund meets the cash flow needs of its activities.

Cash – Cash includes balances on deposit with the Treasurer and the Trustee.

Investments – The Fund invests in repurchase agreements and investment agreements. The Fund also invests in State or municipal debt obligations and commercial paper. These investments are stated at their fair value.

Loans and Other Receivables – Receivables include interest earnings, current loan repayments due, and loan principal balances outstanding. All receivables are considered collectable; therefore, no allowance account has been established.

KANSAS WATER POLLUTION CONTROL REVOLVING FUND (AN ENTERPRISE FUND OF THE STATE OF KANSAS)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018 AND 2017

Loan Reserve Deposits – The loan reserve deposits have been established as required under certain provisions of certain loan agreements and consist of investments in repurchase agreements, investment agreements, and cash. These investments are stated at cost as they are not negotiable or transferable and are not affected by market fluctuations. No trustee is required by the loan agreements. Such loan reserve deposits may only be used to prevent an event of default in the repayment of principal or interest on certain loans.

Premiums and Discounts – The interest method is being used to calculate amortization of premiums and discounts.

Revenues – The Fund revenues consist of operating and nonoperating revenues. Operating revenues include: 1) interest earned on loans, 2) federal grant dollars earned for loan and administrative costs, and 3) loan service fees. Nonoperating revenues include investment income on invested program monies and any other revenues not classified as operating revenues.

Expenses – The Fund expenses consist of operating and nonoperating expenses. Operating expenses include: 1) federal grant moneys for administrative costs and 2) principal forgiveness which is generally recognized upon completion of the project but is occasionally recognized as project payments are disbursed. Nonoperating expenses include: 1) revenue bond interest and 2) revenue bond premium and discount amortized.

Net Position – Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Currently the fund has no net investment in capital assets. Net position is reported as restricted when there are external limitations imposed on their use. All assets of the program have been determined to be restricted assets in accordance with the conditions of the Clean Water State Revolving Fund EPA capitalization grants and bond covenants. Restricted net position includes EPA capitalization grants restricted for loans to municipalities and for program administration expenses. The amount of capitalization grants restricted for program administration is being recognized as revenue when earned (see Note 7).

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until then. The Fund only has one item that qualifies for reporting in this category. It is the deferred amounts on refunding reported in the statement of net position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the remaining life of the old bonds or the life of the new bonds.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The Fund has no items that qualify for reporting in this category.

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 estimates.

KANSAS WATER POLLUTION CONTROL REVOLVING FUND (AN ENTERPRISE FUND OF THE STATE OF KANSAS)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018 AND 2017

2. INVESTMENTS AND LOAN RESERVE INVESTMENTS

The Fund's investment policies are governed by Article VIII of the Master Financing Indenture. Allowable investments for the Fund cash balances held in the State Treasury and invested through the State Pooled Money Investment Board are as follows:

- Direct obligations of, or obligations that are insured as to principal and interest by, the U.S. Government or any direct agency thereof, with maturities up to four years
- Repurchase agreements with Kansas banks or with primary government securities dealers
- Limited interest-bearing loans to various State agencies as specifically provided by law
- Certain Kansas agency and IMPACT Act projects and bonds
- High grade commercial paper

Specific Fund Investments – Moneys held in the Funds and Accounts established under the Master Financing Indenture may be invested by the KDFA or by the Trustee to the fullest extent practicable in Investment Securities as defined in the Master Financing Indenture which include:

- Defeasance obligations
- Obligations of certain agencies not backed by the full faith and credit of the U.S. government
- Investments in money market funds
- Investment agreements
- Deposits fully insured by FDIC
- Commercial paper
- State or municipal debt obligations
- Investments in the Municipal Investment Pool Fund
- Repurchase agreements
- Guaranteed investment contracts

The Fund's investments consisted of the following as of June 30:

Investment Type	2018				2017			
	Fair Value	Maturity			Fair Value	Maturity		
		Less Than 1 Year	1 Year	1-5 Years		Less Than 1 Year	1 Year	1-5 Years
Repurchase Agreements	\$ -	\$ -	\$ -	\$ -	\$ 520,541	\$ -	\$ 520,541	
State or Municipal Debt Obligations	2,899,863	2,899,863	-	-	6,254,176	5,954,284	299,892	
Investment Agreements	3,179,719	-	3,179,719	-	3,491,954	-	3,491,954	
Commercial Paper	79,105,183	79,105,183	-	-	81,018,163	81,018,163	-	
	<u>\$ 85,184,765</u>	<u>\$ 82,005,046</u>	<u>\$ 3,179,719</u>	<u>\$ -</u>	<u>\$ 91,284,834</u>	<u>\$ 86,972,447</u>	<u>\$ 4,312,387</u>	

Interest Rate Risk – Due to the tax-exempt status of the bonds it is generally the practice of Fund management to match reserve fund interest rates to the arbitrage yield on the bonds and the term of the investments to the maturity of the bonds. For invested loan funds, the Fund generally invests to maximize the interest rate and sets a term of investment based on estimated expenditures which is generally less than three years. For loan reserve account investments, the Fund generally invests to maximize the interest rate and sets the term of the investments to the maturity of the corresponding loans.

Credit Risk –The Fund holds certain investments that may have credit risk since the underlying securities may include securities other than those that take the form of U.S. Treasuries or obligations explicitly guaranteed by the U.S. government. The investments are unrated. Certain investments have an underlying collateral agreement.

**KANSAS WATER POLLUTION CONTROL REVOLVING FUND
(AN ENTERPRISE FUND OF THE STATE OF KANSAS)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

Concentration of Credit Risk – The Fund places no limit on the amount that may be invested with any one provider. The table below identifies the percent of total investments held by each provider as of June 30:

Investment Provider	2018		2017	
	Fair Value	Percent of Total	Fair Value	Percent of Total
Abbey Nat'l Treasury	\$ -	0.00%	\$ 13,307,986	14.58%
AIG	3,179,719	3.73%	3,491,954	3.83%
Arizona Brd Regents Ariz St	-	0.00%	292,266	0.32%
Banco De Credito	14,844,230	17.43%	-	0.00%
Bank of Nova Scotia	1,172,871	1.38%	8,521,752	9.34%
Bank of Tokyo	4,469,361	5.25%	3,483,243	3.82%
Bank Tokyo Mitsubishi	-	0.00%	9,006,808	9.86%
Bayerische Lndmrk	4,263,982	5.00%	3,189,296	3.49%
BNP Paribas Fortis	-	0.00%	2,050,109	2.25%
Credit Agricole	-	0.00%	1,172,875	1.28%
Credit Suisse First NY	10,865,885	12.76%	2,099,612	2.30%
Danske Corporation	-	0.00%	4,921,993	5.39%
GE Capital Treasury	1,252,646	1.47%	-	0.00%
Intermountain Pwr Agy UT Pwr Supply Rev	-	0.00%	1,595,734	1.75%
J.P. Morgan Securities	-	0.00%	5,276,881	5.78%
KDFA-KDHE Series 2018SRF-1Bonds	2,600,000	3.05%	-	0.00%
Lincoln CA Public Fing Auth Lease Rev	-	0.00%	221,624	0.24%
Maryland St Cmnty Dev Admin Dept	189,750	0.22%	1,368,358	1.50%
Metlife Short Term Fdg	994,974	1.17%	-	0.00%
Monroe Cnty MI	-	0.00%	9,728	0.01%
Morgan Guaranty	-	0.00%	520,541	0.57%
MUFG Bank LTD/NY	6,475,582	7.60%	-	0.00%
Natixis	2,966,173	3.48%	9,367,271	10.26%
Pleasant Prairie WI	-	0.00%	2,219,534	2.43%
Prudential Plc	6,126,693	7.19%	-	0.00%
QUALCOMM INC	7,996,316	9.39%	-	0.00%
Rhode Island St Housing & Mtge Fin	-	0.00%	137,823	0.15%
Societe Generale	4,770,088	5.60%	13,116,012	14.37%
Standard Chartered Bank	4,888,694	5.74%	5,504,324	6.03%
Sumitomo TR & Bkg Co Ltd New York	8,017,688	9.41%	-	0.00%
Texas St Univ Sys Fing Rev	-	0.00%	226,678	0.25%
Virginia State Resources	-	0.00%	72,373	0.08%
Yuba CA Levee Fing Auth Revenue	110,113	0.13%	110,059	0.12%
	\$ 85,184,765	100.00%	\$ 91,284,834	100.00%

The Water Pollution Control Revolving Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**KANSAS WATER POLLUTION CONTROL REVOLVING FUND
(AN ENTERPRISE FUND OF THE STATE OF KANSAS)**

**NOTES TO FINANCIAL STATEMENTS
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The Fund has the following recurring fair value measurements as of June 30, 2018:

- Investment agreements of \$3.2 million are valued using quoted market prices (Level 1 inputs).
- State or municipal debt obligations of \$2.9 million are valued using other observable inputs (Level 2 inputs).
- Commercial paper of \$79.1 million is valued using quoted market prices (Level 1 inputs).

The Fund has the following recurring fair value measurements as of June 30, 2017:

- Repurchase agreements of \$0.5 million are valued using quoted market prices (Level 1 inputs).
- Investment agreements of \$3.5 million are valued using quoted market prices (Level 1 inputs).
- State or municipal debt obligations of \$6.3 million are valued using other observable inputs (Level 2 inputs).
- Commercial paper of \$81.0 million is valued using quoted market prices (Level 1 inputs).

3. LOANS

The loans made by the Fund to the municipalities from capitalization grants, state match, leveraged, and general loan monies may include interest and service fees capitalized during project construction. Loans must begin repayments not later than one year after project completion and the repayment period is to be no longer than twenty years. Principal and interest payments are due semi-annually. Interest rates on the loans outstanding at June 30, 2018, excluding the .25% service fee, range from 1.47% to 3.33%.

Estimated future maturities of the loans receivable and interest payments as of June 30, 2018 are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 37,207,322	\$ 8,721,569	\$ 45,928,891
2020	35,721,726	7,992,881	43,714,607
2021	35,137,496	7,122,214	42,259,710
2022	34,197,058	6,265,699	40,462,757
2023	36,780,955	5,372,184	42,153,139
2024 - 2028	135,126,048	16,220,875	151,346,923
2029 - 2033	64,797,553	3,818,987	68,616,540
2034 - 2038	6,014,557	158,375	6,172,932
	\$ 384,982,715	\$ 55,672,784	\$ 440,655,499

**KANSAS WATER POLLUTION CONTROL REVOLVING FUND
(AN ENTERPRISE FUND OF THE STATE OF KANSAS)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

Certain loans are awarded principal forgiveness as required by the American Recovery and Reinvestment Act (ARRA) and 2010 through 2017 capitalization grants. Principal forgiveness awards consisted of the following as of June 30:

Grant	Awarded in Full	2018			Cumulative	Number of Loans
		2018	2017	2018		
ARRA	Yes	\$ -	\$ 237,037	\$ 22,840,203	22	
2010	No	71,135	(4,954,159)	9,181,243	20	
2011	No	(24,758)	4,103,439	4,078,681	7	
2012	No	26,327	1,024,265	1,050,592	4	
2013	No	257,343	594,137	851,480	1	
2014	No	224,234	457,138	681,372	2	
2015	No	-	3,750,458	3,750,458	3	
2016	No	(288,418)	416,429	128,011	2	
2017	No	961,381	-	961,381	3	
		\$ 1,227,244	\$ 5,628,744	\$ 43,523,421	64*	

* Individual loans may have been awarded principal forgiveness from multiple grants.

The changes made to the 2010, 2011, and 2016 capitalization grant principal forgiveness amounts in FY 2018 and FY 2017 were due to allocation adjustments made to remain within EPA requirements.

Each of the municipalities has established a dedicated source of revenue for repayment of the loans. The dedicated sources of revenue are either an obligation of system revenues and ad valorem property taxes levied or, if not so pledged, a secured lien on the revenues of the water treatment system which is secured by a policy of municipal bond insurance or comparable security.

Loans to Major Loan Participants – The Fund has made loans to the following major loan participants. The aggregate outstanding loan balances for each of these participants exceeds five percent of total loans receivable. Combined outstanding loan balances for major loan participants consisted of the following as of June 30:

Participants	Loan Number	Loan Agreement Amount	Outstanding Principal Balance	
			2018	2017
Dodge City	1792-01	\$ 35,715,446	\$ 27,044,718	\$ 21,947,818
Manhattan	1583-01	8,666,236	2,468,300	2,971,381
Manhattan	1746-02	36,732,684	25,871,380	27,438,235
Manhattan	1786-01	1,642,258	1,021,250	1,083,899
Newton	1610-01	1,207,034	309,397	372,649
Newton	1747-01	7,647,208	4,525,699	4,854,002
Newton	1747-03	18,151,651	14,430,080	15,083,019
Topeka	1038-09	1,209,404	-	-
Topeka	1271-01	4,330,136	551,273	814,409
Topeka	1272-02	60,000,000	21,402,156	24,916,871
Topeka	1272-04	9,317,000	5,083,800	5,526,121
Topeka	1273-01	29,835,125	-	-
Topeka	1412-01	4,828,002	-	-
Topeka	1472-01	11,605,000	1,088,510	1,786,689
Total		\$ 230,887,184	\$ 103,796,563	\$ 106,795,093

**KANSAS WATER POLLUTION CONTROL REVOLVING FUND
(AN ENTERPRISE FUND OF THE STATE OF KANSAS)**

**NOTES TO FINANCIAL STATEMENTS
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4. LOAN RESERVE DEPOSITS

Loan reserve deposits for the City of Topeka, the City of Kansas City, Strother Field, and the Metropolitan Topeka Airport Authority total \$6,936,577 and \$7,787,401 as of June 30, 2018 and 2017 respectively. The loan reserves include balances on deposit with the State Treasurer totaling \$3,756,858 and \$3,774,906 as of June 30, 2018 and 2017 respectively. Investments total \$3,179,719 and \$4,012,495 as of June 30, 2018 and 2017 respectively. Investments as of June 30, 2018 are invested in an investment agreement at an interest rate of 5.30%, maturing on various dates ranging from December 1, 2019 to November 25, 2023.

5. BONDS PAYABLE

Outstanding revenue bonds consisted of the following as of June 30:

	2018	2017
2010SRF Series 1	\$ 56,540,000	\$ 63,830,000
2010SRF Series 2	60,520,000	60,520,000
2017SRF Series 1	-	-
2018SRF Series 1	3,000,000	-
Total bonds payable	120,060,000	124,350,000
Current maturities	(18,460,000)	(7,290,000)
Unamortized net original issue premium	2,387,565	3,605,096
Current unamortized net original issue premium	(1,078,476)	(1,217,531)
Long-term revenue bonds payable, net	\$ 102,909,089	\$ 119,447,565

Revenue bond activity consisted of the following as of June 30:

	2018	2017
Beginning Balance	\$ 124,350,000	\$ 157,255,000
Additions	4,900,000	-
Reductions	(9,190,000)	(32,905,000)
Ending Balance	120,060,000	124,350,000
Due Within One Year	(18,460,000)	(7,290,000)
Long-Term Liability	\$ 101,600,000	\$ 117,060,000

The Series 2010SRF Revenue Bonds were issued in the original amount of \$213,950,000 for the Water Pollution Control (WPC) and Public Water Supply (PWS) programs. The Fund issued \$83,530,000 in WPC Series 2010SRF-1 Revenue Bonds. The WPC serial bonds totaling \$56,540,000 are due in annual principal payments ranging from \$3,765,000 to \$20,020,000 with the final payment due March 1, 2022, and bear interest at 5.00% payable semi-annually. The Series 2010SRF-1 Bonds, or portions thereof, maturing on March 1, 2021 and thereafter may be called for redemption and payment prior to maturity on or after March 1, 2020, in whole or in part at any time (selection of maturities and the amount of Series 2010SRF-1 Bonds of each maturity to be redeemed to be determined by the Authority in such manner as it may determine), at the redemption price of 100% (expressed as a percentage of the principal amount), plus accrued interest thereon to the date of redemption.

The Series 2010SRF-2 Taxable Revenue Bonds, Build America Bonds were issued in the original amount of \$60,520,000 for the Water Pollution Control (WPC) program. The serial bonds totaling \$60,520,000 are due in annual principal payments ranging from \$4,475,000 to \$12,035,000 with the final payment due March 1, 2025, and bear interest at rates ranging from 4.52% to 5.17% payable semi-annually. The term bonds are due in annual principal payments ranging from \$3,875,000 to \$5,645,000 with the final payment due March 1, 2030 and bear

**KANSAS WATER POLLUTION CONTROL REVOLVING FUND
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interest at 5.945% payable semi-annually. The Series 2010SRF-2 Bonds, or portions thereof, maturing on March 1, 2021 and thereafter may be called for redemption and payment prior to maturity on or after March 1, 2020, in whole or in part at any time (selection of maturities and the amount of Series 2010SRF-2 Bonds of each maturity to be redeemed to be determined by the Authority in such manner as it may determine), at the redemption price of 100% (expressed as a percentage of the principal amount), plus accrued interest thereon to the date of redemption.

As of FY 2018, issuances of state match bonds have been internal placements with the Kansas Public Water Supply Loan Fund (KPWSLF). Future issuances of state match bonds are also expected to be internal placements with the KPWSLF Loan Fund with a term of less than one year and a maturity date to coincide with the debt service payment dates of the Master Financing Indenture bonds.

On October 10, 2017, the Series 2017SRF-1 Bond was issued in original amount of \$3,400,000 for Public Water Supply (PWS) and Water Pollution Control (WPC). The Water Pollution Control portion of the bond was issued in the original amount of \$1,900,000. The interest rate on the bond is 1.20%. The Bond matured on March 1, 2018, with principal and interest paid at maturity. The proceeds provided \$1,900,000 of state match loan funds for the program.

On April 5, 2018, the Series 2018SRF-1 Bond was issued in original amount of \$5,600,000 for Public Water Supply (PWS) and Water Pollution Control (WPC). The Water Pollution Control portion of the bond was issued in the original amount of \$3,000,000. The interest rate on the bond is 2.16%. The Bond matures on March 1, 2019, with principal and interest paid at maturity. The proceeds provided \$3,000,000 of state match loan funds for the program. The Series 2018SRF-1 Bond shall not be subject to optional redemption and payment prior to its stated maturity.

On March 9, 2016, the Fund refunded \$19,390,000 of Series 2001 II bonds and \$1,675,000 of Series 2005 II bonds. Loan principal prepayments provided cash funds to refund the bonds and an amount to pay costs of issuance. An irrevocable escrow account with the State Treasurer as escrow agent was established to provide amounts sufficient for payment of principal and interest on the refunded bonds. Accordingly, the escrow account and the refunded bonds are not included in the Fund's statement of net position. This advance refunding was undertaken to reduce the debt service payments, including interest, over the life of the debt by \$161,367.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the refunded debt of \$1,284,379. As this refunding was a cash defeasance, this difference was expensed in full in the current year in the accompanying financial statements.

On November 15, 2016, the Fund refunded \$2,610,000 of Series 2001 II bonds and \$18,200,000 of Series 2005 II bonds. Loan principal prepayments provided cash funds to refund the bonds and an amount to pay costs of issuance. An irrevocable escrow account with the State Treasurer as escrow agent was established to provide amounts sufficient for payment of principal and interest on the refunded bonds. Accordingly, the escrow account and the refunded bonds are not included in the Fund's statement of net position. This advance refunding was undertaken to reduce the debt service payments, including interest, over the life of the debt by \$213,725.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the refunded debt of \$4,050,243. As this refunding was a cash defeasance, this difference was expensed in full in the current year in the accompanying financial statements.

The Master Financing Indenture provides for the establishment of funds in the custody of the trustee in the name of the KDFA. At June 30, 2018 and 2017, management believes the Fund was not in default of significant provisions of the Master Financing Indenture or the Supplemental Indentures.

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Aggregate revenue bond debt service requirements to maturity as of June 30, 2018 are as follows:

Year Ending June 30,	Principal Amount Due	Interest Amount Due	Total
2019	\$ 18,460,000	\$ 6,054,952	\$ 24,514,952
2020	17,295,000	5,223,271	22,518,271
2021	20,020,000	4,358,522	24,378,522
2022	14,115,000	3,357,521	17,472,521
2023	10,990,000	2,701,451	13,691,451
2024 - 2028	28,740,000	7,097,408	35,837,408
2029 - 2033	10,440,000	956,253	11,396,253
	\$ 120,060,000	\$ 29,749,378	\$ 149,809,378

Certain of the above bonds may be redeemed prior to maturity in accordance with related bond indentures.

The debt service payment in FY 2018 was \$9,190,000 for principal with cumulative principal payments totaling \$400,675,845 and \$6,369,701 for interest with cumulative interest payments totaling \$319,649,820.

In prior years, the Fund defeased certain State Revolving Fund revenue bonds by placing the proceeds from refunding bonds and cash in an irrevocable escrow account to provide for all future debt service payments on the defeased bonds. Accordingly, the escrow account assets and the liability for the defeased bonds are not included in the Fund's financial statements. Defeased debt outstanding at June 30, 2018 was \$9,655,000.

Defeased bonds outstanding consisted of the following as of June 30:

	Issue Date	Call Date	2018	2017
Series 2001 II	February 10, 2000	November 1, 2017	\$ -	\$ 7,000,000
Series 2005 II	August 10, 2005	November 1, 2017	-	10,220,000
Series 2005 II	August 10, 2005	November 1, 2018	9,655,000	9,655,000
Total defeased bonds outstanding:			\$ 9,655,000	\$ 26,875,000

6. ARBITRAGE REBATE

In accordance with Internal Revenue Code Section 148(f) relating to arbitrage restrictions on tax-exempt bonds, there is currently no rebate liability for the Series 2001, 2005, and 2010 bonds as of June 30, 2018 and June 30, 2017. The 2018 bond is a taxable bond and is not subject to arbitrage.

As of June 30, 2018 and June 30, 2017, Water Pollution Control had a restricted cash balance of \$252,789 and \$251,019 respectively for future arbitrage liabilities.

7. FEDERAL CAPITALIZATION GRANTS

Ninety-six percent of the federal capitalization grants awarded by the EPA are to be loaned out to municipalities. Up to four percent of the capitalization grants may be spent on Program administration. Management of the Fund has determined that the entire four percent will be spent on administration as evidenced by the budget page of each grant agreement.

**KANSAS WATER POLLUTION CONTROL REVOLVING FUND
(AN ENTERPRISE FUND OF THE STATE OF KANSAS)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

Federal capitalization grants awarded by EPA as of June 30, 2018 are as follows:

Federal Capitalization Grants	Total Grant
1989 Grant Award	\$ 8,783,047
1990 Grant Award	9,077,104
1991 Grant Award	18,524,583
1992 Grant Award	17,538,246
1993 Grant Award	17,349,156
1994 Grant Award	10,764,963
1995 Grant Award	11,117,898
1996 Grant Award	18,211,386
1997 Grant Award	5,582,400
1998 Grant Award	12,154,626
1999 Grant Award	12,536,764
2000 Grant Award	12,114,497
2001 Grant Award	12,006,720
2002 Grant Award	12,033,450
2003 Grant Award	11,955,240
2004 Grant Award	11,962,467
2005 Grant Award	9,724,900
2006 Grant Award	7,884,100
2007 Grant Award	9,658,400
2008 Grant Award	6,104,200
2009 Grant Award	6,104,300
2009 Grant Award - ARRA	35,374,200
2010 Grant Award	18,391,000
2011 Grant Award	13,328,000
2012 Grant Award	12,757,000
2013 Grant Award	12,051,000
2014 Grant Award	12,656,000
2015 Grant Award	12,591,000
2016 Grant Award	12,060,000
Prior FY Awards	370,396,647
Less Prior FY Draws	(369,162,372)
Available for FY 2018	1,234,275
2017 Grant Award	11,967,000
Less FY 2018 Draws	(11,906,294)
Available to Draw	\$ 1,294,981

As of June 30, 2018 and 2017, \$1,294,981 and \$1,234,275 respectively, of the capitalization grants had not been drawn down. As of June 30, 2018 and 2017, \$13,436 and \$11,709, respectively, of grant revenue had been recorded as accruals but had not been drawn down from the grant. At fiscal year end grant revenue and the corresponding grant expense are recorded.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Jeff Andersen
Secretary of the Kansas Department
of Health and Environment
Topeka, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the State of Kansas Water Pollution Control Revolving Loan Fund (the Fund), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated September 24, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Greenwood Village, Colorado
September 24, 2018

Attachment 2

The Federal Financial Reports for the Clean Water SRF Capitalization Grants program completed in SFY '18 are on the following pages. (2 pp)

Curtis State Office Building
1000 SW Jackson St., Suite 540
Topeka, KS 66612-1367



Phone: 785-296-0461
Fax: 785-559-4269
www.kdheks.gov

Darian P. Dernovich, Interim Secretary

Department of Health & Environment

Sam Brownback, Governor

January 9, 2018

US EPA (LVFC)
4220 S. Maryland Pkwy, Bldg C, Room 503
Las Vegas, NV 89119

Attn: Brian Switzer, Financial Specialist

Program: Kansas Clean Water State Revolving Loan Fund FFY 2016
Grant Number: CS 200001 16
Re: Final Federal Financial Report

Dear Mr. Switzer:

Attached is the final Federal Financial Report for the grant listed above. Should you have any questions, please contact Cathy Colglazier, Fiscal Officer, at 785-296-1625.

Sincerely,

Darian P. Dernovich, Interim Secretary
Deputy Chief Counsel

Attachment

FEDERAL FINANCIAL REPORT

(Follow form instructions)

1. Federal Agency and Organizational Element to Which Report is Submitted United States Environmental Protection Agency	2. Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use FFR Attachment) <p style="text-align: center; font-size: 1.2em;">CS 200001 16</p>	Page of 1 pages
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3. Recipient Organization (Name and complete address including Zip code)
 Kansas Department of Health and Environment
 1000 SW Jackson Street
 Topeka, KS 66612

4a. DUNS Number 175941483	4b. EIN 48-6029925	5. Recipient Account Number or Identifying Number (To report multiple grants, use FFR Attachment) 7960/8300/264830016 7960/8310/264831016	6. Report Type <input type="checkbox"/> Quarterly <input type="checkbox"/> Semi-Annual <input type="checkbox"/> Annual <input checked="" type="checkbox"/> Final	7. Basis of Accounting <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual
---	----------------------------------	---	---	--

8. Project/Grant Period From: (Month, Day, Year) 7/1/2016	To: (Month, Day, Year) 6/30/2021	9. Reporting Period End Date (Month, Day, Year) 12/31/2017
--	-------------------------------------	---

10. Transactions Cumulative

(Use lines a-c for single or multiple grant reporting)

Federal Cash (To report multiple grants, also use FFR Attachment):	
a. Cash Receipts	
b. Cash Disbursements	
c. Cash on Hand (line a minus b)	

(Use lines d-o for single grant reporting)

Federal Expenditures and Unobligated Balance:	
d. Total Federal funds authorized	\$12,060,000.00
e. Federal share of expenditures	\$12,060,000.00
f. Federal share of unliquidated obligations	
g. Total Federal share (sum of lines e and f)	\$12,060,000.00
h. Unobligated balance of Federal funds (line d minus g)	

Recipient Share:	
i. Total recipient share required	\$2,412,000.00
j. Recipient share of expenditures	\$2,412,000.00
k. Remaining recipient share to be provided (line i minus j)	

Program Income:	
l. Total Federal program income earned	
m. Program income expended in accordance with the deduction alternative	
n. Program income expended in accordance with the addition alternative	
o. Unexpended program income (line l minus line m or line n)	

11. Indirect Expense	a. Type	b. Rate	c. Period From	Period To	d. Base	e. Amount Charged	f. Federal Share
	Predetermined	various	7/1/2016	12/31/2017	397,959	\$81,053.70	\$81,053.70
g. Totals:						\$81,053.70	\$81,053.70

12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation.

13. Certification: By signing this report, I certify that it is true, complete, and accurate to the best of my knowledge. I am aware that any false, fictitious, or fraudulent information may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 18, Section 1001)

a. Typed or Printed Name and Title of Authorized Certifying Official Darian P. Demovish, Interim Secretary	c. Telephone (Area code, number and extension) (785) 296-1625 d. Email address cathy.colglazier@ks.gov
b. Signature of Authorized Certifying Official 	e. Date Report Submitted (Month, Day, Year) 1/12/2018

14. Agency use only:	
Federal Share Calculation	83.33%

Standard Form 425
 OMB Approval Number 0348-0081
 Expiration Date: 10/31/2011

Paperwork Burden Statement
 According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB Control Number. The valid OMB control number for this information collection is 0348-0081. Public reporting burden for this collection of information is estimated to average 1.5 hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0060), Washington, DC 20503.

Attachment 3

The KDFB Independent Audit Report is available on the KDFB website located at <http://kdfb.org/>, hover over "ABOUT KDFB", and click on "Audit".

Attachment 4

CBR and GPR Reports Information
(9 pages)

CBR Additional Subsidy Information
(9 pages)

Clean Water SRF Reporting GPR Funding for Kansas - All Cap Grant Assignments

Report Generated: 8/27/2018 -- Data Last Modified: 8/27/2018 12:09:00 PM

Tracking Number	Recipient	Initial Loan Date	Total Assistance Amount	GPR Amount	Green Infrastructure	Energy Efficiency	Water Efficiency	Green Innovative
EPA Region: 7								
C20 1747 03	Newton	12/6/2013	18,151,651	17,226,585 ✓	0	17,226,585	0	0
C20 1792 01	Dodge City: 2010	11/7/2009	35,715,446	9,834,150 ✓	0	9,834,150	0	0
C20 1799 01	Pratt	11/10/2010	4,385,168	2,394,999 ✓	0	2,394,999	0	0
C20 1802 01	Stockton	6/16/2011	5,402,300	1,085,510 ✓	0	0	1,085,510	0
C20 1827 01	El Dorado Wind Turbine	2/24/2012	2,106,252	2,106,252 ✓	0	2,106,252	0	0
C20 1860 01	Pott. Co. - Innovative	11/3/2011	44,800	44,800 ✓	44,800	0	0	0
C20 1881 01	Glacial Hills, Holton	10/26/2011	191,310	191,310 ✓	191,310	0	0	0
C20 1882 01	Glacial Hills, Delaware Phase 2 NPSGPR	12/7/2010	295,776	295,776 ✓	295,776	0	0	0
C20 1920 01	JOCO Lake Gardner	3/17/2012	10,705,671	10,705,671 ✓	0	0	0	10,705,671
C20 1920 02	JOCO Lone Elm LPS Project	3/17/2012	1,128,967	1,128,967 ✓	0	0	0	1,128,967
C20 1921 01	Flint Hills, Cottonwood - Innovative - C20 19	10/28/2011	764,300	764,300 ✓	764,300	0	0	0
C20 1923 01	Glacial Hills, Delaware Phase 3 NPSGPR	10/26/2011	755,417	755,417 ✓	755,417	0	0	0
C20 1942 01	Glacial Hills, Wolf River NPSGPR	9/28/2012	153,948	153,948 ✓	153,948	0	0	0
C20 1943 01	Kansas Water Office, Smoky Hill River NPSG	9/24/2012	287,112	287,112 ✓	287,112	0	0	0
C20 1944 01	Kansas Water Office, Cottonwood Phase 2 NP	9/24/2012	1,252,233	1,252,233 ✓	1,252,233	0	0	0
C20 1945 01	University of Kansas NPSGPR 2012	9/21/2012	450,000	450,000 ✓	450,000	0	0	0
C20 1946 01	Glacial Hills, Delaware Phase 4 NPSGPR	8/21/2012	357,405	357,405 ✓	357,405	0	0	0
C20 1960 01	Hesston	4/8/2013	3,016,950	91,000 ✓	91,000	0	0	0
C20 1988 01	Ellis	4/21/2015	831,611	520,000 ✓	0	520,000	0	0
C20 2005 01	Jefferson CO SD #5	1/17/2018	933,150	725,524 ✓	0	725,524	0	0
C20 2022 01	Kansas Water Office, Tuttle Creek Lake SB Pr	5/25/2017	1,200,000	1,200,000 ✓	1,200,000	0	0	0
Total for EPA Region: 7 (21 Agreements)			88,129,467	51,570,959	5,843,301	32,807,510	1,085,510	11,834,638
Total for all 21 Agreements			88,129,467	51,570,959	5,843,301	32,807,510	1,085,510	11,834,638

Clean Water SRF Reporting GPR Funding for Kansas - 2010 Cap Grant

Report Generated: 8/27/2018 -- Data Last Modified: 8/27/2018 11:57:00 AM

Tracking Number	Recipient	Initial Loan Date	Total Assistance Amount	GPR Amount	Green Infrastructure	Energy Efficiency	Water Efficiency	Green Innovative
EPA Region: 7								
C20 1799 01	Pratt	11/10/2010	4,385,168	2,394,999	0	2,394,999	0	0
C20 1802 01	Stockton	6/16/2011	5,402,300	1,085,510	0	0	1,085,510	0
C20 1827 01	El Dorado Wind Turbine	2/24/2012	2,106,252	2,106,252	0	2,106,252	0	0
C20 1881 01	Glacial Hills, Holton	10/26/2011	191,310	191,310	191,310	0	0	0
C20 1882 01	Glacial Hills, Delaware Phase 2 NPSGPR	12/7/2010	295,776	295,776	295,776	0	0	0
C20 1921 01	Flint Hills, Cottonwood - Innovative - C20 19	10/28/2011	764,300	764,300	764,300	0	0	0
C20 1923 01	Glacial Hills, Delaware Phase 3 NPSGPR	10/26/2011	755,417	755,417	755,417	0	0	0
Total for EPA Region: 7 (7 Agreements)			13,900,523	7,593,564	2,006,803	4,501,251	1,085,510	0
Total for all 7 Agreements			13,900,523	7,593,564	2,006,803	4,501,251	1,085,510	0

Clean Water SRF Reporting GPR Funding for Kansas - 2011 Cap Grant

Report Generated: 8/27/2018 -- Data Last Modified: 8/27/2018 11:57:00 AM

Tracking Number	Recipient	Initial Loan Date	Total Assistance Amount	GPR Amount	Green Infrastructure	Energy Efficiency	Water Efficiency	Green Innovative
EPA Region: 7								
C20 1860 01	Pott. Co. - Innovative	11/3/2011	44,800	44,800	44,800	0	0	0
C20 1920 01	JOCO Lake Gardner	3/17/2012	10,705,671	8,131,778	0	0	0	8,131,778
C20 1920 02	JOCO Lone Elm LPS Project	3/17/2012	1,128,967	1,128,967	0	0	0	1,128,967
C20 1943 01	Kansas Water Office, Smoky Hill River NPSG	9/24/2012	287,112	287,112	287,112	0	0	0
C20 1944 01	Kansas Water Office, Cottonwood Phase 2 NP	9/24/2012	1,252,233	1,252,233	1,252,233	0	0	0
Total for EPA Region: 7 (5 Agreements)			13,418,783	10,844,890	1,584,145	0	0	9,260,745
Total for all 5 Agreements			13,418,783	10,844,890	1,584,145	0	0	9,260,745

Clean Water SRF Reporting GPR Funding for Kansas - 2012 Cap Grant

Report Generated: 8/27/2018 -- Data Last Modified: 8/27/2018 11:57:00 AM

Tracking Number	Recipient	Initial Loan Date	Total Assistance Amount	GPR Amount	Green Infrastructure	Energy Efficiency	Water Efficiency	Green Innovative
EPA Region: 7								
C20 1942 01	Glacial Hills, Wolf River NPSGPR	9/28/2012	153,948	153,948	153,948	0	0	0
C20 1945 01	University of Kansas NPSGPR 2012	9/21/2012	450,000	450,000	450,000	0	0	0
C20 1946 01	Glacial Hills, Delaware Phase 4 NPSGPR	8/21/2012	357,405	357,405	357,405	0	0	0
C20 1960 01	Hesston	4/8/2013	3,016,950	91,000	91,000	0	0	0
Total for EPA Region: 7 (4 Agreements)			3,978,303	1,052,353	1,052,353	0	0	0
Total for all 4 Agreements			3,978,303	1,052,353	1,052,353	0	0	0

Clean Water SRF Reporting GPR Funding for Kansas - 2013 Cap Grant

Report Generated: 8/27/2018 -- Data Last Modified: 8/27/2018 11:57:00 AM

Tracking Number	Recipient	Initial Loan Date	Total Assistance Amount	GPR Amount	Green Infrastructure	Energy Efficiency	Water Efficiency	Green Innovative
EPA Region: 7								
C20 1747 03	Newton	12/6/2013	18,151,651	17,226,585	0	17,226,585	0	0
Total for EPA Region: 7 (1 Agreements)			18,151,651	17,226,585	0	17,226,585	0	0
Total for all Agreements			18,151,651	17,226,585	0	17,226,585	0	0

Clean Water SRF Reporting GPR Funding for Kansas - 2014 Cap Grant

Report Generated: 8/27/2018 -- Data Last Modified: 8/27/2018 11:57:00 AM

Tracking Number	Recipient	Initial Loan Date	Total Assistance Amount	GPR Amount	Green Infrastructure	Energy Efficiency	Water Efficiency	Green Innovative
EPA Region: 7								
C20 1988 01	Ellis	4/21/2015	831,611	520,000	0	520,000	0	0
Total for EPA Region: 7 (1 Agreements)			831,611	520,000	0	520,000	0	0
Total for all Agreements			831,611	520,000	0	520,000	0	0

Clean Water SRF Reporting GPR Funding for Kansas - 2015 Cap Grant

Report Generated: 8/27/2018 -- Data Last Modified: 8/27/2018 11:57:00 AM

Tracking Number	Recipient	Initial Loan Date	Total Assistance Amount	GPR Amount	Green Infrastructure	Energy Efficiency	Water Efficiency	Green Innovative
EPA Region: 7								
C20 1920 01	JOCO Lake Gardner	3/17/2012	10,705,671	2,573,893	0	0	0	2,573,893
Total for EPA Region: 7 (1 Agreements)			10,705,671	2,573,893	0	0	0	2,573,893
Total for all Agreements			10,705,671	2,573,893	0	0	0	2,573,893

Clean Water SRF Reporting GPR Funding for Kansas - 2016 Cap Grant

Report Generated: 8/27/2018 -- Data Last Modified: 8/27/2018 11:57:00 AM

Tracking Number	Recipient	Initial Loan Date	Total Assistance Amount	GPR Amount	Green Infrastructure	Energy Efficiency	Water Efficiency	Green Innovative
EPA Region: 7								
C20 1792 01	Dodge City: 2010	11/7/2009	35,715,446	9,834,150	0	9,834,150	0	0
C20 2022 01	Kansas Water Office, Tuttle Creek Lake SB Pr	5/25/2017	1,200,000	1,200,000	1,200,000	0	0	0
Total for EPA Region: 7 (2 Agreements)			36,915,446	11,034,150	1,200,000	9,834,150	0	0
Total for all 2 Agreements			36,915,446	11,034,150	1,200,000	9,834,150	0	0

Clean Water SRF Reporting GPR Funding for Kansas - 2017 Cap Grant

Report Generated: 8/27/2018 -- Data Last Modified: 8/27/2018 11:57:00 AM

Tracking Number	Recipient	Initial Loan Date	Total Assistance Amount	GPR Amount	Green Infrastructure	Energy Efficiency	Water Efficiency	Green Innovative
EPA Region: 7								
C20 2005 01	Jefferson CO SD #5	1/17/2018	933,150	725,524	0	725,524	0	0
Total for EPA Region: 7 (1 Agreements)			933,150	725,524	0	725,524	0	0
Total for all Agreements			933,150	725,524	0	725,524	0	0

Clean Water SRF Reporting

Additional Subsidy for Kansas - 2010 Cap Grant

Report Generated: 8/23/2018 -- Data Last Modified: 8/23/2018 10:09:00 AM

Tracking Number	Recipient	1st Agreement Date in Selected	Assistance Amount	Grant Amount	Negative Interest Amount	Principal Forgiveness Amount	Project Population Served	GPR Amount
C20 1206 01	La Crosse	10/22/2010	2,316,168	0	0	911,394	1,274	0
C20 1692 01	Viola	12/27/2010	450,000	0	0	67,500	213	0
C20 1745 01	Cherokee County SD #1	12/10/2010	284,469	0	0	33,750	1,020	0
C20 1747 01	Newton 2008 & 2010 Amdt.	5/16/2008	7,647,208	0	0	465,429	18,093	0
C20 1784 01	Council Grove	10/6/2010	509,600	0	0	76,440	2,280	0
C20 1786 01	Pott./Blue SD Manhattan 2010	2/10/2010	4,676,603	0	0	698,227	1,500	0
C20 1799 01	Pratt	11/10/2010	4,385,168	0	0	656,800	6,408	2,394,999
C20 1801 01	Hill City	11/16/2011	3,725,110	0	0	142,849	1,437	0
C20 1802 01	Stockton	6/16/2011	5,402,300	0	0	2,092,845	1,439	1,085,510
C20 1822 01	Leoti	5/25/2011	888,149	0	0	296,000	1,339	0
C20 1827 01	El Dorado Wind Turbine	2/24/2012	2,106,252	0	0	842,501	13,021	2,106,252
C20 1881 01	Glacial Hills, Holton	10/26/2011	191,310	0	0	191,310	3,329	191,310
C20 1882 01	Glacial Hills, Delaware Phase 2 NPSGPR	12/7/2010	295,776	0	0	295,776	670,904	295,776
C20 1905 01	Cawker City	7/22/2010	255,669	0	0	38,350	464	0
C20 1908 01	Grinnell	9/22/2010	522,343	0	0	78,351	295	0
C20 1915 01	Independence 2010	11/22/2011	3,764,485	0	0	474,055	9,317	0
C20 1916 01	Shawnee CO P.S. 55, 56, 59 FY2010	3/7/2011	2,650,000	0	0	300,000	9,500	0
C20 1921 01	Flint Hills, Cottonwood - Innovative - C20 1921	10/28/2011	764,300	0	0	764,300	0	764,300
C20 1923 01	Glacial Hills, Delaware Phase 3 NPSGPR	10/26/2011	755,417	0	0	755,417	40,370	755,417
Total for all 19 Agreements			41,590,328	0	0	9,181,294	782,203	7,593,564

Clean Water SRF Reporting

Additional Subsidy for Kansas - 2011 Cap Grant

Report Generated: 8/23/2018 -- Data Last Modified: 8/23/2018 3:36:00 PM

Tracking Number	Recipient	1st Agreement Date in Selected	Assistance Amount	Grant Amount	Negative Interest Amount	Principal Forgiveness Amount	Project Population Served	GPR Amount
C20 1801 01	Hill City	11/16/2011	3,725,110	0	0	1,347,195	1,437	0
C20 1860 01	Pott. Co. - Innovative	11/3/2011	44,800	0	0	33,600	21,604	44,800
C20 1920 01	JOCO Lake Gardner	3/17/2012	10,705,671	0	0	1,112,502	701	8,131,778
C20 1920 02	JOCO Lone Elm LPS Project	3/17/2012	1,128,967	0	0	451,587	163	1,128,967
C20 1931 01	Grainfield	1/25/2012	818,521	0	0	122,778	294	0
C20 1943 01	Kansas Water Office, Smoky Hill River NPSGP	9/24/2012	287,112	0	0	287,112	103,313	287,112
C20 1944 01	Kansas Water Office, Cottonwood Phase 2 NPS	9/24/2012	1,252,233	0	0	762,064	75,000	1,252,233
Total for all 7 Agreements			17,962,414	0	0	4,116,837	202,512	10,844,890

Clean Water SRF Reporting

Additional Subsidy for Kansas - 2012 Cap Grant

Report Generated: 8/23/2018 -- Data Last Modified: 8/23/2018 3:36:00 PM

Tracking Number	Recipient	1st Agreement Date in Selected	Assistance Amount	Grant Amount	Negative Interest Amount	Principal Forgiveness Amount	Project Population Served	GPR Amount
C20 1942 01	Glacial Hills, Wolf River NPSGPR	9/28/2012	153,948	0	0	153,948	250	153,948
C20 1944 01	Kansas Water Office, Cottonwood Phase 2 NPS	9/24/2012	1,252,233	0	0	102,129	75,000	0
C20 1945 01	University of Kansas NPSGPR 2012	9/21/2012	450,000	0	0	450,000	87,643	450,000
C20 1946 01	Glacial Hills, Delaware Phase 4 NPSGPR	8/21/2012	357,405	0	0	357,405	40,370	357,405
Total for all 4 Agreements			2,213,586	0	0	1,063,482	203,263	961,353

Clean Water SRF Reporting

Additional Subsidy for Kansas - 2013 Cap Grant

Report Generated: 8/23/2018 -- Data Last Modified: 8/23/2018 3:36:00 PM

Tracking Number	Recipient	1st Agreement Date in Selected	Assistance Amount	Grant Amount	Negative Interest Amount	Principal Forgiveness Amount	Project Population Served	GPR Amount
C20 1920 01	JOCO Lake Gardner	3/17/2012	10,705,671	0	0	851,480	701	0
Total for all Agreements			10,705,671	0	0	851,480	701	0

Clean Water SRF Reporting

Additional Subsidy for Kansas - 2014 Cap Grant

Report Generated: 8/23/2018 -- Data Last Modified: 8/23/2018 4:05:00 PM

Tracking Number	Recipient	1st Agreement Date in Selected	Assistance Amount	Grant Amount	Negative Interest Amount	Principal Forgiveness Amount	Project Population Served	GPR Amount
C20 1920 01	JOCO Lake Gardner	3/17/2012	10,705,671	0	0	645,024	701	0
C20 1944 01	Kansas Water Office, Cottonwood Phase 2 NPS	9/24/2012	1,252,233	0	0	388,041	75,000	0
Total for all 2 Agreements			11,957,904	0	0	1,033,065	75,701	0

Clean Water SRF Reporting

Additional Subsidy for Kansas - 2015 Cap Grant

Report Generated: 8/24/2018 -- Data Last Modified: 8/24/2018 4:51:00 PM

Tracking Number	Recipient	1st Agreement Date in Selected	Assistance Amount	Grant Amount	Negative Interest Amount	Principal Forgiveness Amount	Project Population Served	GPR Amount
C20 1716 01A	Garden Plain	12/2/2015	391,600	0	0	372,141	0	0
C20 1775 01	Anthony	12/31/2008	3,645,107	0	0	1,247,594	2,249	0
C20 1799 01	Pratt	11/10/2010	4,385,168	0	0	484,303	6,408	0
C20 1920 01	JOCO Lake Gardner	3/17/2012	10,705,671	0	0	1,673,262	701	2,573,893
Total for all 4 Agreements			19,127,546	0	0	3,777,300	9,358	2,573,893

Clean Water SRF Reporting

Additional Subsidy for Kansas - 2016 Cap Grant

Report Generated: 8/24/2018 -- Data Last Modified: 8/24/2018 4:51:00 PM

Tracking Number	Recipient	1st Agreement Date in Selected	Assistance Amount	Grant Amount	Negative Interest Amount	Principal Forgiveness Amount	Project Population Served	GPR Amount
C20 1636 01	Nickerson	7/20/2006	6,622,623	0	0	2,210,786	1,175	0
C20 1799 01	Pratt	11/10/2010	4,385,168	0	0	7,214	6,408	0
C20 2011 01	Lyndon	12/15/2016	9,832,000	0	0	1,400,000	0	0
C20 2022 01	Kansas Water Office, Tuttle Creek Lake SB Proj	5/25/2017	1,200,000	0	0	1,200,000	0	1,200,000
Total for all 4 Agreements			22,039,791	0	0	4,818,000	7,583	1,200,000

\$6,000 more
to KWO

Clean Water SRF Reporting Additional Subsidy for Kansas - 2017 Cap Grant

Report Generated: 8/24/2018 -- Data Last Modified: 8/24/2018 5:06:00 PM

Tracking Number	Recipient	1st Agreement Date in Selected	Assistance Amount	Grant Amount	Negative Interest Amount	Principal Forgiveness Amount	Project Population Served	GPR Amount
C20 1199 01	Willowbrook	1/15/2004	1,050,600	0	0	450,600	0	0
C20 1529 01	Oberlin	10/27/2004	2,393,675	0	0	813,500	0	0
C20 1799 01	Pratt	11/10/2010	4,385,168	0	0	577,822	6,408	0
C20 2005 01	Jefferson CO SD #5	1/17/2018	933,150	0	0	595,775	0	725,524
Total for all 4 Agreements			8,762,593	0	0	2,437,697	6,408	725,524

Short
1,196,700 +
1,157,402,60
CPR OK

Attachment 5

Sources and Distribution of Loan Service Fees
(6 pages)

STATE OF KANSAS

DEPARTMENT OF HEALTH AND ENVIRONMENT
DIVISION OF ENVIRONMENT
CURTIS STATE OFFICE BUILDING
1000 SW JACKSON ST., SUITE 400
TOPEKA, KS 66612-1367



PHONE: (785) 296-1535
FAX: (785) 559-4264
WWW.KDHEKS.GOV

GOVERNOR JEFF COLYER, M.D.
JEFF ANDERSEN, SECRETARY

MEMORANDUM

DATE: September 13, 2018
TO: KWPCRF General 2.1 File
FROM: Rodney R. Geisler, P.E., Chief, Municipal Programs
SUBJECT: Supplemental Document for SFY 2018 Annual Report
Sources and Uses of Loan Service fees

Several years ago in a Memo entitled "Guidance on Fees Charged by States to Recipients of Clean Water State Revolving Fund Program Assistance" dated October 20, 2005, EPA presented a policy memo regarding CW SRF service fees to clarify when service fees earned on loans are considered "program income" and when these are not "program income". Determining the amounts of Program Income and Expenses for each of the three categories of service fee income as presented in the EPA Memo is a time consuming and detailed review, and is presented on the attached spreadsheet "Sources and Distribution of Loan Service Fees". More recently, the Water Resources Reform and Development Act (WRRDA) legislation has provided options to generating and holding service fees for the CW SRF programs as further discussed below, but KDHE will continue with this spreadsheet approach for the near future.

This memo serves as an up to date "procedures guideline" being used for the Kansas Water Pollution Control Revolving Fund (KWPCRF).

Service fees are earned on all loans funded by any source of funds in the KWPCRF.

Program Income is any service fee earned on federal funds paid to any loan.

Program Income Earned During the Grant Period is any service fee earned on federal funds paid to any loan in the KWPCRF during the time period the individual Capitalization Grant is still open, that is, up to the date the FFR (Federal Financial Report) is prepared and dated, and signed by the Secretary.

Program Income Earned After the Grant Period is any service fee earned on federal funds paid to any loan in the KWPCRF after the time period the individual Capitalization Grant is still open, that is, after the date the FFR (Federal Financial Report) is prepared and dated, and signed by the Secretary, thru the end of the repayment period of each loan that received federal funds.

Non-Program Income is any service fee earned on the non-federal funds used for payments to loan agreements. This includes state match bond funds, leveraging bond funds, and "recycled" funds from repayments of prior loan agreements.

KDHE staff in conjunction with Department of Administration staff have prepared a spreadsheet of all loans, showing the federal funds (and other source funds) paid to CW SRF loans. A determination is made which loans have received payments with funds from cap grants. If the cap grant is not yet closed (the FFR is not yet completed) these fees are Program Income Earned During the Grant Period. If the cap grant has been closed (the FFR has been completed) these fees are Program Income Earned After the Grant Period. Sometimes the service fee on cap grant funds in a specific state fiscal year can be "½ and ½" during and after the grant period. This spreadsheet has been updated thru SFY 2018 and a summary is attached.

Expenses paid with KWPCRF service fees can be and are used first in support of the KWPCRF program, and also then in support of the "106 program" to administer the NPDES water quality program. These expenses may include any typical expense of administering a funding/construction program, and any typical expense of administering an enforcement/technical assistance program such as salaries and fringe benefits, travel, rent, office supplies and equipment, communications, technical and financial association fees and conferences, and technical assistance contracts.

All KWPCRF service fees earned and spent for expenses are reviewed by the KWPCRF program management staff.

In accordance with the advice provided by the auditors conducting the Independent Financial Audit of the KWPCRF program many years ago, monthly reports of service fee expense expenditures are reviewed throughout the fiscal year.

Expenses charged to Program Administration (the 603(d)(7) administrative funds from the cap grants) are also identified in the computer accounting database to assure only KWPCRF support expenses are paid from this source. The KWPCRF Service Fees expense expenditures are also identified in the computer accounting database with sub-account 201 for KWPCRF administration support expenses and sub-account 202 for water quality efforts support expenses, and this is also a monthly review.

This review is to assure any expense is properly assigned as a KWPCRF expense spent in support of the KWPCRF program administration, or as a Water Quality related 106 Program NPDES expense.

Individual expenses paid from CW SRF Service Fee Account 7531 could be either Program Administration (PA) or Water Quality related (WQ), and the printed out reports are marked accordingly.

Salaries are now recorded and paid through a computerized database "SMART" (the Statewide Management, Accounting, and Reporting Tool), and that information is utilized in the Summary. Indirects are also automatically billed, and the info from the SMART database is utilized.

The October 5, 2005, memo by EPA requires the Program Income Earned During the Grant Period be used only for SRF Program Administration, and that is what is happening. The October 5, 2005, EPA memo also requires the Program Income Earned After the Grant Period be used first for SRF Program Administration, and that is what is happening, although these funds can also be used for Water Quality related expenses with the approval of EPA, and now the WRRDA Law and Guidance also address this, as presented below. Non-Program Income can be used for any Water Quality related expense, similar to "106 Program" funding, and this is what is happening.

Typically, the service fees spent for Program Administration in support of the SRF program exceeds the Program Income Earned During the Grant Period. The remaining service fees spent are Water Quality related expenses in support of the NPDES program. EPA Region 7 has approved the use of SRF service fees for salaries and expenses for Water Quality related expenses in prior written correspondence, and the WRRDA Law and Guidance now allow this, as presented below.

From the WRRDA Guidance:

Section 602(b)(12)

As amended, the FWPCA now includes section 602(b)(12), which states:

“(12) any fees charged by the State to recipients of assistance that are considered program income will be used for the purpose of financing the cost of administering the fund or financing projects or activities eligible for assistance from the fund;

Fees considered to be program income may be deposited into the fund and used for administration and other activities eligible for assistance from the fund (i.e., loans, refinancing, insurance, guarantees, etc.). Program income is defined in 40 CFR 31.25(b) as “gross income received by the grantee or subgrantee directly generated by a grant support activity, or earned only as a result of the grant agreement during the grant period.” In the CWSRF program, grant supported activities are those activities funded in an amount equal to the amount of the capitalization grant (i.e., funds directly made available by the capitalization grant). Only fees earned during the grant period from projects directly made available by the capitalization grant (equivalency projects) are program income. The grant period starts with the awarding of the grant and is considered closed once all funds have been disbursed. Fees collected after all funds are disbursed are no longer program income *and may be used for water quality purposes. (Emphasis added.)* Fees deposited into the fund may not be used for State match; however, if fees considered as program income are held outside the CWSRF, they may be used for State match in addition to administration and other activities eligible for assistance from the fund. If program income generated through fees is added to the fund and used for administration, those fees are not considered part of the limit on administrative costs (*see section 603(d)(7)*).

And so as we calculate the two relevant items – SRF Program Expenses and Program Income Earned During the Grant Period, the 2017 amounts pass the test - \$60,443 in program income collected was consumed by the \$329,849 of SRF Administration costs. The 2018 amounts also pass the test - \$44,325 in program income collected consumed by the \$381,538 of SRF Administrative costs.

The restriction on capitalized service fee use is not related to program income. It does not matter if the funds disbursed were federal or not.

And so as we calculate the two relevant items – SRF Program Expense and Total Capitalized Interest, the SFY 2017 amounts pass the test – the SRF Program Expenses of \$329,849 exceed the Total Interest Accrued of \$58,987.52. The SFY 2018 amounts also pass the test - \$381,583 of SRF Program Expenses exceed the \$37,230.25 of Total Interest Accrued (from Exhibit 6).

Attachment – Spreadsheet of Service Fees and Expenses (3 pp)

Sources and Distribution of Loan Service Fees
SFY 2018 KWPCRF Annual Report

Service Fee Income*	Program Income Earned During Grant Period	Program Income Earned After Grant Period	Non-Program Income	Totals
10/20/05 - 6/30/06	\$46,890	\$143,845	\$524,277	\$715,012
07/01/06 - 6/30/07	\$89,320	\$250,371	\$902,393	\$1,242,084
07/01/07 - 6/30/08	\$84,052	\$239,001	\$924,217	\$1,247,270
07/01/08 - 6/30/09	\$83,617	\$219,084	\$988,631	\$1,291,332
07/01/09 - 6/30/10	\$71,710	\$211,811	\$1,035,300	\$1,318,821
07/01/09 - 6/30/10 - ARRA	\$517			\$517
07/01/10 - 6/30/11	\$56,612	\$228,323	\$1,043,186	\$1,328,121
07/01/10 - 6/30/11 - ARRA	\$40,002			\$40,002
07/01/11 - 6/30/12	\$52,948	\$217,424	\$1,050,154	\$1,320,526
07/01/11 - 6/30/12 - ARRA	\$59,305			\$59,305
07/01/12 - 6/30/13	\$52,540	\$187,530	\$916,620	\$1,156,691
07/01/12 - 6/30/13 - ARRA	\$15,843			\$15,843
07/01/13 - 6/30/14	\$62,714	\$163,627	\$838,463	\$1,064,804
07/01/13 - 6/30/14 - ARRA	\$0	\$38,635	\$0	\$38,635
07/01/14 - 6/30/15	\$77,205	\$147,237	\$792,660	\$1,017,102
07/01/14 - 6/30/15 - ARRA	\$0	\$37,090	\$0	\$37,090
07/01/15 - 6/30/16	\$100,443	\$134,230	\$762,854	\$997,527
07/01/15 - 6/30/16 - ARRA	\$0	\$35,211	\$0	\$35,211
07/01/16 - 6/30/17	\$60,443	\$173,819	\$651,148	\$885,401
07/01/16 - 6/30/17 - ARRA	\$0	\$32,826	\$0	\$32,826
07/01/17 - 6/30/18	\$44,325	\$186,770	\$648,791	\$879,886
07/01/17 - 6/30/18 - ARRA	\$0	\$30,579	\$0	\$30,579
Total	\$998,486	\$2,677,413	\$11,078,694	\$14,754,585
Anticipated 07/01/18 - 06/30/19	\$70,000	\$160,000	\$650,000	\$880,000
Portion from FY2018 Cap Grant	\$5,000			\$5,000
Anticipated 07/01/19 - 06/30/20	\$80,000	\$160,000	\$700,000	\$940,000
Portion from FY2018 Cap Grant	\$20,000			\$20,000
Anticipated 07/01/20 - 06/30/21	\$80,000	\$160,000	\$700,000	\$940,000
Portion from FY2018 Cap Grant	\$27,000			\$27,000
Anticipated 07/01/21 - 06/30/22	\$80,000	\$160,000	\$700,000	\$940,000
Portion from FY2018 Cap Grant	\$20,000			\$20,000
Anticipated 07/01/22 - 06/30/23	\$30,000	\$160,000	\$700,000	\$890,000
Portion from FY2018 Cap Grant	\$0			\$0
Anticipated 07/01/23 - 06/30/24	\$0	\$100,000	\$650,000	\$750,000
Portion from FY2018 Cap Grant	\$0			\$0

Sources and Distribution of Loan Service Fees
SFY 2018 KWPCRF Annual Report

Expenses*	Program Income Earned During Grant Period	Program Income Earned After Grant Period	Non-Program Income	Totals
Program Administration				
Act. 10/20/05 - 06/30/06	N/A	N/A	N/A	\$218,547
Act. 07/01/06 - 06/30/07	N/A	N/A	N/A	\$211,483
Act. 07/01/07 - 06/30/08	N/A	N/A	N/A	\$234,571
Act. 07/01/08 - 06/30/09	\$204,899	\$0	\$0	\$204,899
Act. 07/01/09 - 06/30/10	\$252,708	\$0	\$0	\$252,708
Act. 07/01/10 - 06/30/11	\$120,024	\$0	\$0	\$120,024
Act. 07/01/11 - 06/30/12	\$261,866	\$0	\$0	\$261,866
Act. 07/01/12 - 06/30/13	\$243,972	\$0	\$0	\$243,972
Act. 07/01/13 - 06/30/14	\$358,708	\$0	\$0	\$358,708
Act. 07/01/14 - 06/30/15	\$255,803	\$0	\$0	\$255,803
Act. 07/01/15 - 06/30/16	\$381,234	\$0	\$0	\$381,234
Act. 07/01/16 - 06/30/17	\$329,849	\$0	\$0	\$329,849
Act. 07/01/17 - 06/30/18	\$381,538	\$0	\$0	\$381,538
Est. 07/01/18 - 06/30/19	\$430,000	\$0	\$0	\$430,000
Est. 07/01/19 - 06/30/20	\$450,000	\$0	\$0	\$450,000
Est. 07/01/20 - 06/30/21	\$470,000	\$0	\$0	\$470,000
Water Quality Related				
Act. 10/20/05 - 06/30/06	N/A	N/A	N/A	\$174,242
Act. 07/01/06 - 06/30/07	N/A	N/A	N/A	\$202,221
Act. 07/01/07 - 06/30/08	N/A	N/A	N/A	\$242,630
Act. 07/01/08 - 06/30/09	N/A	\$0	\$203,482	\$203,482
Act. 07/01/09 - 06/30/10	N/A	\$0	\$295,537	\$295,537
Act. 07/01/10 - 06/30/11	N/A	\$0	\$658,635	\$658,635
Act. 07/01/11 - 06/30/12	N/A	\$0	\$318,648	\$318,648
Act. 07/01/12 - 06/30/13	N/A	\$0	\$932,291	\$932,291
Act. 07/01/13 - 06/30/14	N/A	\$0	\$760,964	\$760,964
Act. 07/01/14 - 06/30/15	N/A	\$0	\$526,091	\$526,091
Act. 07/01/15 - 06/01/16	N/A	\$0	\$532,268	\$532,268
Act. 07/01/16 - 06/01/17	N/A	\$0	\$615,918	\$615,918
Act. 07/01/17 - 06/01/18	N/A	\$0	\$608,310	\$608,310
Est. 07/01/18 - 06/30-19	N/A	\$0	\$650,000	\$650,000
Est. 07/01/19 - 06/30-20	N/A	\$0	\$670,000	\$670,000
Est. 07/01/20 - 06/30-21	N/A	\$0	\$690,000	\$690,000

Sources and Distribution of Loan Service Fees SFY 2018 KWPCRF Annual Report				
	Program Income Earned During Grant Period	Program Income Earned After Grant Period	Non-Program Income	Totals
Expenses*				
Totals				
Act. 10/20/05 - 06/30/06	N/A	N/A	N/A	\$392,789
Act. 07/01/06 - 06/30/07	N/A	N/A	N/A	\$413,704
Act. 07/01/07 - 06/30/08	N/A	N/A	N/A	\$477,201
Act. 07/01/08 - 06/30/09	\$204,899		\$203,482	\$408,381
Act. 07/01/09 - 06/30/10	\$252,708	\$0	\$295,537	\$548,245
Act. 07/01/10 - 06/30/11	\$120,024	\$0	\$658,635	\$778,659
Act. 07/01/11 - 06/30/12	\$261,866	\$0	\$318,648	\$580,514
Act. 07/01/12 - 06/30/13	\$243,972	\$0	\$932,291	\$1,176,263
Act. 07/01/13 - 06/30/14	\$358,708	\$0	\$760,964	\$1,119,672
Act. 07/01/14 - 06/30/15	\$255,803	\$0	\$526,091	\$781,894
Act. 07/01/15 - 06/30/16	\$381,234	\$0	\$532,268	\$913,502
Act. 07/01/16 - 06/30/17	\$329,849	\$0	\$615,918	\$945,767
Act. 07/01/17 - 06/30/18	\$381,538	\$0	\$608,310	\$989,848
Est. 07/01/18 - 06/30/19	\$430,000	\$0	\$650,000	\$1,080,000
Est. 07/01/19 - 06/30/20	\$450,000	\$0	\$670,000	\$1,120,000
Est. 07/01/20 - 06/30/21	\$470,000	\$0	\$690,000	\$1,160,000

* - The additional service fee income and administration expenses due to the ARRA funding source are included in amounts presented here.

These administrative expenses include such typical expenses as salaries and benefits, travel, rent, office supplies and equipment, communications, technical and financial association fees and conferences, and technical assistance contracts.

N/A - Not Available

Est. - Estimated

Act. - Actual

Prepared by: Rod Geisler
09/26/18

Attachment 6

Federal Funding Accountability and Transparency Act (FFATA) Report

In Accordance With the EPA Guidance “Application of Equivalency Under the Federal Funding Accountability and Transparency Act” dated Sep 22 2014, Kansas Will Report Only Amounts Equal to the FFY 2017 and 2018 Capitalization Grants
FFATA for the 2017 Cap Grant is attached.
(The FFY 2018 Cap Grant has not yet been received.)

(2 pages)

FFATA Report For Grants

Federal Award Identifier Number (FAIN):20000117

Federal Agency ID:6800

Is this information correct?: Yes

Federal Agency Name:ENVIRONMENTAL PROTECTION AGENCY

Prime Awardee DUNS #:175941483

Is this information correct?: Yes

DUNS Number +4:

Prime Awardee Name:HEALTH AND ENVIRONMENT, KANSAS DEPARTMENT OF

Prime Awardee Address:1000 SW JACKSON AVE
TOPEKA, Kansas 666121300

Prime Awardee Parent DUNS #:073132748

Principal Place Of Performance(POP):

TOPEKA, Kansas 66612

CFDA Program Number(s):66.458 Capitalization Grants for Clean Water State Revolving Funds

Is this information correct?: Yes

Project Description:These funds will provide loans for wastewater infrastructure costs in the State of Kansas under Title VI of the Clean Water Act.

Is this information correct?: Yes

Total Federal Funding Amount:11967000.00

Is this information correct?: Yes

Obligation/Action Date:September 27, 2017

Is this information correct?: Yes

Report Month:Nov 2017

In your business or organization's preceding completed fiscal year, did your business or organization (the legal entity to which this specific SAM record, No represented by a DUNS number, belongs) receive (1) 80 percent or more of your annual gross revenues in U.S. federal contracts, subcontracts, loans, grants, subgrants, and/or cooperative agreements; and (2) \$25,000,000 or more in annual gross revenues from U.S. federal contracts, subcontracts, loans, grants, subgrants, and/or cooperative agreements?:

Does the public have access to information about the compensation of the executives in your business or organization (the legal entity to which this specific No SAM record, represented by a DUNS number, belongs) through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986?:

Prime Awardee Names and Compensation of Highly Compensated Officers:

Subawardee Data

Subawardee Information: Subawardee DUNS:

073035396

Subawardee Name:

EMPORIA, CITY OF

Subawardee Address:

522 MECHANIC ST
EMPORIA, Kansas
668013950

Subawardee Parent DUNS:

073035396

Amount of Subaward:

11967000.00

Subaward Obligation/Action Date:

December 23, 2016

CFDA Program Number(s):

66.458
Capitalization Grants for Clean Water State Revolving Funds

Federal Agency ID:

6800

Federal Agency Name:

ENVIRONMENTAL PROTECTION AGENCY

Subaward Project Description:

Upgrades to the wastewater treatment

facilities

Subawardee Principal Place of Performance:

Emporia, Kansas

668013950

Subaward Number:

C20 2002 01

As provided to you by your subawardee, in your subawardee's business or organization's preceding completed fiscal year, did its business or organization (the legal entity to which the DUNS number it provided belongs) receive (1) 80 percent or more of its annual gross revenues in U.S. federal contracts, subcontracts, loans, grants, subgrants, and/or cooperative agreements; and (2) \$25,000,000 or more in annual gross revenues from U.S. federal contracts, subcontracts, loans, grants, subgrants, and/or cooperative agreements?:

No

As provided to you by your subawardee, does the public have access to information about the compensation of the executives in the subawardee's business or organization (the legal entity to which the DUNS number it provided belongs) through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986?:

No

Attachment 7

As indicated in the FY 2019 KWPCRF Intended Use Plan predicting the use of the FFY 2018 Cap Grant, and in accordance with federal requirements, **if** the total expenditures of federal funds under the individual loan(s) exceeds \$750,000 in the loan recipient's fiscal year that starts on January 1, 2018, the following loan recipients will be required to prepare Single Audits for the Fiscal Year (calendar year) 2018, with submittal due to KDHE September 30, 2019:

Emporia – Proj No C20 2002 01 (SFY 2017 loan)
Liberal (construction only) – Proj. No. C20 1391 02 (FY 2017 and FY 2018) (SFY 2015 loan)
Johnson County Wastewater, Lake Gardner - Proj. No. C20 1920 01 (SFY 2011 loan)
Hays – Proj. No. C20 1989 01 (SFY 2016 loan)
Junction City (Phase 1) – Proj. No. C20 1973 01 (SFY 2016 loan)

As indicated in the FY 2018 KWPCRF Intended Use Plan predicting the use of the FFY 2017 Cap Grant, and in accordance with federal requirements, **if** the total expenditures of federal funds under the individual loan(s) exceeds \$750,000 in the loan recipient's fiscal year that starts on January 1, 2017, the following loan recipients will be required to prepare A-133 Audits for the Fiscal Year (calendar year) 2017, with submittal due to KDHE September 30, 2018:

Emporia – Proj No C20 2002 01 (SFY 2017 loan)
Liberal (construction only) – Proj. No. C20 1391 02 (SFY 2015 loan)
Johnson County Wastewater, Lake Gardner - Proj. No. C20 1920 01 (SFY 2011 loan)
Hays – Proj. No. C20 1989 01 (SFY 2016 loan)
Junction City (Phase 1) – Proj. No. C20 1973 01 (SFY 2016 loan)