



MISSISSIPPI DEPARTMENT OF ENVIRONMENTAL QUALITY
ANNUAL REPORT
FOR THE
WATER POLLUTION CONTROL REVOLVING LOAN FUND PROGRAM
FISCAL YEAR 2019 (10/01/18 TO 9/30/19)

Prepared for EPA Region IV

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I. INTRODUCTION

The State of Mississippi herewith submits its Water Pollution Control Revolving Loan Fund (WPCRLF) Program Annual Report for federal fiscal year (FY) 2019 (10/01/18 - 9/30/19). This Report describes how the State of Mississippi has met the goals and objectives of this program for the fiscal year, as identified in the FY'19 Intended Use Plan, by the actual use of funds and the financial position of the fund.

II. EXECUTIVE SUMMARY

Fiscal year 2019 is the thirty first year of operation of the Mississippi WPCRLF Program. The FY'89 through FY'18 programs were detailed in previous annual reports.

All EPA capitalization grant funds originate from funding authorized by Congress under Title VI of the Clean Water Act. In FY'19, Mississippi was awarded the FY'19 capitalization grant of \$14,315,000 which was the Title VI allotment exclusive of 604(b).

Federal funds received in FY'19 from the SRF Automated Clearinghouse (ACH) were \$15,945,222. Other FY'19 fund sources included deposits of State match funds totaling \$5,063,381 from bond fund proceeds of \$5,000,000 and interest earned of \$63,381 on bond funds. WPCRLF loan repayments totaled \$34,106,330. Interest earnings on the loan repayments totaled \$2,262,811. Interest and principal payments on bonds that are being retired from the SRF totaled \$904,476. These were paid from the interest earnings. No penalty interest was paid to the fund in FY'19. A detailed breakdown of the sources of the WPCRLF Program funds on an accrual basis is shown in Exhibit 3.

This Annual Report differs from the Intended Use Plan in the timing of binding commitments and disbursements, and the funding of specific projects. The differences are described in greater detail in the Program Changes Section of this report.

In FY'19 Mississippi made continued progress in meeting the State's water quality financing needs.

The State of Mississippi made five binding commitments for new loans to provide financial assistance for construction or rehabilitation of wastewater treatment and transportation facilities. These binding commitments provided assistance to five Section 212 projects. The five binding commitments made in FY'19 totaled \$16,872,460. One of the projects included \$1,406,250 in subsidy. A detailed breakdown of the binding commitments made is shown in Exhibits 1, 2 and 4.

Disbursements from the Mississippi State Revolving Fund for loan projects totaled \$27,972,153. Program administration expenses totaled \$839,533 paid from the loan administrative fee fund and \$294,385 paid from the 4% SRF cap grant fund during FY'19, as shown in Exhibits 11 and 12. Disbursements were also made from interest earnings on loan repayments toward retirement of bond debt in the amount of \$904,476.

Five loan recipients completed construction and initiated operation on their WPCRLF projects during FY'19, bringing the total to three hundred sixteen completed projects.

Five WPCRLF projects began making loan repayments during FY'19, bringing the total to one hundred ninety-four projects in the loan repayment stage. Through FY'19, one hundred eighteen projects have completed repayment of their loans. As of September 30, 2019, one loan recipient was delinquent on loan repayments (See Section IV.A.6 for details).

Mississippi executed nine loan agreement amendments in FY'19. Eight were SRF loan/subsidy net decreases totaling \$7,750,611, and one was an SRF loan/subsidy net increase of \$1,615,652, resulting in a total net decrease amount of \$6,134,959. More detailed information is shown in Exhibit 1, Part 6.

III. GOALS AND ACCOMPLISHMENTS

A. Short-Term Goals and Accomplishments

In its FY'19 Intended Use Plan (IUP), the State of Mississippi described several short-term goals, most of which were previously identified in prior year IUPs. In order for this program to be a success, these goals must be continued and pursued each year as appropriate. The State was successful in the completion of these short-term goals for FY'19:

1. *Periodically consulting with financial advisors to develop revised operating policies and procedures for the WPCRLF (Fund), with the goal of maximizing investment in project loans and reducing idle cash, while maintaining proper stability and management of all aspects of the Fund.*

There was no additional consultation with financial advisors in FY'19. The most recent consultation (in FY'17) confirmed that the Fund has been operated well within the parameters established during prior consultation, and established limitations regarding the 30-year loan term implementation. The need for additional consultation will likely be evaluated in FY'20.

2. *Implementing the additional federal requirements (as detailed in Part 2 of this IUP) which now apply to the WPCRLF Program due to the passage of the Water Resources Reform and Development Act (WRRDA), 2014, and due to the exhaustion of the banked equivalency/cross-cutter compliance [which was applied from implementation of the "post equivalency" WPCRLF Loan Program in FY-2001 until FY-2014].*

In order to expedite the process, the additional federal requirements were implemented using supplemental guidance, additional provisions in the IUP, and WPCRLF regulation variances, where necessary. Regulations, forms, and Standard Operating Procedures will be revised in the future as needed to permanently incorporate these requirements into the program. These activities were carried out in compliance with State law and the Title VI requirements of the Clean Water Act.

3. *Continuing to establish priorities and procedures which will meet the long-term environmental improvement goals of the Commission, while keeping in focus the need to attract communities to the program and insure the maximum wise use of all available funds.*

This was continued by adoption of the FY'19 Priority System, which is included in the FY'19 IUP, and which establishes the priority of various categories of projects in order of importance of environmental improvement. Other related factors include our efforts to inform the State's communities of the availability of WPCRLF funding, including additional subsidy and Green Project Reserve funding, and setting an interest rate that is intended to be low enough that the predicted demand will equal or exceed the funds available. All FY'19 loan awards were made with an interest rate of 1.75%.

4. *Continuing to implement the Green Project Reserve requirements during FY'19.*

As further detailed in Section III.C., the Green Project Reserve requirements were implemented as planned.

5. *Continuing to implement the additional subsidy requirement and to make any additional subsidy funds available to projects in small/low income communities that otherwise might not be able to afford a project.*

As further detailed in Section III.C., the additional subsidy requirements were implemented as planned.

6. *To the extent reasonably practical, continue to structure this program to coordinate with other available funding programs within the State, particularly the CDBG, ARC, and RUS programs, in order to make available the opportunity for joint funding of projects should communities desire such an arrangement.*

A coordination schedule for each of these programs is included in each year's Intended Use Plan. Also, the Department makes individual coordination efforts on WPCRLF jointly funded projects receiving EPA Special Appropriations (SPAP) grants and Corps of Engineers (COE)

Section 592 grants when so requested by the WPCRLF applicants. These coordination efforts make such jointly funded projects readily available for communities desiring such a funding arrangement.

In FY'19, no loans were jointly funded with other programs.

B. Long-Term Goals and Accomplishments

In its FY'19 IUP, the State of Mississippi made the following long-term commitments:

1. *Maintaining a financially sound WPCRLF in perpetuity.*

This will continue to be accomplished through the use of established standard financial reports which are produced, reviewed for accuracy, and cross-checked with the MDEQ - Accounting Section's reports on a regular basis. During the preparation of the IUP for each year, it is insured that for all projects on the fundable portion of the list, adequate funds will be available from the federal payment schedule, state match, repayments, and/or interest earnings. Each community's financial capability analysis and user charge system is reviewed at several project stages to insure that adequate funds are collected to repay the loan and operate the project, and that the community can afford the project.

2. *Meeting a substantial portion of the wastewater needs in the State within a reasonable period of time, while continuing to maintain a program that is attractive to the communities in the State.*

This is being accomplished by establishing loan interest rates that are predicted to be low enough to eventually achieve obligation of essentially all available funds, but are also high enough to hopefully keep pace with inflation of construction costs and generate sufficient repayment income to meet future funding demands. Mississippi has obligated \$976,208,537 of base WPCRLF funds in initial loan awards to meet wastewater needs in the State through FY'19. In addition, \$33,895,968 of ARRA funds and \$18,983,730 of FY'10 and after Cap Grant funds have been obligated in loan awards as subsidies. This results in a total obligation by the State of \$1,029,088,235.

3. *Funding Projects in Order of Environmental Importance.*

The Commission has continued to accomplish this goal by establishing the FY'19 Priority System, which ranks categories of projects in order of environmental importance. This priority system may be updated each year as needed to account for needs that have been met and for new

environmental concerns. No changes were made to this priority system during FY'19.

This goal was accomplished by following the WPCRLF Program Ranking and Funding Rationale established in Section IV.A of the Final FY'19 WPCRLF Intended Use Plan (IUP) adopted by the Commission on August 22, 2019. Projects were ranked in priority order on the FY'19 Priority List in accordance with the priority ranking system established in Section IV.B of the FY'19 IUP and were awarded loans based upon each project's readiness to proceed. Projects on the FY'19 Priority List that met all priority system deadlines were funded when they were ready to proceed. If projects on the FY'19 Priority List failed to meet priority system deadlines, the funds reserved for the project were released and made available to other projects on the FY'20 and After Planning List that were ready to proceed on a first-come, first-served basis in accordance with the adopted funding rationale.

The Department's intent in developing the FY'19 Priority System was to fund projects in order of greatest benefit to the public health and the environment, and within certain categories to assist those communities that are least able to afford the needed environmental facilities without a low interest loan available through the WPCRLF loan program.

C. FY 2010 Through FY 2019 Appropriations-related Goals and Accomplishments

The CWSRF federal appropriations language for FYs 2010 through 2019 included provisions containing additional special requirements related to the "Green Project Reserve (GPR)" and "additional subsidization." In response, the State of Mississippi established and has maintained additional short term goals to implement these requirements. Year-by-year specifics regarding implementation of these requirements and accomplishment of the goals for FY 2010 through FY 2018 are detailed in the Fiscal Year 2018 Annual Report. Due to the lack of sufficient eligible applications for GPR projects, and insufficient state match funding, "excess" unobligated/unmatched GPR funds and additional subsidy funds have been carried forward to be made available for GPR funding or additional subsidies in subsequent fiscal years. As noted in the Fiscal Year 2018 Annual Report, at the end of FY 2018 \$6,670,000 of GPR funding and \$13,584,836 of additional subsidy funding were carried forward and made available in the FY'19 Intended Use Plan. The Consolidated Appropriations Act, 2019 (P. L. 116-6) included similar provisions which (along with the additional subsidy provisions memorialized in Title VI of the Clean Water Act by the Water Resources Reform and Development Act, 2014) resulted in an additional \$1,431,500 to be used for GPR projects, and additional subsidy funding of at least \$1,431,500, but not more than \$5,726,000. Green project solicitations were continued; but unfortunately, no binding commitments were made to qualifying "green" projects (or portions of projects) due, again, to lack

of sufficient eligible applications. Therefore, an amount of \$8,101,500 (the \$1,431,500 of FY'19 "green" funds, along with the \$6,670,000 carried forward from FY'18) will be carried forward and made available to GPR projects in the FY'19 Intended Use Plan. Additional subsidization (principal forgiveness) provided in FY'19 binding commitments to small/low income community projects totaled \$1,406,249.77. This left \$17,904,586 (\$13,584,836 held over from FY'18 plus \$5,726,000 from FY'19, less the \$1,406,249.77 awarded) in unobligated capitalization grant funds available for subsidization of future qualified projects. These funds are being held over for obligation in the FY'20 Intended Use Plan.

Also, the FY 2010 Appropriation Act (P.L. 111-88), and by reference the FY 2011 Continuing Appropriations Act, included the following: "For fiscal year 2010 the requirements of section 513 of the Federal Water Pollution Control Act (Davis Bacon Prevailing Wage Rates) shall apply to the construction of treatment works (any devices and systems which are used in the storage, treatment, transportation, recycling, and reclamation of domestic, industrial, and/or commercial wastewater) carried out in whole or in part with assistance made available by a State water pollution control revolving loan fund." The FY 2012 Consolidated Appropriations Act (P.L. 112-74) included basically the same provision with a small, but very significant, change which read, "For fiscal year 2012, and each fiscal year thereafter, the requirements..." Based on EPA's subsequent interpretation of this language, these Davis Bacon Prevailing Wage Rates requirements have been applied to, and included in, all WPCRLF loan agreements awarded during FY 2010, FY 2011, FY 2012, FY 2013 and FY 2014. Note that, though the State complied by implementing this requirement in accordance with EPA's interpretation, this is not to be considered a concurrence that the interpretation was correct, nor that the requirement should have been applied to any funds other than those appropriated under the Acts. Beginning FY 2015 the Davis Bacon Prevailing Wage Rates requirements became a permanent part of the CWSRF programs due to changes made to Title VI of the Clean Water Act by the Water Resources Reform and Development Act (WRRDA), 2014. Therefore, these requirements have also been applied to, and included in, all subsequent WPCRLF loan agreements, including those awarded in FY 2019, and will continue to be included in all WPCRLF loan agreements for the foreseeable future.

IV. DETAILS OF ACCOMPLISHMENTS

A. Fund Financial Status

1. Binding Commitments

As shown in Exhibits 1 and 2, in FY'19 Mississippi's Water Pollution Control Revolving Loan Fund (WPCRLF) entered into five binding commitments for new loans with loan recipients in order to provide

financial assistance for Section 212 projects totaling \$16,872,461, one of which contained a Cap Grant subsidy.

2. Sources of Funds

Mississippi was awarded the FY'19 Federal capitalization grant of \$14,315,000 in the fourth quarter of FY'19. Funds from the FY'17 capitalization grant were made available during FY'19 per the grant payment schedule. The federal funds made available during FY'19 by the WPCRLF grant payment schedule totaled \$11,945,000.

Other FY'19 fund sources included State match deposits of \$63,381 from interest earned on bond funds and \$5,000,000 of bond proceeds. Also included are WPCRLF loan repayments totaling \$34,106,330 and interest earnings on the loan repayment funds of \$2,262,812. Interest and principal payments on bonds that are being retired from the SRF totaled \$904,476. These costs were paid from interest earnings. This results in a net interest amount of \$1,358,336.

Also, a total of \$1,029,782 of post-construction accrued interest was added to the loan principal on the six projects which were closed out in FY'19. This post-construction accrued interest is not immediately available for obligation in new loan awards, but will be recovered through future loan repayments.

Exhibits 3 and 5, show the sources of WPCRLF funds for FY'19.

3. Administrative Fees Received

During FY'19, total deposits into the administrative fee account were \$2,426,426. Of this amount, \$2,129,418 was from fees, and \$297,008 was from interest earned on the fund.

4. Revenues and Expenses

The Statement of Revenues, Expenditures, and Changes in Fund Balance is shown on Exhibit 8.

5. Disbursements

During the fiscal year, \$28,066,448 was disbursed from the WPCRLF to loan recipients under the terms of their loan agreements. \$294,385 in program administration expenses were paid from the 4% capitalization grant administrative reserve. See Exhibit 12 for a breakdown of Administrative Costs Disbursed.

A total of \$839,533 was disbursed from administrative fee funds during FY'19. See Exhibit 11 for a detailed breakdown of the Administrative Fees Disbursed.

6. Loan Repayments

As of September 30, 2019, one loan recipient was delinquent on loan repayments. Details of this delinquency are shown in Exhibit 10 and the following summary:

Southgate Sewer District

As detailed in the FY 2007 Annual Report, the Southgate Sewer District in Lowndes County was delinquent on their WPCRLF loan repayments from May, 1999, until August, 2006, when the issue contributing to the delinquency was resolved, partial payment was made toward the delinquent amount, and the District resumed loan repayments under a restructured loan. The District remained current until mid-FY'09, when they began making late repayments, and eventually again became delinquent. The District indicated that the delinquency was due to a large unexpected operation/maintenance expense, and a significant number of overdue accounts of their sewer users. They had court judgements/liens issued against the properties of several overdue accounts. As of September, 2009 the District was three months behind in the amount of \$10,298.37. The Department notified the District on September 17, 2009, that penalty interest will accrue on the delinquent amount until the delinquency is resolved. On May 10, 2010, the Department sent a final notice of default to the District, reminding them that penalty interest was accruing on the delinquent amounts (in accordance with their loan agreement and the WPCRLF Regulations), and notifying them that their continuing delinquency had been referred to the agency's Legal Division to pursue any legal action deemed appropriate and necessary to hasten the resolution of this issue. As of September 30, 2019, the District was continuing to make periodic repayments, but was eighty-two months behind in the amount of \$281,489. The Department continues to monitor this issue closely, and will continue efforts to ensure that this delinquency is resolved as soon as possible, with minimal impact to the Fund.

7. Annual Audits

As required by the U.S. Environmental Protection Agency, a separate financial statement audit of the WPCRLF Program was performed for State FY'19. The audit report contains audited financial statements of the WPCRLF Program with an auditor's opinion, an auditor's report on internal controls of the program, and an auditor's report on compliance

with Title VI of the Clean Water Act, as well as compliance with regulations and general grant requirements. The financial statement audit was contracted to a local CPA firm, Windham and Lacey. The audit report revealed no findings. A copy of the audit report is included as Exhibit 14. To our knowledge this concludes all audit requirements for State FY'19.

As required by the Single Audit Act, Mississippi is monitoring sub-recipients of WPCRLF funds for compliance with this Act.

B. Assistance Activity

Exhibits 1 through 4 and Exhibit 6 illustrate the assistance level financial activity of the fund for the FY'19.

Exhibit 1 shows new projects that the WPCRLF Program funded during FY'19. The chart is separated into six sections: Part 1 lists NMP First Use Projects receiving assistance; Part 2 lists all other Section 212 publicly owned treatment works receiving assistance; Part 3 lists Section 319 Nonpoint Source Management Program projects; Section 4 lists any National Estuary projects; Part 5 shows the binding commitment made to provide program administration; and Part 6 displays the assistance amount changes to existing loans.

For each project, Exhibit 1 shows the communities served, project number, enforceable requirement, assistance amount, binding commitment date for initial loan awards, loan amendment award date for assistance changes, construction start date, initiation of operation date, type of assistance being provided, the interest rate and maturity of all loans, and the amount and type of subsidy.

Exhibit 2 shows a breakdown of binding commitments by quarter.

Exhibit 3 illustrates the sources of funds for FY'19 broken down by quarter. Net earnings on investments totaled \$1,358,336 for FY'19. WPCRLF loan repayments received in FY'19 totaled \$34,106,330. No penalty interest was received in FY'19.

Exhibit 4 illustrates binding commitments with respect to scheduled payments from the ACH.

Exhibit 6 shows the assistance amount provided to each Section 212 project by needs category.

C. Provisions of the Operating Agreement/Conditions of the Grant

The State of Mississippi agreed to a number of conditions in the Operating Agreement or Grant Agreement. The following conditions, as applicable, have

been, or will be, met as described in the Operating Agreement or the Capitalization Grant Agreement through the FY'19 WPCRLF capitalization grant.

Current EPA General Terms and Conditions

Annual Audit
 Annual Report
 Annual Review
 Congressional Rescission
 Interim Annual Federal Financial Reports (FFR)
 Utilization of Small, Minority & Women's Business Enterprises
 State Grant Cyber Security
 Clean Water National Information Management System
 Environmental Benefits reporting
 Program Income from Administrative Fees
 Signage/Public Awareness
 Green Project Reserve
 Geospatial Data Standards
 American Iron & Steel
 Wage Rate Requirements
 State Accounting and Auditing Procedures
 Recipient Accounting and Auditing Procedures

The following sixteen conditions have been met as described more fully below.

1. Provide a State Match

The State of Mississippi has deposited into the WPCRLF state match funds that total at least 20 percent of the total grant payments through FY'19 (not including the ARRA capitalization grant, for which no state match was required).

During the Spring 2018 regular legislative session, the Legislature authorized bonds in the amount of \$5,000,000 which provided match for the remainder of the FY-15 capitalization grant, all of the FY-16 capitalization grant, and a small portion of the FY-17 capitalization grant. The sale of those bonds was approved by the State Bond Commission on August 13, 2018 (fourth quarter of FY-18), and the proceeds were deposited into the WPCRLF on November 18, 2018 (first quarter of FY-19). In addition to the \$5,000,000 in bond proceeds, deposits of bond fund interest totaling \$63,381 was also available for state match in FY'19, which resulted in the cumulative total of state match deposits being less than the required amount by \$1,979,397 as of September 30, 2019.

However, during the Spring 2019 regular legislative session, the Legislature had authorized bonds in the amount of \$7,940,000 which would provide match for the remainder of the FY-17 capitalization grant, all of the FY-18 and FY-19 capitalization grants and a small portion of any forthcoming FY-20 capitalization grant. The sale of those bonds was approved by the State Bond Commission on September 3, 2019 (fourth quarter of FY-19), but the proceeds were not deposited into the WPCRLF until October 24, 2019 (first quarter of FY-20). Therefore, as of the date of this report, the cumulative total of state match deposits far exceed the amount currently required.

Expenditures of state match were \$3,189,042 during FY'19. Exhibit 3 displays the state match deposits through FY'19.

2. Binding Commitments Within One Year

The State of Mississippi entered into binding commitments to provide assistance from the WPCRLF in amounts substantially greater than the required 120% of each quarterly grant payment within one year after receipt of each quarterly grant payment (see Exhibit 4 for the comparison of binding commitments to grant payments). The actual binding commitments through the fourth quarter of FY'19 met the 120% requirement for the total of all FY'89 through FY'18 quarterly grant payments well in advance of the one year time frame.

3. Expeditious and Timely Expenditure

The State of Mississippi disbursed all cash draws and other available WPCRLF funds in a timely and expeditious manner. The Mississippi WPCRLF disbursed payments totaling \$28,066,448 to loan recipients during FY'19. All active projects currently appear to be moving in an expeditious and timely manner to start construction and complete the project within the loan agreement schedule. Mississippi is monitoring and urging compliance with the loan agreement schedules to promote timely expenditure of funds.

4. First Use of Funds for Enforceable Requirements

Consistent with the "first use requirement" outlined in Section 602(b)(4) of the Act and 40 CRF 35.3135, no funds in the Fund as a result of the capitalization grant were used for any purpose authorized by the Act, before the State's National Municipal

Policy major and minor treatment works were maintaining progress toward compliance with the enforceable goals, deadlines, and requirements of the Act, including the Municipal Compliance Deadline of July 1, 1988.

Though the first use requirement was met, the intent of the requirement continues to be addressed through the State's Priority System used to develop each year's Intended Use Plan Priority List, which gives priority to projects which eliminate raw sewage discharges, and to those which are necessary to bring existing treatment facilities into compliance with final effluent limitations, or to eliminate existing facilities not meeting final limits.

5. Eligible Activities of the WPCRLF

Eligible Activities of the WPCRLF are described in Section II of the IUP. During FY'19 five Section 212 projects were funded.

6. Compliance with Federal Title II and Cross-cutter Requirements

Beginning in FY'01, only non-equivalency and non-cross-cutter projects were funded, and the Department began to apply banked equivalency and cross-cutter requirement amounts to the FY'01 and after capitalization grant. (Note that the "Super Cross-Cutter" Civil Rights Laws requirements remained in effect.) Details regarding the amount of banked equivalency/cross-cutter compliance, and the capitalization grants to which it was applied were outlined in the FY 2014 and prior Annual Reports. The 2014 passage of the "CWSRF Amendments" in the Water Resources Reform and Development Act (WRRDA), along with the near exhaustion of the WPCRLF's banked equivalency/cross-cutter compliance, made it necessary for the Department to resume applying the applicable cross-cutters and new federal requirements to WPCRLF funded projects beginning in 2015.

7. Compliance with the Small Business Administration Reauthorization and Amendment Act of 1988

We are not aware of any additional actions currently needed regarding compliance with this condition.

8. Disadvantaged Business Enterprise (DBE)

Consistent with federal law and related capitalization grant conditions, the previously negotiated overall fair share objective

of 5.7% (3.6% MBE and 2.1% WBE) was applied to all projects financed by the State Revolving Fund during FY'19.

The State of Mississippi submitted the annual report on Standard Form 5700-52A within 30 days after the reporting period end in FY'19 for projects financed by the State Revolving Fund. Per the FY'15, FY'16, FY'17, FY'18 and FY'19 Capitalization Grant payment schedules, federal funds received during FY'19 totaled \$11,945,000 for the WPCRLF. Based on this amount, the MBE share achieved by projects during FY'19 was 0.0% and the WBE share achieved by projects during FY'19 was 0.21%. Loan recipients and prime contractors associated with all projects funded from this program have been required to make the six good faith efforts included in the federal DBE requirements.

9. Other Federal Authorities (Cross-cutter Requirements)

The State of Mississippi and (as described above) all recipients of WPCRLF funds have complied with applicable federal cross-cutter authorities. Recipients of WPCRLF assistance agreed to do this in the applicable loan agreements between the recipient and the State of Mississippi.

10. State Environmental Review Process (SERP)

The State of Mississippi conducted environmental reviews on all FY'19 funded Section 212 projects in accordance with the SERP. It was determined that no Environmental Impact Statements (EIS) were necessary. A Finding of No Significant Impact (FNSI) or a Categorical Exclusion (CE) was issued for each project in accordance with the Department's program regulations and supplemental guidance.

11. Cash Draw Procedures

The State has drawn cash from the Federal Capitalization Grants in a manner consistent with the Capitalization Grant Agreements. Exhibit 5 shows that \$15,945,222 was drawn from the ACH in FY'19. This amount consisted of \$15,866,642 in project costs and \$78,580 in administrative expenses. See Exhibit 12 for a breakdown of Administrative Costs Disbursed.

12. Disbursement Schedule/Commitment

The State has continued to provide the required schedule of estimated disbursements in each FY's IUP, and has drawn cash from the LOC within the limitations of those schedules.

13. State's Attorney General Certification

The FY'19 Capitalization Grant Application was submitted to EPA on July 26, 2019, and the Attorney General Certification was submitted on July 26, 2019.

14. Administration Funding

Loan administrative fee funds were used to support administrative expenses for FY'19. For more information on program administration funding, see Exhibits 11 and 12.

15. Attendance at EPA Approved/Sponsored Seminars

The State attended all appropriate EPA approved/sponsored seminars, workshops, conferences, etc.

16. Environmental Benefits

The State has participated in the CWSRF Benefits Reporting project.

V. PROGRAM CHANGES

A. Comparison with the Intended Use Plan

This Annual Report reflects the following changes from the FY'19 Intended Use Plan.

Seven projects on the Final FY'19 Priority List did not meet the requirements to receive a loan award (binding commitment) during FY'19. They are delineated in the table below with an asterisk (*).

The actual loan amounts as compared to the Final IUP amounts are shown in the table below.

Loan Recipient	Loan No. SRF-C280	BASE LOAN \$ AWARDED	SUBSIDY \$ AWARDED	IUP \$ AMOUNT
DeSoto Co. RUA*	(TBD)	\$0	\$0	\$4,900,000
Harrison County UA*	(TBD)	\$0	\$0	\$400,000
Harrison County UA*	(TBD)	\$0	\$0	\$300,000
City of Greenville	767-11	\$5,995,343	\$0	\$9,400,000
Harrison County UA*	(TBD)	\$0	\$0	\$4,000,000
Harrison County UA*	(TBD)	\$0	\$0	\$4,000,000
City of Vicksburg	733-04	\$1,290,590	\$0	\$8,000,000
City of Wiggins	929-02	\$2,098,528	\$0	\$2,200,000
DeSoto Co. RUA*	(TBD)	\$0	\$0	\$2,500,000
Jackson County UA	878-08	\$5,613,000	\$0	\$5,100,000
DeSoto Co. RUA*	(TBD)	\$0	\$0	\$8,000,000
Town of Walnut Grove	932-01-SS	\$468,750	\$1,406,249	\$2,000,000
Total		\$15,466,211	\$1,406,249	\$50,800,000

* Did not proceed as of 09/30/19

SS = Small/Low Income Community Subsidy Eligible

GPR = Green Project Reserve Eligible

B. Modifications of Goals and Objectives

There were no modifications made to the FY'19 goals and objectives

C. Restructuring WPCRLF Loans for Gulf Coast Communities Due to Hurricane Katrina

In the aftermath of Hurricane Katrina, the Department contacted all of the WPCRLF loan recipients on the Gulf Coast, and obtained verbal indications of their ability to continue making their loan repayments. These verbal indications ranged from needing no forbearance period, to needing over three years for the communities suffering the most damage.

The Department also obtained from those recipients that needed a forbearance period on their loan repayments, written requests to restructure their repayment schedules. Both state and federal law required amortization of all WPCRLF loans within 20 years after project completion, thus prohibiting the extension of the repayment periods beyond the current 20 years, and necessitating an increase in the monthly repayment amounts when the repayments resume under the restructured loan. To provide some relief to these communities, and to avoid increasing their debt amount while they are unable to make loan repayments, the Department planned to not accrue the interest on these loans during the repayment forbearance periods. The Department included this effort in a public notice as an amendment to previous year intended use plans, with subsequent adoption by our

Commission on January 26, 2006. State law was changed in the 2006 State Legislative session to allow renegotiation of these loans, to forgive interest for up to 2 years, and to extend loan terms for up to 4 years. However, these loan terms still could not be extended unless federal law was also changed in this regard. State law was subsequently amended to remove the 2-year and 4-year restrictions for loans in Hancock County; and, Federal and State law were amended in 2014 and 2015, respectively, to allow for extension of loan terms to a total of 30 years.

The initial forbearance requests involved a total outstanding WPCRLF loan principal of \$49,237,504. As of September 30, 2017, all of the affected loans had been restructured or paid in full. The last two loans which remained in forbearance were each restructured on October 21, 2016, with approximately half of the outstanding principal for each being split into separate loan agreements. Under these restructured loan agreements, repayments resumed on the first half (approximate) of the outstanding principal on January 1, 2017; and, repayments on the remainder of the outstanding principal resumed on January 1, 2019. Exhibit 13 reflects the current status of the loans affected by Hurricane Katrina.

VI. PROPOSED IMPROVEMENTS AND GOALS

A. Modification of the Program

The post-equivalency WPCRLF Program Regulations were adopted by the Commission on Environmental Quality and were put into effect for projects receiving loans beginning in FY'01. As expected, this improvement resulted in more communities being interested in utilizing this program since many federal requirements were eliminated. The 2014 passage of the "CWSRF Amendments" in the Water Resources Reform and Development Act (WRRDA), along with the exhaustion of the WPCRLF's banked equivalency, forced a return to many of the previously eliminated federal requirements beginning in 2015. In order to expedite the process, the additional federal requirements were implemented using supplemental guidance, additional provisions in the IUP, and WPCRLF regulation variances, where necessary. Regulations, forms, and Standard Operating Procedures will be revised in the future as needed to permanently incorporate these requirements into the program.

B. Long and Short-Term Goals for Future IUPs

At this time, there are no proposed major changes to the long-term goals for future IUPs.

EXHIBITS

EXHIBIT 1

NEW PROJECTS RECEIVING WPCRLF FINANCIAL ASSISTANCE IN FFY'19

EXHIBIT 1 PART 1: NATIONAL MUNICIPAL POLICY LIST FIRST USE PROJECTS

PROJECT NAME COMMUNITIES SERVED	PROJECT NUMBER (SRF-C280) **	ENFORCEABLE REQUIREMENT	ASSISTANCE AMOUNT			BINDING COMMITMENT DATE	CONSTR. START DATE	INITIATE OPERATION DATE	* TYPE	INTEREST RATE ON LOAN	LOAN MATURES DATE
			SUBSIDY	SRF	TOTAL						
None		PART 1 Total	\$0	\$0	\$0	N/A					

EXHIBIT 1 PART 2: OTHER SECTION 212 PUBLICLY OWNED TREATMENT WORKS

PROJECT NAME COMMUNITIES SERVED	PROJECT NUMBER (SRF-C280) **	ENFORCEABLE REQUIREMENT	ASSISTANCE AMOUNT			BINDING COMMITMENT DATE	CONSTR. START DATE	INITIATE OPERATION DATE	* TYPE	INTEREST RATE ON LOAN	LOAN MATURES DATE
			SUBSIDY	SRF	TOTAL						
Walnut Grove	932-01-0-SS	N/A	\$1,406,250	\$468,750	\$1,875,000	09/30/19	12/08/20	05/17/22	S/L	1.75%	5/17/42
Vicksburg	733-04-0	N/A	\$0	\$1,290,590	\$1,290,590	09/30/19	08/25/20	05/22/21	L	1.75%	5/22/41
Wiggins	929-02-0	N/A	\$0	\$2,098,528	\$2,098,528	09/30/19	01/22/21	03/28/19	L	1.75%	3/28/39
JCUA	878-08-0	N/A	\$0	\$5,613,000	\$5,613,000	09/30/19	04/22/21	05/17/22	L	1.75%	5/17/42
Greenville	767-11-0	N/A	\$0	\$5,995,343	\$5,995,343	09/30/19	07/26/21	08/25/22	L	1.75%	8/25/42
		PART 2 Total	\$1,406,250	\$15,466,211	\$16,872,461						

EXHIBIT 1 PART 3: SECTION 319 NONPOINT SOURCE MANAGEMENT PROGRAMS

PROJECT NAME COMMUNITIES SERVED	PROJECT NUMBER (SRF-C280) **	ENFORCEABLE REQUIREMENT	ASSISTANCE AMOUNT			BINDING COMMITMENT DATE	CONSTR. START DATE	INITIATE OPERATION DATE	* TYPE	INTEREST RATE ON LOAN	LOAN MATURES DATE
			SUBSIDY	SRF	TOTAL						
None		PART 3 Total	\$0	\$0	\$0	N/A	N/A	N/A	N/A	N/A	N/A

EXHIBIT 1 PART 4: SECTION 320 NATIONAL ESTUARY PROGRAM

PROJECT NAME COMMUNITIES SERVED	PROJECT NUMBER (SRF-C280) **	ENFORCEABLE REQUIREMENT	ASSISTANCE AMOUNT			BINDING COMMITMENT DATE	CONSTR. START DATE	INITIATE OPERATION DATE	* TYPE	INTEREST RATE ON LOAN	LOAN MATURES DATE
			SUBSIDY	SRF	TOTAL						
None		PART 4 Total	\$0	\$0	\$0	N/A	N/A	N/A	N/A	N/A	N/A

EXHIBIT 1 PART 5: SECTION 603(d)(7) PROGRAM ADMINISTRATION

PROJECT NAME COMMUNITIES SERVED	PROJECT NUMBER (SRF-C280) **	ENFORCEABLE REQUIREMENT	ASSISTANCE AMOUNT			BINDING COMMITMENT DATE	CONSTR. START DATE	INITIATE OPERATION DATE	* TYPE	INTEREST RATE ON LOAN	LOAN MATURES DATE
			SUBSIDY	SRF	TOTAL						
None		PART 5 Total	\$0	\$0	\$0	N/A	N/A	N/A	A	N/A	N/A

Continued next page.

EXHIBIT 1

NEW PROJECTS RECEIVING WPCRLF FINANCIAL ASSISTANCE IN FFY'19

EXHIBIT 1 PART 6: ASSISTANCE AMOUNT CHANGES ***

PROJECT NAME COMMUNITIES SERVED	PROJECT NUMBER (SRF-C280) **	ENFORCEABLE REQUIREMENT	ASSISTANCE AMOUNT			BINDING COMMITMENT DATE	CONSTR. START DATE	INITIATE OPERATION DATE	* TYPE	INTEREST RATE ON LOAN	LOAN MATURES DATE
			SUBSIDY	SRF	TOTAL						
Greenville	767-09-2	N/A	\$0	(\$276,980)	(\$276,980)	09/30/14	10/21/15	07/18/18	L	1.75%	07/15/38
Cleveland	809-06-2	N/A	\$0	(\$167,488)	(\$167,488)	09/30/15	03/01/17	07/26/18	L	1.75%	07/15/38
Brandon	871-06-2	N/A	\$0	(\$198,512)	(\$198,512)	09/30/16	04/17/17	09/20/18	L	1.75%	09/15/38
Friars Point	931-01-2-SS	N/A	\$0	(\$63,330)	(\$63,330)	09/30/16	03/01/18	09/27/18	S/L	1.75%	09/01/38
Tupelo	885-07-1	N/A	\$0	(\$675,122)	(\$675,122)	09/29/17	01/23/19	01/14/20	L	1.75%	03/15/40
JCUA	878-06-1	N/A	\$0	\$1,615,652	\$1,615,652	09/29/17	02/04/19	01/30/20	L	1.75%	08/15/40
Ocean Springs ****	752-03-0	N/A	\$0	(\$4,958,000)	(\$4,958,000)	09/28/18	N/A	N/A	L	1.75%	N/A
West Rankin UA	907-08-2	N/A	\$0	(\$632,513)	(\$632,513)	09/30/16	02/20/17	02/26/19	L	1.75%	02/10/39
DCRUA	887-09-3	N/A	\$0	(\$778,666)	(\$778,666)	09/26/14	08/17/15	06/05/19	L	1.75%	05/10/39
PART 6 Total			\$0	(\$6,134,959)	(\$6,134,959)						
GRAND TOTAL			\$1,406,250	\$9,331,252	\$10,737,502						

* L = Loan; S = Subsidy.

** Green and Small/Low Income Community Subsidy projects are designated by a GS or SS.

*** There were 9 loans amended during this reporting period: 1 increase of \$1,615,652; 8 decreases of \$7,750,611; Total decreases (all amendments) of \$6,134,959.

**** After award, officials with Ocean Springs requested that this loan be voided, thus this reversal transaction.

EXHIBIT 2

FY'19 BINDING COMMITMENTS TO LOAN RECIPIENTS BY QUARTER

PROJECT NAME COMMUNITIES SERVED	PROJECT NUMBER ** (SRF-C280)	CONSTRUCTION START DATE	SUBSIDY/LOAN AMOUNTS								TOTAL ASSISTANCE FOR YEAR		* TYPE	
			QTR1		QTR 2		QTR 3		QTR 4		SUBSIDY	SRF		
			SUBSIDY	SRF	SUBSIDY	SRF	SUBSIDY	SRF	SUBSIDY	SRF				
NATIONAL MUNICIPAL POLICY LIST FIRST USE PROJECTS														
None														
OTHER SECTION 212 POTW														
Walnut Grove	932-01-0-SS	12/08/20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,406,250	\$468,750	\$1,406,250	\$468,750	S/L
Vicksburg	733-04-0	08/25/20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,290,590	\$0	\$1,290,590	L
Wiggins	929-02-0	01/22/21	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,098,528	\$0	\$2,098,528	L
JCUA	878-08-0	04/22/21	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,613,000	\$0	\$5,613,000	L
Greenville	767-11-0	07/26/21	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,995,343	\$0	\$5,995,343	L
TOTAL			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,406,250	\$15,466,211	\$1,406,250	\$15,466,211	
SECTION 319														
None														
			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	N/A
SECTION 320														
None														
			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	N/A
TOTAL			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,406,250	\$15,466,211	\$1,406,250	\$15,466,211	

* L = Loan; S = Subsidy.

** Green and Small/Low Income Community Subsidy projects are designated by a GS or SS.

EXHIBIT 3

SOURCE OF WPCRLF FUNDS BY QUARTER IN FFY'19

SOURCE OF FUNDS	TOTALS	QTR 1	QTR 2	QTR 3	QTR 4
LOC PAYMENT SCHEDULE PER GRANT AWARDS					
FY 16 GRANT	\$0	\$0	\$0	\$0	\$0
FY 17 GRANT	\$11,945,000	\$0	\$0	\$0	\$11,945,000
FY 18 GRANT	\$0	\$0	\$0	\$0	\$0
FY 19 GRANT	\$0	\$0	\$0	\$0	\$0
CASH DEPOSITS-MATCH REQUIRED ON LOC PAYMT SCHEDULE					
FY 16 GRANT (REQUIRED)	\$0	\$0	\$0	\$0	\$0
FY 17 GRANT (REQUIRED)	\$2,389,000	\$0	\$0	\$0	\$2,389,000
FY 18 GRANT (REQUIRED)	\$0	\$0	\$0	\$0	\$0
FY 18 GRANT (REQUIRED)	\$0	\$0	\$0	\$0	\$0
**EXCESS STATE MATCH (Cum. as of 9/30/19)	(\$1,979,397)				(\$1,979,397)
INTEREST EARNINGS					
STATE MATCH AND REPAYMENTS	\$1,358,336	(\$247,907)	\$537,290	\$249,659	\$819,294
LOAN REPAYMENTS					
PRINCIPAL REPAYMENTS	\$29,679,133	\$8,387,708	\$7,097,308	\$7,136,880	\$7,057,237
INTEREST REPAYMENTS	\$4,427,197	\$1,075,197	\$1,131,769	\$1,103,529	\$1,116,702
PENALTIES RECEIVED	\$0	\$0	\$0	\$0	\$0
TOTAL	\$47,819,269	\$9,214,998	\$8,766,367	\$8,490,068	\$21,347,836

**Excess state match increased by \$2,674,381 from FY'18. The required FY'19 state match plus the \$2,674,381 increase equals total deposits of state match during FY'19 of \$5,063,381. Excess state match is based on the grant award payment schedules, not actual state match expended.

EXHIBIT 4

BINDING COMMITMENTS BY QUARTER WITH RESPECT TO SCHEDULED PAYMENTS FROM THE CAP GRANT IN FFY'19

COMMUNITIES SERVED	PROJECT NUMBER ** (SRF-C280)	CONSTRUCTION START DATE	TOTAL SUBSIDY/LOAN AMOUNTS				TOTAL	TYPE *
			QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4		
NATIONAL MUNICIPAL POLICY LIST FIRST USE PROJECTS								
None			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
OTHER SECTION 212 POTW								
Walnut Grove	932-01-0-SS	12/08/20	\$0.00	\$0.00	\$0.00	\$1,874,999.93	\$1,874,999.93	S/L
Vicksburg	733-04-0	08/25/20	\$0.00	\$0.00	\$0.00	\$1,290,589.50	\$1,290,589.50	L
Wiggins	929-02-0	01/22/21	\$0.00	\$0.00	\$0.00	\$2,098,528.00	\$2,098,528.00	L
JCUA	878-08-0	04/22/21	\$0.00	\$0.00	\$0.00	\$5,613,000.00	\$5,613,000.00	L
Greenville	767-11-0	07/26/21	\$0.00	\$0.00	\$0.00	\$5,995,343.00	\$5,995,343.00	L
TOTAL			\$0.00	\$0.00	\$0.00	\$16,872,460.43	\$16,872,460.43	
SECTION 319								
None			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
PROGRAM ADMINISTRATION								
2018 SRF Cap Grant			\$0.00	\$0.00	\$0.00	\$402,040.00	\$402,040.00	A
TOTALS FOR ALL BINDING COMMITMENTS			\$0.00	\$0.00	\$0.00	\$17,274,500.43	\$17,274,500.43	
		<u>PREV. FY END</u>						
CUM. BINDING COMMITMENTS (FY1989-2019) ***		\$980,473,058	\$980,473,058	\$980,473,058	\$980,473,058	\$997,747,558		
CUM. PAY. SCH. AMTS. RECEIVED THRU FY18		\$333,360,986	\$345,397,986	\$345,397,986	\$345,397,986	\$345,397,986		
CUMULATIVE BINDING COMMITMENTS THROUGH THIS REPORTING FY AS A % OF PAYMENT SCHEDULE AMOUNTS RECEIVED THROUGH PREVIOUS REPORTING FY ****			283.87%	283.87%	283.87%	288.87%		

* L = Loan; S = Subsidy; A = Administration.

** Green and Small/Low Income Community Subsidy project numbers are designated by a GS or SS.

*** Initial binding commitments for projects and administration through this reporting cycle.

**** Federal law allows one year after the scheduled payments to achieve binding commitments of at least 120% of the federal payment schedule amounts. These percentages compare the actual SRF binding commitments through this reporting FY to the cumulative cap grant payment schedule amount received through the previous reporting FY. Payment schedule amounts for the previous reporting FY were: Q1: \$12,037,000 (FY16 Cap Grant payment 1/1); Q2: \$0; Q3: \$0; Q4: \$0.

EXHIBIT 5

DISBURSEMENTS

FY	DISBURSEMENTS	LOC AVAILABLE (BEGINNING)	LOC DEPOSITS	LOC CASH DRAWS	LOC AVAILABLE (ENDING)	STATE SHARE	LOC CASH DRAWS AS % OF DISBURSEMENTS
1989	\$122,440	\$0	\$11,034,080	\$94,085	\$10,939,995	\$28,355	76.84%
1990	\$5,245,159	\$10,939,995	\$14,508,177	\$4,378,735	\$21,069,437	\$866,425	83.48%
1991	\$20,965,206	\$21,069,437	\$16,712,455	\$17,470,306	\$20,311,586	\$3,494,900	83.33%
1992	\$24,787,416	\$20,311,586	\$13,745,634	\$20,655,353	\$13,401,867	\$4,132,063	83.33%
1993	\$17,910,200	\$13,401,867	\$14,234,106	\$14,924,569	\$12,711,404	\$2,985,630	83.33%
1994	\$15,765,319	\$12,711,404	\$17,109,947	\$13,137,241	\$16,684,110	\$2,628,078	83.33%
1995	\$21,064,453	\$16,684,110	\$14,140,815	\$17,553,007	\$13,271,918	\$3,511,446	83.33%
1996	\$23,966,859	\$13,271,918	\$13,085,727	\$19,971,561	\$6,386,084	\$3,995,298	83.33%
1997	\$26,236,889	\$6,386,084	\$12,149,958	\$16,417,270	\$2,118,772	\$9,819,619	62.57%
1998	\$16,684,953	\$2,118,772	\$12,431,742	\$9,769,581	\$4,780,933	\$6,915,372	58.55%
1999	\$13,505,597	\$4,780,933	\$12,535,734	\$9,500,952	\$7,815,715	\$4,004,645	70.35%
2000	\$19,661,481	\$7,815,715	\$7,065,619	\$12,033,614	\$2,847,720	\$7,627,867	61.20%
2001	\$16,996,042	\$2,847,720	\$6,193,730	\$6,881,224	\$2,160,226	\$9,918,677	40.49%
2002	\$21,495,661	\$2,160,226	\$5,200,680	\$7,183,931	\$176,975	\$14,279,670	33.42%
2003	\$22,245,672	\$176,975	\$10,319,396	\$6,323,854	\$4,172,517	\$16,145,923	28.43%
2004	\$28,954,917	\$4,172,517	\$25,371,026	\$24,091,773	\$5,451,770	\$4,867,240	83.20%
2005	\$38,813,007	\$5,451,770	\$12,875,892	\$14,391,823	\$3,935,839	\$24,421,184	37.08%
2006	\$48,982,743	\$3,935,839	\$6,858,595	\$6,360,149	\$4,434,285	\$42,464,889	12.98%
2007	\$60,626,364	\$4,434,285	\$5,451,020	\$9,551,628	\$333,677	\$51,230,884	15.75%
2008	\$27,406,845	\$333,677	\$18,219,860	\$13,203,340	\$5,350,197	\$14,206,228	48.18%
2009	\$33,439,213	\$5,350,197	\$41,401,000	\$6,898,157	\$39,853,040	\$26,539,890	20.63%
2010	\$33,589,576	\$39,853,040	\$9,192,680	\$26,115,332	\$22,930,388	\$7,474,245	77.75%
2011	\$35,629,685	\$22,930,388	\$10,077,070	\$22,057,345	\$10,950,113	\$13,406,704	61.91%
2012	\$29,860,161	\$10,950,113	\$12,391,250	\$6,237,517	\$17,103,846	\$23,693,999	20.89%
2013	\$44,470,126	\$17,103,846	\$7,783,310	\$11,898,383	\$12,988,773	\$32,666,023	26.76%
2014	\$60,193,665	\$12,988,773	\$4,949,693	\$15,321,994	\$2,616,472	\$44,871,671	25.45%
2015	\$38,130,601	\$2,616,472	\$9,258,095	\$7,207,940	\$4,666,627	\$30,922,661	18.90%
2016	\$42,060,562	\$4,666,627	\$12,617,210	\$5,938,705	\$11,345,132	\$36,121,857	14.12%
2017	\$26,838,559	\$11,345,132	\$11,754,785	\$10,236,561	\$12,863,356	\$16,601,998	38.14%
2018	\$44,279,309	\$12,863,356	\$12,037,000	\$791,468	\$24,108,888	\$43,487,841	1.79%
2019 Q1	\$7,873,933	\$24,108,888	\$0	\$59,994	\$24,048,894	\$7,813,939	0.76%
2019 Q2	\$6,308,114	\$24,048,894	\$0	\$5,092,291	\$18,956,603	\$1,215,823	80.73%
2019 Q3	\$7,133,330	\$18,956,603	\$0	\$5,944,442	\$13,012,161	\$1,188,888	83.33%
2019 Q4	\$6,751,071	\$13,012,161	\$11,945,000	\$4,848,495	\$20,108,666	\$1,902,576	71.82%
2019 TOTALS	\$28,066,448		\$11,945,000	\$15,945,222		\$12,121,226	56.81%
CUMULATIVE TOTALS	\$887,995,128		\$392,651,286	\$372,542,620		\$515,452,508	41.95%

EXHIBIT 6

FY'19 ASSISTANCE AMOUNT BY NEEDS CATEGORY

EXHIBIT 6: PART 1: NATIONAL MUNICIPAL POLICY LIST FIRST USE PROJECTS

COMMUNITIES SERVED	PROJECT NUMBER * (SRF-C280)	NEEDS CATEGORIES **							ASSISTANCE			
		1	2	3A	3B	4A	4B	5	6	7D	TOTAL	
None		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Part 1 Total		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

EXHIBIT 6: PART 2: OTHER SECTION 212 PUBLICLY OWNED TREATMENT WORKS

COMMUNITIES SERVED	PROJECT NUMBER * (SRF-C280)	NEEDS CATEGORIES **							ASSISTANCE			
		1	2	3A	3B	4A	4B	5	6	7D	TOTAL	
Walnut Grove	932-01-0-SS	\$0	\$0	\$0	\$1,875,000	\$0	\$0	\$0	\$0	\$0	\$0	\$1,875,000
Vicksburg	733-04-0	\$0	\$0	\$0	\$1,290,590	\$0	\$0	\$0	\$0	\$0	\$0	\$1,290,590
Wiggins	929-02-0	\$0	\$0	\$0	\$2,098,528	\$0	\$0	\$0	\$0	\$0	\$0	\$2,098,528
JCUA	878-08-0	\$0	\$0	\$0	\$0	\$0	\$5,613,000	\$0	\$0	\$0	\$0	\$5,613,000
Greenville	767-11-0	\$2,067,630	\$0	\$0	\$3,927,713	\$0	\$0	\$0	\$0	\$0	\$0	\$5,995,343
Part 2 Total		\$2,067,630	\$0	\$0	\$9,191,831	\$0	\$5,613,000	\$0	\$0	\$0	\$0	\$16,872,461

EXHIBIT 6 PART 3: SECTION 319 NONPOINT SOURCE MANAGEMENT PROGRAMS

COMMUNITIES SERVED	PROJECT NUMBER * (SRF-C280)	NEEDS CATEGORIES **							ASSISTANCE			
		1	2	3A	3B	4A	4B	5	6	7D	TOTAL	
None		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Part 3 Total		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
GRAND TOTALS		\$2,067,630	\$0	\$0	\$9,191,831	\$0	\$5,613,000	\$0	\$0	\$0	\$0	\$16,872,461

* Green and Small/Low Income Community Subsidy projects are designated by a GS or SS.

* The Needs Categories are: 1 = Secondary Treatment; 2 = Advanced Treatment; 3A = Infiltration/Inflow; 3B = Major Sewer Replacement/Rehabilitation; 4A = New Collector Sewers; 4B = New Interceptor Sewers; 5 = Combined Sewer Overflows; 6 = Storm Water; 7D = Non-Point Source.

EXHIBIT 7

**MISSISSIPPI DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF POLLUTION CONTROL
WATER POLLUTION CONTROL REVOLVING LOAN FUND**

**BALANCE SHEET
September 30, 2019**

	2019	2018
ASSETS		
ASSETS:		
*Cash in State Treasury-State Match	2,018,712	144,373
*Cash in State Treasury-Interest	30,758,441	29,495,638
*Cash in State Treasury-Interest Penalties	239,540	239,540
*Cash in State Treasury-Repayments	98,699,744	73,525,597
*Cash in State Treasury-Repo	0	0
Due from other funds-Administrative	0	0
Due from Federal Government	166,741	0
Interest Receivable	215,293	119,761
Loans Receivable(Prin. and Post-Const. Interest Accrual)	415,504,398	416,308,031
Total Assets	<u>547,602,869</u>	<u>519,832,940</u>
LIABILITIES AND FUND EQUITY		
LIABILITIES:		
Due to federal government	0	0
Due to other funds	200,089	0
Accounts Payable	0	0
Total Liabilities	<u>200,089</u>	<u>0</u>
FUND BALANCE:		
Reserved for long-term portion of loans receivable	387,903,253	372,914,489
Unreserved	159,499,527	146,918,451
Total Fund Balance	<u>547,402,780</u>	<u>519,832,940</u>
Total Liabilities and Fund Balance	<u>547,602,869</u>	<u>519,832,940</u>

* The Treasurer invests excess cash in the State's cash and short-term investment pool.

EXHIBIT 8**MISSISSIPPI DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF POLLUTION CONTROL
WATER POLLUTION CONTROL REVOLVING LOAN FUND****STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2019**

	2019	2018
REVENUES:		
Interest from Investments	1,358,336	519,752
Interest from Repayments	4,427,197	4,174,984
Interest Accrued on Post Construction Projects	1,029,784	465,276
Penalty Revenue	0	0
Bond Proceeds and Interest	5,063,381	3,592
Prior year revenue	0	0
Federal EPA grant	16,111,963	791,468
ARRA Federal EPA grant	0	0
	<hr/>	<hr/>
TOTAL REVENUES	27,990,661	5,955,072
EXPENDITURES:		
*Program Administration	294,385	0
Subsidies	126,436	357,122
	<hr/>	<hr/>
EXCESS OF REVENUES OVER EXPENDITURES	27,569,840	5,597,950
OTHER FINANCING SOURCES:		
Transfers in	0	0
	<hr/>	<hr/>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	27,569,840	5,597,950
	<hr/>	<hr/>
FUND BALANCE: beginning of year	519,832,940	514,234,990
FUND BALANCE: end of year	547,402,780	519,832,940
	<hr/> <hr/>	<hr/> <hr/>

*In FFY '19, program administration expenses of \$294,385 was paid from the SRF fund and \$839,533 was paid from administrative fees collected.
See Exhibits 11 and 12 for detailed information on these administrative expenses.

EXHIBIT 9**MISSISSIPPI DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF POLLUTION CONTROL
WATER POLLUTION CONTROL REVOLVING LOAN FUND****STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED SEPTEMBER 30, 2019**

	2019	2018
SOURCES OF WORKING CAPITAL:		
Operations:		
Excess of Revenues over Expenditures	27,569,840	5,597,950
Total Resources Provided	27,569,840	5,597,950
APPLICATIONS OF WORKING CAPITAL		
INCREASE IN WORKING CAPITAL	<u>27,569,840</u>	<u>5,597,950</u>
CHANGES IN COMPONENTS OF WORKING CAPITAL:		
Increase/(Decrease) in current assets:		
Cash in State Treasury-State Match	1,874,339	(154,702)
Cash in State Treasury-Interest	1,262,803	478,547
Cash in State Treasury-Interest Penalties	0	0
Cash in State Treasury-Repayments	25,174,147	(10,629,930)
Cash in State Treasury-Repo	0	0
Due from other funds (Administrative)	0	0
Due from Federal Government	166,741	0
Due from other funds (Repayments)	0	0
Interest Receivable	95,532	41,204
Loans Receivable (Prin. and Post-Const. Interest Accrual)	(803,633)	15,862,831
	<u>27,769,929</u>	<u>5,597,950</u>
Increase/(Decrease) in current liabilities:		
Due to Federal Government	0	0
Due to other funds	200,089	0
Accounts Payable	0	0
	<u>200,089</u>	<u>0</u>
INCREASE IN WORKING CAPITAL	<u>27,569,840</u>	<u>5,597,950</u>

EXHIBIT 10

REPORT OF ANNUAL LOAN DELINQUENCIES AS OF
September 30, 2019

LOAN RECIPIENT	SRF LOAN NO.	DAYS PAST DUE *			TOTAL
	SRF-C280	31-60	61-120	OVER 120 DAYS	
South Gate Sewer District	796-01-3	\$3,432.79	\$6,865.58	\$271,190.41	\$281,488.78
TOTAL					<u>\$281,488.78</u>

*Loans are not delinquent until over 30 days past due. This schedule reflects only the amounts past due more than 30 days.

EXHIBIT 11**FY'19 ADMINISTRATIVE FEES - 5% STATE FEES - DISBURSEMENTS**

	TOTAL	QTR 1	QTR 2	QTR 3	QTR 4
SALARIES	\$413,423.23	\$131,112.50	\$138,652.89	\$141,350.98	\$2,306.86
FRINGE BENEFITS	\$125,324.07	\$39,866.32	\$42,237.25	\$42,411.01	\$809.49
TRAVEL	\$4,678.82	\$4,101.48	\$0.00	\$0.00	\$577.34
CONTRACTUAL	\$45,943.60	\$34,167.67	\$1,407.01	\$6,051.34	\$4,317.58
SUPPLIES	\$2,826.23	\$524.44	\$386.75	\$316.97	\$1,598.07
EQUIPMENT	\$10,290.31	\$0.00	\$0.00	\$0.00	\$10,290.31
SUBSIDIES, LOANS AND GRANTS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL DIRECT	\$602,486.26	\$209,772.41	\$182,683.90	\$190,130.30	\$19,899.65
INDIRECT	\$237,046.45	\$75,316.18	\$79,682.11	\$80,947.15	\$1,101.01
TOTAL	\$839,532.71	\$285,088.59	\$262,366.01	\$271,077.45	\$21,000.66

EXHIBIT 12

FY'19 ADMINISTRATIVE COSTS -EPA 4% GRANT FUNDS INCLUDING ARRA - DISBURSEMENTS

	TOTAL	QTR 1	QTR 2	QTR 3	QTR 4
SALARIES	\$160,904.53	\$0.00	\$0.00	\$0.00	\$160,904.53
FRINGE BENEFITS	\$51,268.99	\$0.00	\$0.00	\$0.00	\$51,268.99
TRAVEL	\$3,752.57	\$0.00	\$0.00	\$0.00	\$3,752.57
CONTRACTUAL	\$3,393.53	\$0.00	\$0.00	\$0.00	\$3,393.53
SUPPLIES	\$104.40	\$0.00	\$0.00	\$0.00	\$104.40
EQUIPMENT	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
SUBSIDIES, LOANS AND GRANTS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL DIRECT	\$219,424.02	\$0.00	\$0.00	\$0.00	\$219,424.02
INDIRECT	\$74,960.90	\$0.00	\$0.00	\$0.00	\$74,960.90
TOTAL	\$294,384.92	\$0.00	\$0.00	\$0.00	\$294,384.92

EXHIBIT 13									
FOREBEARANCE STATUS									
Repayment Forbearance Requests as of 9/30/19									
All loans have been restructured, resumed repayments or have been paid in full.									
Loan Recipient	LN #	Original Final \$ Amt of Loans in Repayment as of 01/31/12	Remaining Principal 9/30/2019	Original End of Repay Period	Actual Principal \$ Amt Amortized	Monthly Repay as of 1/26/06	Estimated New Monthly Repay	Actual NEW Restructured Monthly Repay	Forbearance Requested
WPCRLF Loans (Restart)									
Biloxi, City of	756-01	\$ -	\$ -	Pd in Full	\$ 231,481.98	\$ 3,232.67	\$ -	\$ 4,510.00	2 years-Last repay made 9/30/05 Repays began 10/2007
Biloxi, City of	756-02	\$ -	\$ -	Pd in Full	\$ 192,532.89	\$ 2,659.20	\$ -	\$ 3,600.09	2 years-Last repay made 9/30/05 Repays began 10/2007
Biloxi, City of	756-03	\$ 502,536.00		Pd in Full	\$ 366,425.80	\$ 3,247.11	\$ -	\$ 3,724.23	2 years-Last repay made 9/30/05 Repays began 10/2007
Biloxi, City of	756-04	\$ 986,179.00	\$ 121,424.80	05/01/21	\$ 837,584.87	\$ 5,589.40	\$ -	\$ 6,231.84	2 years-Last repay made 9/30/05 Repays began 10/2007
	Biloxi Total	\$ 1,488,715.00	\$ 121,424.80		\$ 1,628,025.54	\$ 14,728.38	\$ -	\$ 18,066.16	
D'Iberville, City of	845-01	\$ 1,645,803.00	\$ -	Pd in Full	\$ 1,054,945.41	\$ 10,521.21	\$ -	\$ 11,389.52	12 months - Last repay made 9/30/05 (re-start pmts. 10/2006)
Diamond Head WSD	824-01	\$ -	\$ -	Pd in Full	n/a	\$ 18,816.15	n/a	n/a	None (Verbal)
Diamond Head WSD	824-02	\$ -	\$ -	Pd in Full	n/a	\$ 5,687.40	n/a	n/a	None (Verbal)
	D-H Total	\$ -	\$ -		\$ -	\$ 24,503.55	\$ -	\$ -	
Gautier, City of	754-01	\$ 2,148,395.00	\$ 787,100.67	n/a	\$ 2,161,493.00	n/a	n/a	\$ 10,948.67	Closed- interest accrual forgiven from 8/29/06 to date of 1st repayment
Gautier, City of	879-01	\$ 1,532,685.00	\$ 502,476.33	4/10/2025	\$ 1,532,685.00	\$ 7,877.45	n/a	\$ 7,877.45	7 months (Delay in start of repays)
	Gautier Total	\$ 3,681,080.00	\$ 1,289,577.00		\$ 3,694,178.00	\$ 7,877.45	\$ -	\$ 18,826.12	
Gulf Coast Reg. WWA	732-01	\$ -	\$ -	Pd in Full	n/a	\$ -	n/a	n/a	None
Gulf Coast Reg. WWA	732-02	\$ -	\$ -	Pd in Full	n/a	\$ -	n/a	n/a	None
Gulf Coast Reg. WWA (JCUA)	878-01	\$ 552,193.00	\$ 104,834.40		n/a	\$ 2,767.18	n/a	n/a	None
	GCRW Total	\$ 552,193.00	\$ 104,834.40		\$ -	\$ 2,767.18	\$ -	\$ -	
Gulfport, City of	743-01	\$ -	\$ -	Pd in Full	n/a	\$ 8,009.37	n/a	n/a	None
Gulfport, City of	743-02	\$ -	\$ -	Pd in Full	n/a	\$ 18,535.08	n/a	n/a	None
Gulfport, City of	743-03	\$ -	\$ -	Pd in Full	n/a	\$ 17,366.75	n/a	n/a	None
Gulfport, City of	743-04	\$ 1,417,932.00	\$ -	Pd in Full	n/a	\$ 9,064.48	n/a	n/a	None
Gulfport, City of	743-05	\$ 1,321,402.23	\$ 943,898.72	n/a	n/a	\$ 16,183.47	n/a	n/a	None
Gulfport, City of	743-07	\$ 935,175.58	\$ 677,492.07	n/a	n/a	\$ 11,095.22	n/a	n/a	None
	Gulfport Total	\$ 3,674,509.81	\$ 1,621,390.79		\$ -	\$ 80,254.37	\$ -	\$ -	
Hancock Co. WSD	760-01(P/O 01/13/12)	\$ -	\$ -	Pd in Full	\$ -	\$ 2,412.92		n/a	72 months-Last repay made 8/05 -Started repayments 09/2011
Hancock Co. WSD	760-02(P/O 09/27/16)	\$ 1,493,484.00	\$ -	Paid Off	\$ -	\$ 8,763.10	\$ -	n/a	Paid Off \$1,183,881.55 on 09/27/16 Check 11023
Hancock Co. WSD (01/01/17)	760-03 Before Restructure	\$ 7,355,763.00	\$ 6,557,877.28	08/15/21	\$ -	\$ 42,227.57	\$ -	\$ 48,811.92	136 months to 01/01/17.-Last repay made 8/05 which was for 3/05. 5 pmts behind
Hancock Co. WSD (01/01/17)	760-03 After restructure		\$ 2,938,066.76		\$ 3,500,000.00			\$ 24,605.62	prior to Katrina. Restructured into 2 loans 10/21/2016. First will start repays 01/01/17
Hancock Co. WSD (01/01/19)	760-04 After restructure		\$ 1,472,546.33		\$ 3,057,877.28			\$ 24,206.30	& 2nd 760-04 will start 01/01/19
	HCWS Total	\$ 8,849,247.00	\$ 4,410,613.09		\$ 6,557,877.28	\$ 53,403.59	\$ -	\$ 48,811.92	
Special provision included by Congress in FY'10 Appropriations Act P.L. 111-88, Sec 443, specifically allowed 12 additional months to be added to the repayment schedule of Hancock Co. UA and Hancock WSD - - Superceded by WRRDA									
Hancock Co UA (SRWMD)(01/01/17)	872-01	\$ 11,323,026.00	\$ 10,114,103.55	09/01/22	\$ -	\$ 57,354.82	\$ -	\$ 64,033.90	135 months to 01/01/17 (Last repay made 9/05) Restructured into 2 loans 10/21/16.
Hancock CoUA(SRWMD)(01/01/17)	872-01 After restructure		\$ 5,490,118.34		\$ 6,500,000.00			\$ 39,373.48	First will start repays 01/01/17 & 2nd 872-02 will start 01/01/19
Hancock CoUA(SRWMD)(01/01/19)	872-02 After restructure		\$ 3,438,573.43		\$ 3,614,103.55			\$ 24,660.42	
		\$ 11,323,026.00	\$ 8,928,691.77		\$ 10,114,103.55			\$ 64,033.90	
Special provision included by Congress in FY'10 Appropriations Act P.L. 111-88, Sec 443, specifically allowed 12 additional months to be added to the repayment schedule of Hancock Co. UA and Hancock WSD - - Superceded by WRRDA									
Harrison Co. UA	828-01	\$ -	\$ -	Pd in Full	\$ 70,642.65	\$ 1,007.48	\$ -	\$ 1,384.97	2 years (Last repay made 10/05) Re-started 11/2007
Harrison Co. UA	828-02	\$ -	\$ -	Pd in Full	\$ 554,070.21	\$ 6,694.62	\$ -	\$ 8,563.45	2 years (Last repay made 10/05) Re-started 11/2007
Harrison Co. UA	828-03	\$ 3,397,197.00	\$ -	Pd in Full	\$ 2,158,340.60	\$ 21,660.40	\$ -	\$ 25,711.02	2 years (Last repay made 10/05) Re-started 11/2007
Harrison Co. UA	828-04	\$ 2,005,651.00	\$ -	Pd in Full	\$ 1,146,832.70	\$ 12,787.95	\$ -	\$ 15,179.38	2 years (Last repay made 10/05) Re-started 11/2007
Harrison Co. UA (formerly WSWMD)	828-05	\$ 13,394,411.00	\$ -	05/15/18	\$ 9,832,608.88	\$ 85,402.25	\$ -	\$ 97,458.50	2 years (Last repay made 10/05) Re-started 11/2007
	HC Total	\$ 18,797,259.00	\$ -		\$ 13,762,495.04	\$ 127,552.70	\$ -	\$ 148,297.32	
Henderson Pt/PCI WSD	734-01	\$ -	\$ -	Pd in Full	\$ -	\$ 15,424.92	\$ -		Paid in Full by Harrison Co. UA 02/20/13 \$1,158,977.53
Henderson Pt/PCI WSD	734-02	\$ -	\$ -	Pd in Full	\$ -	\$ 630.25	\$ -		Paid in Full by Harrison Co. UA 02/20/13 \$84,684.85
	H-P Total	\$ -	\$ -		\$ -	\$ 16,055.17	\$ -	\$ -	

Continued next page.

EXHIBIT 13									
FOREBEARANCE STATUS									
Repayment Forbearance Requests as of 9/30/19									
All loans have been restructured, resumed repayments or have been paid in full.									
Loan Recipient	LN #	Original Final \$ Amt of Loans in Repayment as of 01/31/12	Remaining Principal 9/30/2019	Original End of Repay Period	Actual Principal \$ Amt Amortized	Monthly Repay as of 1/26/06	Estimated New Monthly Repay	Actual NEW Restructured Monthly Repay	Forbearance Requested
WPCRLF Loans (Restart)									
Long Beach, City of	802-01	\$ -	\$ -	Pd in Full	\$ 1,175,974.32	\$ 17,253.44	\$ -	\$ 27,094.70	28 months (Last repay made 9/05) Re-started 02/2008
Long Beach, City of	802-02	\$ -	\$ -	Pd in Full	\$ 202,237.63	\$ 2,354.18	\$ -	\$ 3,134.74	28 months (Last repay made 9/05) Re-started 02/2008
Long Beach, City of	802-03	\$ 807,429.00	\$ -	Pd in Full	\$ 631,213.65	\$ 5,175.37	\$ -	\$ 6,071.47	28 months (Last repay made 9/05) Re-started 02/2008
Long Beach, City of	802-04	\$ 520,336.00	\$ 59,116.64	03/01/21	\$ 438,492.87	\$ 2,921.50	\$ -	\$ 3,362.80	28 months (Last repay made 9/05) Re-started 02/2008
	LongB Total	\$ 1,327,765.00	\$ 59,116.64		\$ 2,447,918.47	\$ 27,704.49	\$ -	\$ 39,663.71	
Moss Point, City of	854-01	\$ 707,609.00	\$ -	Pd in Full	0	\$ 4,523.57	n/a	n/a	\$27,141.42 diverted from STC in March, 2006 to catch up & restart
Moss Point, City of	854-02	\$ 1,165,186.00	\$ -	Pd in Full	0	\$ 7,429.18	n/a	n/a	\$44,575.08 diverted from STC in March, 2006 to catch up & restart
	Moss Pt Total	\$ 135,997.81	\$ -	11/1/2017	\$ -	\$ 11,952.75	\$ -	\$ -	No interest was taken from or added to repayments. (No actual forbearance was requested other than not making their payments in Oct, Nov, Dec, Jan, Feb, & Mar which was then caught up and restarted in Mar/Apr 06)
Ocean Springs, City of	752-01	\$ 162,817.06	\$ -	Pd in Full	\$ 799,770.27	\$ 7,051.30	\$ -	\$ 8,077.00	2 years (Last repay made 9/05) Began repays 10/2007
Pascagoula, City of	736-01	\$ -	\$ -	Pd in Full	\$ 414,797.00	\$ 6,519.37	\$ -	\$ 24,952.47	48 months (Last repay made 9/05) Restart 10/2009
Pascagoula, City of	736-02	\$ -	\$ -	Pd in Full	\$ 1,050,847.00	\$ 13,665.33	\$ -	\$ 34,211.05	48 months (Last repay made 9/05) Restart 10/2009
Pascagoula, City of	736-03	\$ -	\$ -	Pd in Full	\$ 1,443,198.00	\$ 16,998.98	\$ -	\$ 36,081.33	48 months (Last repay made 9/05) Restart 10/2009
	Pasc Total	\$ -	\$ -		\$ 2,908,842.00	\$ 37,183.68	\$ -	\$ 95,244.85	Interest began accruing again 10-07- Req addl yr 8/21/09 -Denied
Pass Christian, City of	803-01	\$ -	\$ -	Pd in Full		\$ 1,526.59	\$ -		43 months (Last repay made 9/05) Pd in Full 4/15/09
Pass Christian, City of	803-02	\$ -	\$ -	Pd in Full		\$ 4,309.47	\$ -		43 months (Last repay made 9/05) Pd in Full 4/15/09
Pass Christian, City of	803-03	\$ 423,379.00	\$ 104,205.78	12/01/23		\$ 2,121.66	\$ -		43 months (Last repay made 9/05) Resumed pmts May 2009
	Pass C Total	\$ 423,379.00	\$ 104,205.78		\$ -	\$ 7,957.72	\$ -	\$ -	Interest began accruing again 10-07 On 4/15/09 Loans 803-01 and 803-02 were paid off including the accrued interest. Loan 803-03 was brought to a current status and resumed repayments in May 2009
West Jackson Co. UD	870-01	\$ 4,202,135.00	\$ 988,954.67	8/10/2023	\$ 3,883,993.03	\$ 21,057.98	\$ -	\$ 21,397.96	4 months (Last repay made 9/05) Repay rec'd 2/16/06
	WPCRLF Total	\$ 56,263,926.68	\$ 17,628,808.94		\$ 46,852,148.59	\$ 507,926.34	\$ -	\$ 473,808.46	
WORKSHEET NOTES:									
"Actual Princ \$ Amt Amortized" consists of restructured loans only.									
"Estimated New Monthly Repay" consists of only those L.R.'s requesting Forbearance.									
"New Monthly Repay" consists of only those loans actually restructured.									
NOTE:									
State Legislature passed SB 2947 in the 2006 Session and signed this bill into law on 4-18-06 allowing interest on these loans to be forgiven for up to 24 months and terms of loan to be extended up to 48 months.									
In the 2014 Session, the State Legislature changed state law by passing HB 787 which became effective 07/01/14. This allowed for no interest accrual for the entire forbearance period.									
Also, in 2014, Federal law was changed to allow for terms up to 30 years.									
Special provision included by Congress in FY'10 Appropriations Act P.L. 111-88, Sec 443, specifically allowed 12 additional months to be added to the repayment schedule of Hancock Co. UA and Hancock WSD									

EXHIBIT 14
(Following)

**STATE OF MISSISSIPPI
DEPARTMENT OF ENVIRONMENTAL QUALITY
CLEAN WATER STATE REVOLVING LOAN FUND**

**Audited Financial Statements
June 30, 2019
(With Comparative Totals for June 30, 2018)**

STATE OF MISSISSIPPI
Department of Environmental Quality
Clean Water State Revolving Loan Fund

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Members:
American Institute of CPAs
Mississippi Society of CPAs

Independent Auditor's Report

Commission on Environmental Quality
Mississippi Department of Environmental Quality

Report on the Financial Statements

We have audited the accompanying financial statements of the State of Mississippi Department of Environmental Quality Clean Water State Revolving Loan Fund (the Fund), as of and for the year ended June 30, 2019, and the related notes to the 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's 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 financial position of the Fund as of June 30, 2019, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements referred to above are intended to present only the financial position and results of operations of the Clean Water State Revolving Loan Fund of the Mississippi Department of Environmental Quality, a department of the State of Mississippi. These statements are not intended to present the financial position and results of operations for the State of Mississippi or the Mississippi Department of Environmental Quality, of which the Clean Water State Revolving Loan Fund is a part.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued a report, dated October 15, 2019, on our consideration of the State of Mississippi Department of Environmental Quality Clean Water State Revolving Loan 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



Windham and Lacey, PLLC
October 15, 2019

**STATE OF MISSISSIPPI
DEPARTMENT OF ENVIRONMENTAL QUALITY
CLEAN WATER STATE REVOLVING LOAN FUND
BALANCE SHEET
JUNE 30, 2019**

ASSETS	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Equity in internal investment pool	\$ 124,920,108	104,799,742
Receivables:		
Due from other funds	67,290	41,038
Due from other governments	423,578,239	421,054,053
Due from federal government	<u>6,873,185</u>	<u>118,018</u>
TOTAL ASSETS	\$ <u>555,438,822</u>	<u>526,012,851</u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Due to other governments	\$ <u>8,260,725</u>	<u>7,932,269</u>
Total Liabilities	<u>8,260,725</u>	<u>7,932,269</u>
Fund Balance:		
Restricted for Recreation and Resources Development	<u>547,178,097</u>	<u>518,080,582</u>
Total Fund Balance	<u>547,178,097</u>	<u>518,080,582</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>555,438,822</u>	<u>526,012,851</u>

See accompanying Notes to Financial Statements.

**STATE OF MISSISSIPPI
DEPARTMENT OF ENVIRONMENTAL QUALITY
CLEAN WATER STATE REVOLVING LOAN FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2019**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
REVENUES		
Interest on loans	\$ 4,801,985	4,571,181
Interest on investments	1,998,951	1,343,345
Federal programs	18,404,258	357,122
Proceeds of bond issues	<u>5,000,000</u>	
TOTAL REVENUES	<u>30,205,194</u>	<u>6,271,648</u>
EXPENDITURES		
Subsidies	<u>203,204</u>	<u>213,014</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>30,001,990</u>	<u>6,058,634</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	21,881,905	189,442
Transfers out	<u>(22,786,380)</u>	<u>(1,107,104)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(904,475)</u>	<u>(917,662)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	29,097,515	5,140,972
FUND BALANCE		
Beginning of year	<u>518,080,582</u>	<u>512,939,610</u>
End of year	<u>\$ 547,178,097</u>	<u>518,080,582</u>

See accompanying Notes to Financial Statements.

STATE OF MISSISSIPPI
Department of Environmental Quality
Clean Water State Revolving Loan Fund
Notes to Financial Statements
June 30, 2019

1. ORGANIZATION AND NATURE OF OPERATIONS OF THE FUND.

The Clean Water State Revolving Loan Fund (the Fund) of the Mississippi Department of Environmental Quality (MDEQ) was established pursuant to Title VI of the Federal Water Quality Act of 1987 (the Act). The Act established the State Revolving Fund (SRF) Program to replace the construction grants program and to provide loans at reduced interest rates to finance the construction of publicly owned water pollution control facilities, non-point source pollution control projects, and estuary management projects. Instead of making grants to political subdivisions that pay for a portion of building wastewater treatment facilities, the Fund provides for low interest rate loans to finance the entire cost of qualified projects. The Fund provides a flexible financing source that can be used for a variety of pollution control projects, including non-point source pollution control projects, and developing estuary conservation and management projects. All loan repayments, including interest and principal, must remain in the Fund.

The Fund was funded by the U.S. Environmental Protection Agency (EPA) by a series of grants starting in 1989. In order to receive a grant, states are required to provide an additional 20 percent of the federal capitalization grant as matching funds. As of June 30, 2019, Congress authorized the EPA to award \$371,803,986 in capitalization grants to the State of Mississippi (the State). The State is required to contribute \$74,360,797 in matching funds. In prior years the State was awarded hardship grants totaling \$1,045,000, which required matching contributions of \$52,250. Hardship grants are maintained in the same fund with capitalization grants, with subsidiary records to account for grant balances and transactions separately. Because all hardship grants have been obligated and paid out to grant recipients, there were no hardship grant payments made for the year ended June 30, 2019.

The Fund is administered by the Commission on Environmental Quality (the Commission) acting through the Construction Branch (the Branch) of the Surface Water Division of the Office of Pollution Control of MDEQ. MDEQ's primary activities include the making of loans for water pollution control facilities and the management and coordination of the Fund. The Commission consists of seven members, all of which are appointed by the Governor.

The Fund does not have any full-time employees. The Fund is administered by employees of the Branch. All employee and related costs are recorded in MDEQ's Office of Pollution Control Operating Fund. Operating costs are reimbursed from the avails of a 5% administrative fee collected from each loan. (See Note 6).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

The Fund is included in the State's basic financial statements as a General Fund of the State of Mississippi.

Basis of Accounting

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

Equity in Internal Investment Pool

Monies of the Fund deposited with the State Treasurer's Office internal investment pool are considered cash and cash equivalents. According to state law, the Treasurer is responsible for maintaining the cash balances and investing excess cash of the Fund, as discussed in Note 3. Therefore, management of the Fund does not have any control over the investment of excess cash.

STATE OF MISSISSIPPI
Department of Environmental Quality
Clean Water State Revolving Loan Fund
Notes to Financial Statements
June 30, 2019

Due from Other Governments

The State operates the Fund as a direct loan program, whereby loans made to political subdivisions are funded by the federal capitalization grant, the state matching amount, loan repayments and interest earnings. Loan funds are disbursed to the political subdivision as they expend funds for the purposes of the loan and request reimbursement from the Fund. Interest is calculated from the original contract completion date, and after the final disbursement has been made, the principal amount identified in the loan agreement is adjusted for the actual amounts disbursed plus interest accrued during the period between the original construction contract completion date and the initiation of the repayment process.

Fund Balance

In accordance with Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the governmental fund balance is classified as follows:

Restricted: Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. The fund balance in the fund is Restricted for Recreation and Resources Development due to federal grant requirements, bond issuance provisions, and state and federal legislation.

Comparative Data

Comparative prior year totals have been presented in the accompanying financial statements to provide an understanding of the change in the Fund's financial condition and operations and are not intended to be a complete presentation of the prior year financial statements in accordance with accounting principles generally accepted in the United States of America.

Budget Information

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

3. EQUITY IN INTERNAL INVESTMENT POOL.

All monies of the Fund are deposited with the State Treasurer and are considered to be cash and cash equivalents. The Treasurer is responsible for maintaining the cash balances in accordance with state laws, and excess cash is invested in the State's cash and short-term investment pool. Details of the investments of the internal investment pool for state agencies can be obtained from the State Treasurer. As of June 30, 2019, the State's total pooled deposits and investments for State Agencies were approximately \$4.11 billion, and the average remaining life of the securities invested was 2.25 years. The earnings for the total special funds pooled investments for the year ended June 30, 2019, were approximately \$37.2 million.

STATE OF MISSISSIPPI
 Department of Environmental Quality
 Clean Water State Revolving Loan Fund
 Notes to Financial Statements
 June 30, 2019

Equity in internal investment pool is cash equity with the Treasurer and consists of pooled deposits and investments carried at cost, which approximates fair value. At June 30, 2019, the Fund had approximately \$124.9 million in the Treasurer's internal investment pool. The total deposits and investments of the internal investment pool are categorized according to credit risk in the State of Mississippi's Comprehensive Annual Financial Report. However, the Fund's portion of the internal investment pool cannot be individually categorized because the deposits and investments are pooled with other state agencies.

4. DUE FROM OTHER GOVERNMENTS AND CREDIT RISK.

The Fund makes loans to qualified political subdivisions for projects that meet the eligibility requirements of the Act. Loans are financed by capitalization grants, state match, loan repayments and interest earnings. Interest rates on loans vary between 1.75% and 4.5%, and are generally repaid over 20 years starting within one year after the project is completed. Details of loans receivable as of June 30, 2019, are discussed below:

In the event of a default on a loan obligation by a public entity, MDEQ has certain legal remedies available that provide for ultimate collection of amounts due.

Loans by Category

Due from other governments at June 30, 2019, is as follows:

	<u>Loans Authorized</u>	<u>Authorized Amount Remaining</u>	<u>Cumulative Repayments</u>	<u>Balance</u>
Completed projects	\$ 777,195,710		416,874,207	360,321,503
Projects in progress	<u>125,591,593</u>	<u>62,334,857</u>		<u>63,256,736</u>
Totals	<u>\$ 902,787,303</u>	<u>62,334,857</u>	<u>416,874,207</u>	423,578,239
Less amount due within one year on completed projects				<u>(28,533,500)</u>
Due from other governments, long-term				<u>\$ 395,044,739</u>

Loans mature at various intervals through June 30, 2039. The scheduled principal payments on loans maturing in subsequent years are as follows:

<u>Year Ending June 30:</u>	<u>Amount</u>
2020	\$ 28,533,500
2021	28,908,555
2022	28,782,504
2023	28,665,625
2024	28,343,718
Thereafter	<u>280,344,337</u>
Total	<u>\$ 423,578,239</u>

STATE OF MISSISSIPPI
 Department of Environmental Quality
 Clean Water State Revolving Loan Fund
 Notes to Financial Statements
 June 30, 2019

Major Loans to Political Subdivisions

As of June 30, 2019, the Fund had made loans to 28 local agencies that, in the aggregate, exceeded \$5,000,000 for each local agency. The outstanding balances of these loans represent approximately 74% of the total loans receivable, as follows:

<u>Local Agency</u>	<u>Authorized Loan Amount</u>	<u>Loan Receivable Balance at June 30, 2019</u>
City of Jackson	\$ 75,206,630	\$ 26,869,791
DeSoto County Regional WWA	64,179,923	20,051,912
City of Tupelo	51,454,952	20,926,425
City of Greenwood	47,957,324	39,974,889
City of McComb	43,807,965	23,779,720
City of Corinth	35,933,827	24,972,899
City of Gulfport	34,277,693	15,163,912
West Rankin UA	29,439,126	24,563,997
Jackson County UA	25,474,367	10,097,834
City of Greenville	22,780,943	7,959,328
City of Clinton	19,506,557	7,044,638
West Jackson County Utility	18,266,365	2,248,954
Hancock County WW	16,671,981	13,518,455
City of Laurel	15,512,145	9,299,948
City of Cleveland	13,925,395	9,087,996
Pearl River County UA	13,710,547	6,763,570
City of Southaven	12,227,822	10,005,972
City of Brandon	11,079,451	3,570,808
City of Biloxi	10,842,534	8,544,396
West Point	9,996,954	6,121,767
City of Meridian	9,044,496	8,585,737
City of Oxford	8,813,809	5,072,105
City of Pontotoc	6,408,591	2,211,092
City of Waveland	6,152,703	0
City of Brookhaven	5,483,132	0
City of Gautier	5,454,626	2,360,683
Madison County Economic Development	5,250,790	2,758,062
City of Clarksdale	5,221,222	3,251,452
Totals	<u>\$ 624,081,870</u>	<u>\$ 314,806,342</u>

The authorized loan amount includes both completed projects and projects in progress. As of June 30, 2019, cumulative principal repayments on completed projects from the above local agencies total \$184,628,599 and amounts remaining to be disbursed on projects in progress total \$70,133,901.

STATE OF MISSISSIPPI
 Department of Environmental Quality
 Clean Water State Revolving Loan Fund
 Notes to Financial Statements
 June 30, 2019

5. GRANT AWARDS.

The Fund is funded by grants from the EPA authorized by Title VI of the Act, matching funds from the State, loan repayments and interest earnings. All funds drawn are recorded as grant awards from the EPA. As of June 30, 2019, the EPA has awarded capitalization and hardship grants of \$372,848,986 to the State, of which \$333,430,822 has been drawn for loans and administrative expenses.

The following summarizes the capitalization grants awarded, amounts drawn on each grant and balances available for future loans:

Year	Grant Amount	Draws Through 6/30/2018	2019 Draws	Draws Through 6/30/2019	Available 6/30/2019
1989	\$ 15,254,024	\$ 15,254,024	\$	\$ 15,254,024	\$
1990	15,780,824	15,780,824		15,780,824	
1991	19,512,358	19,512,358		19,512,358	
1992	17,505,576	17,505,576		17,505,576	
1993	17,316,882	17,316,882		17,316,882	
1994	10,744,965	10,744,965		10,744,965	
1995	11,583,952	11,583,952		11,583,952	
1996	18,185,133	18,185,133		18,185,133	
1997	5,572,572	5,572,572		5,572,572	
1998	12,316,944	12,316,944		12,316,944	
1998					
Hardship	1,045,000	1,045,000		1,045,000	
1999	12,133,044	12,133,044		12,133,044	
2000	12,091,860	12,091,860		12,091,860	
2001	11,984,346	11,984,346		11,984,346	
2002	12,011,076	12,011,076		12,011,076	
2003	11,932,965	11,932,965		11,932,965	
2004	11,940,192	11,940,192		11,940,192	
2005	9,706,600	9,706,600		9,706,600	
2006	7,869,300	7,869,300		7,869,300	
2007	9,708,880	9,708,880		9,708,880	
2008	6,092,700	6,092,700		6,092,700	
2009	6,092,700	6,092,700		6,092,700	
2010	18,357,000	18,357,000		18,357,000	
2011	13,304,000	13,304,000		13,304,000	
2012	9,136,093	9,136,093		9,136,093	
2013	12,028,000	12,028,000		12,028,000	

(Continued)

STATE OF MISSISSIPPI
 Department of Environmental Quality
 Clean Water State Revolving Loan Fund
 Notes to Financial Statements
 June 30, 2019

Year	Grant Amount	Draws Through 6/30/2018	2019 Draws	Draws Through 6/30/2019	Available 6/30/2019
2014	12,632,000	12,155,862	476,138	12,632,000	
2015	12,567,000	418,883	11,011,540	11,430,423	1,136,577
2016	12,037,000		161,413	161,413	11,875,587
2017	11,945,000				11,945,000
2018	14,461,000				14,461,000
Totals	\$ <u>372,848,986</u>	\$ <u>321,781,731</u>	11,649,091	\$ <u>333,430,822</u>	39,418,164
Receivable, June 30, 2018			(118,018)		
Receivable, June 30, 2019			<u>6,873,185</u>		<u>6,873,185</u>
Grant revenues, modified accrual basis			\$ <u>18,404,258</u>		
Amount available, modified accrual basis					\$ <u>32,544,979</u>

As of June 30, 2018 and 2019, state matching contributions were as follows:

	Contributions through 6/30/2018	Fiscal Year 2019 Contributions	Contributions through 6/30/2019
State of Mississippi	\$ <u>64,224,069</u>	\$ <u>2,329,817</u>	\$ <u>66,553,886</u>

6. ADMINISTRATIVE FEES/COSTS.

In connection with issuing loans to political subdivisions, certain administrative and processing functions are performed by the Construction Branch (the Branch) of the Surface Water Division of the Office of Pollution Control of MDEQ, as discussed in Note 1. To help fund the cost of such functions and MDEQ's indirect costs, a 5% administrative fee is collected from each loan. Until fiscal year 1999, administrative fees were added to the loan principal amount to be repaid by the loan recipient.

However, for all loans made after October 1, 1998, the 5% administrative fee is no longer added to the loan principal to be repaid by the loan recipient. Instead, it is collected through the loan repayment stream. Beginning with the initiation of the repayment process and until such time the total administrative fee is collected, the interest portion of each loan repayment is used to satisfy collection of the administrative fee in lieu of the interest portion. The administrative fees and costs related thereto are recognized on the financial statements of MDEQ's Office of Pollution Control SRF Administrative Fee Fund.

Administrative fees collected for the fiscal year ended June 30, 2019, totaled \$2,222,812 with additional amounts collected for interest totaling \$269,934 for total receipts of \$2,492,746. During that period, \$1,076,275 was expended from available administrative fee funds for administrative costs of the Fund. No additional administrative costs for fiscal year 2019 were drawn from the federal government.

STATE OF MISSISSIPPI
Department of Environmental Quality
Clean Water State Revolving Loan Fund
Notes to Financial Statements
June 30, 2019

7. CONTINGENCIES.

The Fund is exposed to various risks of loss related to torts, theft of assets, errors or omissions, injuries to State employees while performing Fund business, or acts of God. MDEQ maintains insurance coverage provided by the Mississippi Tort Claims Board for some risk of loss related to the Fund. Since its inception in 1989, there have not been any claims against the Fund.

8. HURRICANE KATRINA LOAN FORBEARANCE.

On August 29, 2005, Hurricane Katrina swept through Mississippi causing widespread destruction, including that to water and sewer operations. Some loan fund projects in progress, as well as future projects included in the Intended Use Plan, were impacted. The current portion of Due from Other Governments and loan repayments due for future years may be delayed if sales tax diversions of impacted areas are placed in abeyance for a period of time or if water and sewer collections from impacted areas are insufficient to support loan repayment schedules. The Commission has granted forbearance of loan repayment for up to eleven years to those water systems. In addition to a forbearance of loan repayments, the Commission will not accrue interest on those loans during the first two years of the forbearance period, or during the entire forbearance period for loans in Hancock County, consistent with State law. Federal and State law were recently amended to allow repayment of loans over a period of up to 30 years. At the end of each approved forbearance period the related loans have been restructured as appropriate. The last two loans which remained in forbearance were each restructured on October 21, 2016, with approximately half of the outstanding principal for each being split into separate loan agreements. Under these restructured loan agreements, repayments resumed on the first half (approximate) of the outstanding principal on January 1, 2018; and, repayments on the remainder of the outstanding principal resumed on January 1, 2019.

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

Commission on Environmental Quality
Mississippi Department of Environmental Quality

We have audited, 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, the financial statements of the State of Mississippi Department of Environmental Quality Clean Water State Revolving Loan Fund, as of and for the year ended June 30, 2019, and the related notes to the financial statements and have issued our report thereon dated October 15, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Mississippi Department of Environmental Quality Clean Water State Revolving Loan Fund's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. 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 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 Mississippi Department of Environmental Quality Clean Water State Revolving Loan Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 results 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. However, this report is a matter of public record and its distribution is not limited.

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

Windham and Lacey, PLLC
October 15, 2019

Windham and Lacey, PLLC

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

Commission on Environmental Quality
Mississippi Department of Environmental Quality

We have audited the financial statements of the State of Mississippi Department of Environmental Quality Clean Water State Revolving Loan Fund (the Fund) as of and for the year ended June 30, 2019, and have issued our report thereon dated October 15, 2019.

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

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

that are applicable to the Clean Water State Revolving Loan Fund Program for the year ended June 30, 2019. The management of the Clean Water State Revolving Loan Fund Program is responsible for the Fund's compliance with those requirements. Our responsibility is to express an opinion on those requirements based on our audit.

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

In our opinion, the Fund complied, in all material respects, with the requirements governing activities allowed or unallowed; allowable costs/cost principles; cash management; state matching; period of availability of federal funds and binding commitments; procurement suspension and debarment; program income; reporting; subrecipient monitoring; and special tests and provisions that are applicable to the Clean Water State Revolving Loan Fund Program for the year ended June 30, 2019.

This report is intended for the information and use of management of the Clean Water State Revolving Loan Fund, the Governor, members of the Legislature and the United States Environmental Protection Agency and is not intended to be and should not be used by anyone other than the specified parties.

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

Windham and Lacey, PLLC
October 15, 2019