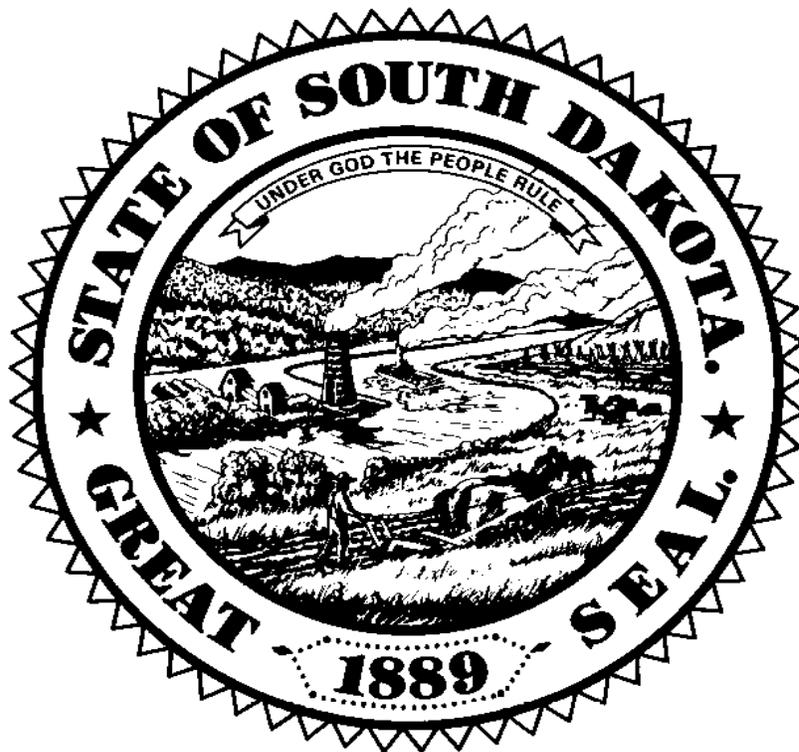


**THE SOUTH DAKOTA CONSERVANCY DISTRICT
CLEAN WATER STATE REVOLVING FUND
ANNUAL REPORT**

**FEDERAL FISCAL YEAR 2002
October 1, 2001 - September 30, 2002**



**Department of Environment and Natural Resources
Division of Financial and Technical Assistance
523 East Capitol Avenue
Pierre, South Dakota 57501-3181
PHONE: (605)773-4216 FAX:(605)773-4068**

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**THE SOUTH DAKOTA CONSERVANCY DISTRICT
BOARD MEMBERS**

GREGG GREENFIELD, CHAIRMAN
Sioux Falls
Member since 1996

STEVE LOWRIE, VICE-CHAIRMAN
Watertown
Member since 1985

DALE KENNEDY, SECRETARY
Beresford
Member since 1985

DON BOLLWEG
Harrod
Member since 1994

GENE JONES, JR
Sioux Falls
Member since 2002

JERRY KLEINSASSER
Frankfort
Member since 1996

JOHN LOUCKS
Rapid City
Member since 1989

MISSION

The mission of the South Dakota Clean Water State Revolving Fund loan program is to capitalize the fund to the fullest; maintain, restore and enhance the chemical, physical and biological integrity of the state's waters for the benefit of the overall environment; protect public health; and promote the economic well-being of the citizens of the state of South Dakota.

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FEDERAL FISCAL YEAR

2002

ANNUAL REPORT

INTRODUCTION

The state of South Dakota herewith submits its Annual Report for Federal Fiscal Year (FFY) 2002 (October 1, 2001 through September 30, 2002). This report describes how South Dakota has met the goals and objectives of the Clean Water State Revolving Fund (SRF) Loan Program as identified in the 2002 Intended Use Plan, the actual use of funds, and the financial position of the Clean Water SRF.

The Annual Report consists of three main sections. The *Executive Summary* section provides an overview of the FFY 2002 activity. The next section addresses the *Goals and Objectives* the state of South Dakota identified in its 2002 Intended Use Plan and the steps that have been taken to meet these measures. The *Details of Activities* section provides information on the financial status of the program, the financial assistance provided during FFY 2002, and compliance with the EPA grant and operating agreement conditions. The Annual Report is followed by a brief history of the Clean Water SRF program since its inception.

The program history is followed by the *Clean Water SRF Loan Portfolio*. The loan portfolio provides information on the interest rates, loan amounts, projects, and loan terms. Exhibits I through VII provide detailed financial and environmental program information. Exhibits VIII through XII are the unaudited financial statements of the Clean Water SRF program, as prepared by the Department of Environment and Natural Resources. Finally, Addendum I is the *Intended Use Plan for Federal Fiscal Year 2003*. The primary purpose of the Intended Use Plan is to identify the proposed annual intended use of the amounts available to the Clean Water State Revolving Fund.

EXECUTIVE SUMMARY

South Dakota's Clean Water SRF Program received a federal capitalization grant of \$6,510,800 for Federal Fiscal Year 2002. These funds were matched by \$1,302,160 in state administrative surcharge funds. These funds were transferred to the Drinking Water SRF program due to the demand on the Drinking Water SRF program and the availability of \$25 million in Clean Water SRF principal repayments. The transfer was done pursuant to Section 302 of the Safe Drinking Water Act Amendments of 1996 and South Dakota Codified Laws, Sections 46A-1-60.1 to 46A-1-60.3.

Twelve communities entered into binding commitments with the conservancy district totaling \$11,877,300 in loans for the construction of wastewater facilities. Of this amount \$5,506,326 was from principal repayment funds. A breakdown of the loans made during FFY 2002 is detailed in Table 1.

**TABLE 1: CLEAN WATER LOANS
FEDERAL FISCAL YEAR 2002**

Recipient	Project Description	Assistance Amount	Rate/Term
Baltic (01)	Wastewater Improvements	\$465,000	3.5%/20 yrs.
Britton (02)	Sanitary Sewer Improvements	322,500	3.5%/20 yrs.
Castlewood (01)	Wastewater Improvements	250,000	3.5%/20 yrs.
Centerville (01)	Wastewater System Improvements	500,000	3.5%/20 yrs.
Elk Point (02)	Pearl Street Utility Improvement	450,000	3.5%/20 yrs.
Fort Pierre (02)	Lift Station/Manhole Rehab.	462,500	3.5%/15 yrs
Hartford (03)	Wastewater Treatment Facility Imprv.	300,000	3.5%/20 yrs.
Highmore (01)	Wastewater Treatment Facility Upgrade	262,300	3.5%/20 yrs.
Sioux Falls (15)	Wastewater Facilities Improvements	1,724,000	3.5%/10 yrs
Wall Lake San Dist (01)	Sanitary Sewer Improvements	200,000	3.5%/20 yrs.
Webster (02)	Wastewater Improvements	811,000	3.5%/20 yrs.
Yankton (03)	Wastewater Treatment Plant Project	6,130,000	3.5%/20 yrs.
TOTAL		\$11,877,300	

Loan disbursements from the program to the current and prior year recipients totaled \$13,588,139. Loan repayments to the program totaled \$12,554,048. Of this amount, \$9,504,864 was for principal, \$2,361,956 was for interest, and \$687,228 was for administrative surcharge. Included in these repayments were four city of Sturgis loans that were paid in full during the fiscal year. This amounted to \$3,564,229 in principal, interest, and administrative surcharge payments, with \$3,539,694 in principal repayments alone.

The Clean Water SRF program forms are incorporated into the Department of Environment and Natural Resources' State Water Planning Process document. This document contains application forms and instructions for the State Water Plan and various funding programs. All forms are also available at http://www.state.sd.us/denr/denr_form_program.htm.

The Board of Water and Natural Resources annually sets the interest rates for the federal fiscal year. In determining the rates the Board reviews (1) current market rates, (2) rates secured on state issued matching funds, and (3) current demand for SRF funds.

The board reviewed interest rates in July 2001 and determined that the current average rate on the Bond Buyers Index was 5.55 percent, which was a decrease of 0.4 percent from the previous year. A review of Rural Development rates showed that its current rates were 4.50 percent poverty rate, 4.875 percent intermediate rate, and 5.25 percent market rate, which was a decrease for intermediate and market rates from the previous year. The board decided to set interest rates for FFY 2002 at 3.5 percent for terms up to 20 years, which is 2.5 percent interest plus 1.0 percent administrative surcharge fee. The board also set a rate of 2.5 percent for up to 3 years for Interim Financing of eligible projects.

In October 2001 revenue bonds in the amount of \$4,405,000 were sold to provide state match funding for the Clean Water SRF program. Ambac Assurance Company insured the bonds, and Moody's Investment Service rated the insured bond issue Aaa. The underlying program rating was upgraded to Aa1 by Moody's. Dougherty and Company LLC was chosen as the underwriter, and Altheimer & Gray was selected as the department's bond counsel. First National Bank in Sioux Falls continues to serve as the trustee.

Since the onset of the Program in 1988, 128 loans have been awarded. The projects associated with 116 loans are fully constructed or essentially complete and in operation. The following seven projects initiated operations this past year:

Castlewood (01)	Elk Point (02)
Hartford (02)	Hartford (03)
Platte (01)	Sioux Falls (13)
	Sioux Falls (14)

Eighty-nine loans are currently in repayment, and nineteen loans have been repaid in full.

Administrative surcharge funds in the amount of \$75,000 were allocated to the Small Community Planning Grant program. This program encourages proactive planning with small communities. Grants are available to communities of 1,000 or fewer people to assist in preparing an engineering study. Participating systems were reimbursed 80 percent of the cost of the study, up to a maximum of \$6,400, if an infiltration/inflow analysis was part of the study. Studies that did not include infiltration/inflow analyses were eligible for a maximum of \$4,000. Grants totaling \$65,596 were obligated to fifteen communities, and their awards are detailed in Table 2.

Table 2
Small Community Planning Grants
Awarded FFY 2002

Recipient	Study Description	Grant Amount
Arlington	Wastewater Collection System Improvements	\$6,400
Baltic	Wastewater System Planning	\$4,000
Bridgewater	Collection System Improvements	\$960
Chancellor	Wastewater Collection & Treatment Improvements	\$6,200
Charles Mix County	North Point Sewer System	\$4,000
Colton	Wastewater Collection & Treatment System	\$4,000
Crooks	Wastewater Collection Improvements	\$6,208
Gayville	Wastewater Treatment Facility Upgrade	\$3,828
Humboldt	Wastewater System Planning	\$4,000
Jefferson	Wastewater Treatment Facility Upgrade	\$2,400
Lake Cochrane SD	Wastewater Collection System Upgrade	\$4,000
Lake Norden	Wastewater System Improvements	\$4,000
Lake Preston	Sanitary Sewer System Expansion	\$2,800
Valley Springs	Wastewater Collection System Improvements	\$6,400
Willow Lake	Wastewater Collection & Treatment Improvements	\$6,400
TOTAL		\$65,596

GOALS AND OBJECTIVES

SHORT-TERM GOALS AND OBJECTIVES

In its 2002 Intended Use Plan, the State of South Dakota identified one short-term goal to be implemented and three objectives to be accomplished. The state has made significant progress toward successful completion of its short-term goal and objectives.

Goal: To fully capitalize the fund.

As of September 30, 2002, South Dakota has made binding commitments to fully utilize all of its capitalization awards and associated state matching funds.

Objective: Ensure the technical integrity of the Clean Water SRF projects through the review of planning, design, plans and specifications, and construction activities.

Each Clean Water SRF application is assigned to an engineer and is followed through by that engineer until project completion and initiation of operations. Plans and specifications and facilities plans are reviewed and approved by the Department of Environment and Natural Resources. Pre-construction, initial, interim, and final construction inspections are conducted to ensure each project's technical integrity.

Objective: Ensure compliance with all pertinent federal, state, and local water pollution control laws and regulations.

The state works with all pertinent federal, state, and local agencies to ensure compliance.

Objective: Obtain maximum capitalization of the funds for the state in the shortest time possible.

The state applied for its capitalization grant during FFY 2002, and state matching funds were in place prior to receiving the grant. Loans are awarded by assessing the following criteria: (1) the availability of funds in the Clean Water SRF program; (2) the applicant's need; (3) violation of health or safety standards; and (4) the applicant's ability to repay. South Dakota has not reverted any capitalization grant funds due to the eight-quarter time limit. Funds are usually awarded within one year of receiving each capitalization grant.

LONG-TERM GOALS AND OBJECTIVES

In its 2002 Intended Use Plan, the state of South Dakota identified two long-term goals and two objectives to be accomplished.

Goal: To fully capitalize the Clean Water SRF

The state has received and expended each capitalization grant in the required time period and has had state match moneys available for each capitalization grant. As of September 30, 2002, South Dakota has made binding commitments to fully utilize all of its capitalization awards and associated state matching funds.

Goal: Maintain or restore and enhance the chemical, physical, and biological integrity of the state's waters for the benefit of the overall environment, the protection of public health, and the promotion of economic well-being.

The state has awarded 128 loans to 64 entities to assist with construction of wastewater, storm sewer, and nonpoint source projects.

Objective: Maintain a permanent, self-sustaining Clean Water SRF program that will serve in perpetuity as a financing source for wastewater treatment works projects and water pollution control activities, including nonpoint source and groundwater protection projects.

By ensuring that all loans are made to financially sound and responsible borrowers, the Clean Water SRF program will serve in perpetuity for South Dakota's wastewater, storm sewer, and nonpoint source projects.

Objective: Fulfill the requirements of pertinent federal, state, and local laws and regulations governing water pollution control activities, while providing the state and local project sponsors with maximum flexibility and decision making authority regarding such activities.

The state has tailored its Handbook of Procedures to be customer service oriented and user friendly for Clean Water State Revolving Fund Loan Program recipients. The handbook also allows for maximum program flexibility while continuing to maintain sufficient state oversight of the program's activities.

FIGURE 1
Binding Commitments Made by Year

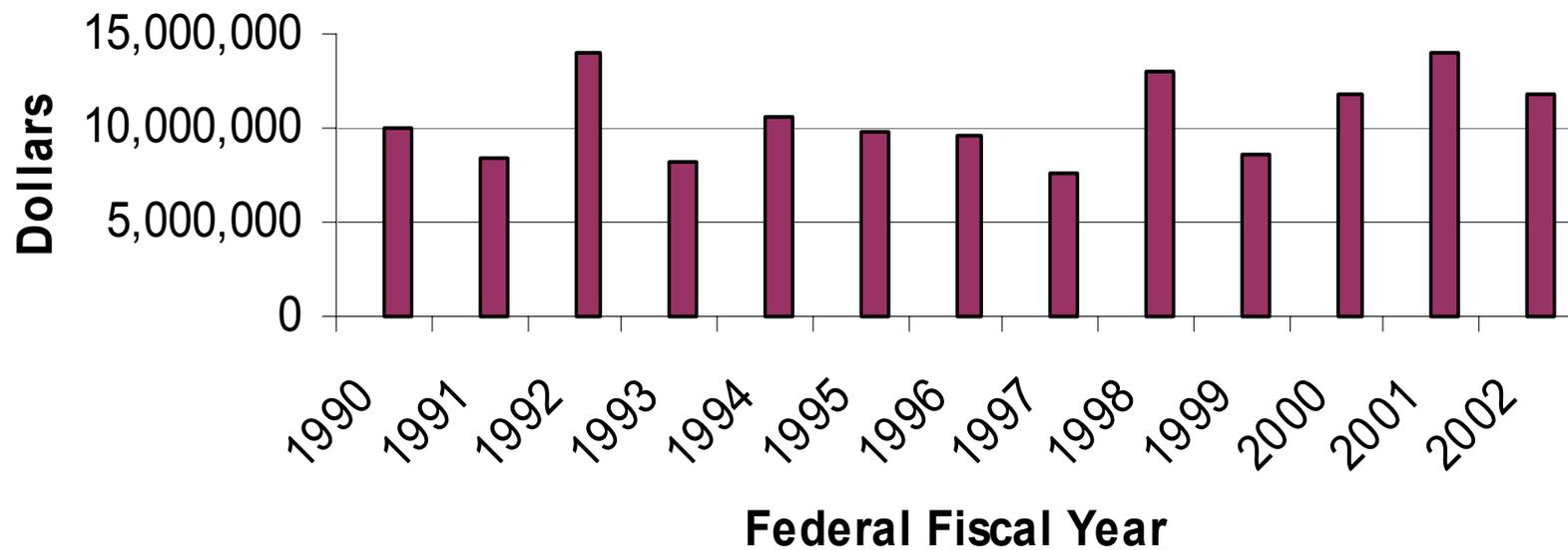
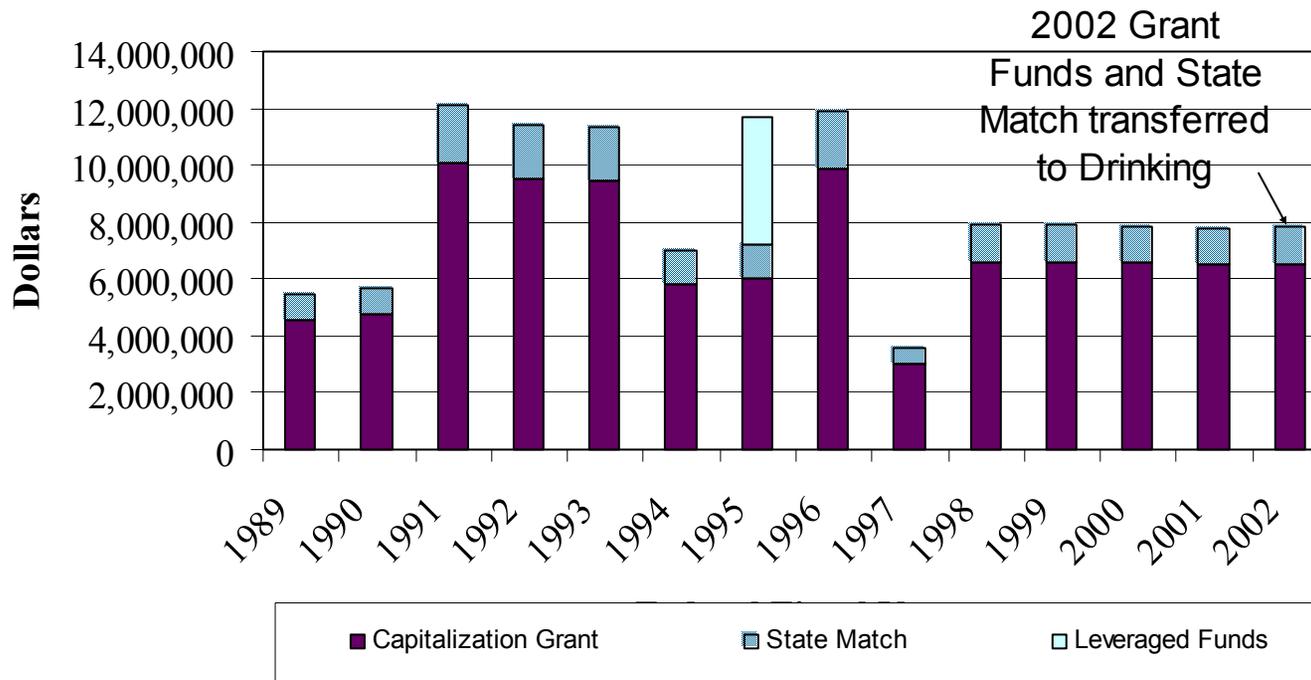


FIGURE 2
Source of State Revolving Funds
FFY 1989-2002



DETAILS OF ACTIVITIES

FUND FINANCIAL STATUS

Binding Commitments

In order to provide financial assistance for Section 212 (wastewater and storm water) and nonpoint source projects, the state entered into twelve binding commitments totaling \$11,877,300. Exhibit I lists the recipients of these Clean Water SRF loans, and Exhibit II details the needs categories for those projects. Figure 1 shows the total amount of binding commitments made by year.

Sources of Funds

During FFY 2002, the state was awarded a \$6,510,800 federal capitalization grant that was matched by \$1,302,160 in administrative surcharge funds. These funds were transferred to the Drinking Water SRF program pursuant to Section 302 of the Safe Drinking Water Act Amendments of 1996 and South Dakota Codified Laws, Sections 46A-1-60.1 to 46A-1-60.3. Exhibit III and Figure 2 show the annual capitalization grant allocation, the required state match, and leveraged funds.

Revenues and Expenses

Fund revenues consisted of interest earned on loans to communities and administrative expense surcharge payments received from each borrower. These earnings totaled \$5,948,884.75. Fund expenses included administration expenditures, interest payable on bonds, and the amortization of each bond's issuance cost. These expenses totaled \$1,543,614.20. Additionally, \$25,681.22 was transferred out to the DENR indirect cost pool. The Statement of Income and Retained Earnings is shown on Exhibit XI.

Disbursements and Guarantees

There were no loan guarantees during Federal Fiscal Year 2002.

Findings of the 2001 Audit

The Clean Water SRF program was audited by the South Dakota Department of Legislative Audit for state fiscal year 2001 (July 1, 2000, through June 30, 2001). The audit did not contain any written findings or recommendations.

Region VIII conducted its annual review of the South Dakota Clean Water SRF program. A draft report was received in August 2002, and the following recommendations were made:

1. The department should consider developing long-term planning to address EPA's concern that SRF funds be committed toward eligible projects in a timely and expeditious manner.

It is believed that this recommendation stems from the large pool of repayments that has accumulated as the state utilizes the capitalization grants and state match first to assure these funds are not lost. As shown in Figure 1, the demand on the program is fairly constant, and substantially increasing the demand for program funds is difficult. Nonetheless, the department has taken numerous steps to commit funds. Transferring the FFY 2002 and future years' Clean Water funds to the Drinking Water program will substantially decrease the pool of available funds. Where feasible, state grants were made contingent upon the grantee applying for a Clean Water SRF loan. The department continues to talk with the city of Sioux Falls regarding the financing of a \$20+ million project with an SRF loan. Last, the department is developing an integrated priority system to allow the program to fund limited solid waste disposal activities in future years.

2. It was also recommended that the FFY 2003 Intended Use Plan include the surcharge amount available for future use and that the annual report should show how all surcharges were used during the year.

This will be included in the FFY 2003 Intended Use Plan.

3. The third EPA recommendation suggested that environmental reviews include an evaluation of all impacts from section 212 projects, including secondary and cumulative impacts.

Due to the ambiguity surrounding the process needed to meet this requirement, EPA has offered to provide training in this area. Until that time, the department is unable to react to this recommendation.

ASSISTANCE ACTIVITY

Exhibits I through VII illustrate the assistance activity of the Clean Water SRF in Federal Fiscal Year 2000.

- | | |
|------------|--|
| Exhibit I | The recipients that received Clean Water SRF loans during Federal Fiscal Year 2002. Twelve loans were for Section 212 (wastewater and storm water) projects. |
| Exhibit II | The assistance amount provided to each project by needs category. |

- Exhibit III The total Clean Water SRF dollars available, broken down by fiscal year, capitalization amounts, and state match amounts.
- Exhibit IV Each Clean Water SRF loan and its source of funding.
- Exhibit V The cash draws and the projects or administrative assistance for which they were made.
- Exhibit VI The estimated and actual cash disbursement schedule from the federal Letter of Credit (LOC) for FFY 2002. The estimated schedule was agreed upon by the state and EPA in the 2002 Annual Workplan.
- Exhibit VII The environmental review and land purchase information for the loans made in FFY 2002.

PROVISIONS OF THE OPERATING AGREEMENT / CONDITIONS OF THE GRANT

The state of South Dakota agreed to 20 conditions in the Operating Agreement and Capitalization Grant Agreement. The following 19 conditions have been met and need no further description:

1. Agreement to accept payments
2. Cash draws for clean water SRF program separate
3. Prior incurred costs not as state match
4. Revenues dedicated for repayment of loans
5. Procurement actions - 40 CFR Part 31
6. Administrative surcharge
7. State match
8. Cash draw schedule
9. Anti-lobbying
10. Expenditure of state matching funds
11. Deposit of state matching funds with federal moneys
12. Binding commitment ratio
13. Timely and expeditious use of funds
14. No transfer of Title II funds
15. Conduct environmental reviews
16. Eligibility of storm sewers
17. Clean Water SRF contains an 83.33 percent federal and 16.67 percent state split
18. State transferred its FFY 2002 capitalization grant to the Drinking Water SRF program and will transfer its FFY 2003 capitalization grant to that program as well.
19. Prior to executing binding commitments on Clean Water SRF projects, the Regional Administrator must certify project compliance with Title VI of the Civil Rights Act. All loan recipients submitted project certification forms (EPA 4700-4) to DENR, which in turn submitted these forms to EPA for concurrence.

The following condition is described in detail below:

- Establishment of Minority Business Enterprise (MBE)/Women's Business Enterprise (WBE) Goals and Submittal of MBE/WBE Utilization Report.

The state and EPA have agreed on "fair share" goals of 1 percent MBE and 3 percent WBE. The actual MBE/WBE participation achieved for FFY 2002 was 0.40 percent MBE and 1.81 percent for WBE.

PROGRAM CHANGES

2003 INTENDED USE PLAN

The Annual Report contains the 2003 Intended Use Plan as approved by the Board of Water and Natural Resources on November 14, 2002. The 2003 Intended Use Plan is included in the Annual Report as Addendum I starting on page 57.

SOUTH DAKOTA
CLEAN WATER
STATE REVOLVING FUND
LOAN PROGRAM HISTORY

INITIATION OF THE PROGRAM

The State Water Pollution Control Revolving Loan Fund, also known as the Clean Water State Revolving Fund Loan Program (SRF), is a low interest loan program to finance the construction of wastewater facilities, storm sewers, and nonpoint source pollution control projects. The program was created by the 1987 Clean Water Act amendments. Funds are provided to the states in the form of capitalization grants awarded annually through the United States Environmental Protection Agency. The federal capitalization grants are matched by state funds at a ratio of 5:1.

The 1988 South Dakota Legislature authorized the State Water Pollution Control Revolving Loan Fund program. Additionally, the legislature appropriated \$1,200,000 and directed the South Dakota Conservancy District to administer the program.

CAPITALIZATION GRANTS

Since 1988, the conservancy district has received fourteen capitalization grants totaling \$95,790,000. In order to receive each of the capitalization grants, the conservancy district must have state matching funds in place equal to at least 20 percent of each grant. To meet this requirement, the conservancy district used the state appropriation as well as revenue bonds and administrative expense surcharge funds to provide for the required \$19,158,000 in state matching funds. Exhibit 3 shows the total amount of capitalization grant and state match by year.

STATE MATCHING FUNDS

In 1989, \$5,875,000 in revenue bonds were issued with a Aaa rating from Standard & Poor's Ratings Corporation (S & P). This bond issue was insured by Capital Guaranty Insurance Company.

In 1992, the district issued \$4,180,000 in revenue bonds without insurance and received a BBB rating by S & P. However, an annual report of cash flow projections was required to be submitted, and approximately 70 percent of the Clean Water SRF loan portfolio was required to be rated BBB or better by the rating agency.

In 1994, \$10,220,000 in revenue bonds were issued as an advanced refunding of the two prior outstanding issues plus additional matching funds, and Moody's Investors Service, the rating agency for this issue, raised the State's rating to A. No bond insurance was obtained, no cash flow report was required, and no loan applicants had to be rated. The advance refunding provided considerable cost savings by securing a lower interest rate, decreasing the administration of the program, and deleting numerous accounts. Bond proceeds were used to purchase government securities to redeem the Series 1989 and Series 1992 bonds on their first optional call date at par. The Series 1989 bonds were called on August 1, 1996. The Series 1992 bonds were called on August 1, 2002.

In 1995, \$7,970,000 in revenue bonds were issued with an upgraded rating of A1 by Moody's. A portion of the Series 1995A bonds were used to provide matching funds for the 1995 and 1996 federal capitalization grants.

In 1996, the district issued \$2,770,000 in revenue bonds. The bonds received an A1 rating by Moody's. The Series 1996A bonds were issued to provide match for part of the 1996 federal capitalization grant as well as the 1997, 1998, 1999, and 2000 capitalization grants.

The entire program was upgraded to a Aa3 rating by Moody's in June 1998 and to Aa1 in August 2001.

In October 2001, \$4,405,000 in revenue bonds were issued. These funds will provide the required state match for 2001 and two future years' capitalization grants.

LEVERAGED PROGRAM BONDS

Included in the Series 1995A bond issue was \$4,507,540 in program bonds. These program bonds were leveraged to provide additional loan funds to communities. These funds were loaned to the city of Yankton in 1998 at 6 percent for 20 years.

PRINCIPAL REPAYMENT LOANS

The Clean Water SRF program is intended to last in perpetuity. As borrowers repay their loans, the principal repayments are then available to be loaned out to other communities. The first principal repayment loan was awarded to Watertown in November 1995. Eventually, the state will no longer receive federal capitalization grants, and all loans will be made from the principal repayments of other borrowers. Exhibit IV (15) details the projects receiving principal repayment loan funds.

TRUSTEE

The First National Bank in Sioux Falls has been the trustee since the onset of the program in 1989. The trustee manages and invests funds and accounts for the Clean Water SRF Program including the Series 1992 escrow, issues amortization schedules, disburses loan funds, and accepts all repayments from each of the program's 128 loans.

BOND COUNSEL

Alzheimer & Gray was hired as bond counsel for the Series 1994A, 1995A, 1996A, and 2001 State Revolving Fund Revenue Bonds. Kutak Rock served as bond counsel for the Series 1989 and 1992 bond issues.

UNDERWRITER

Dougherty and Company was selected as underwriter for the Series 2001 bonds. Piper Jaffray served as underwriter for the Series 1994A, 1995A, and 1996A State Revolving Fund

Revenue Bonds, and Shearson Lehman served as underwriter for the Series 1989 and 1992 bond issues.

EPA REGION VIII

Region VIII of the Environmental Protection Agency oversees the South Dakota Clean Water State Revolving Fund Program. EPA assists the state in securing capitalization grants and guides the conservancy district in its administration of the program.

**CLEAN WATER
STATE REVOLVING FUND
LOAN PORTFOLIO**

Figure 3 Clean Water State Revolving Fund Loans

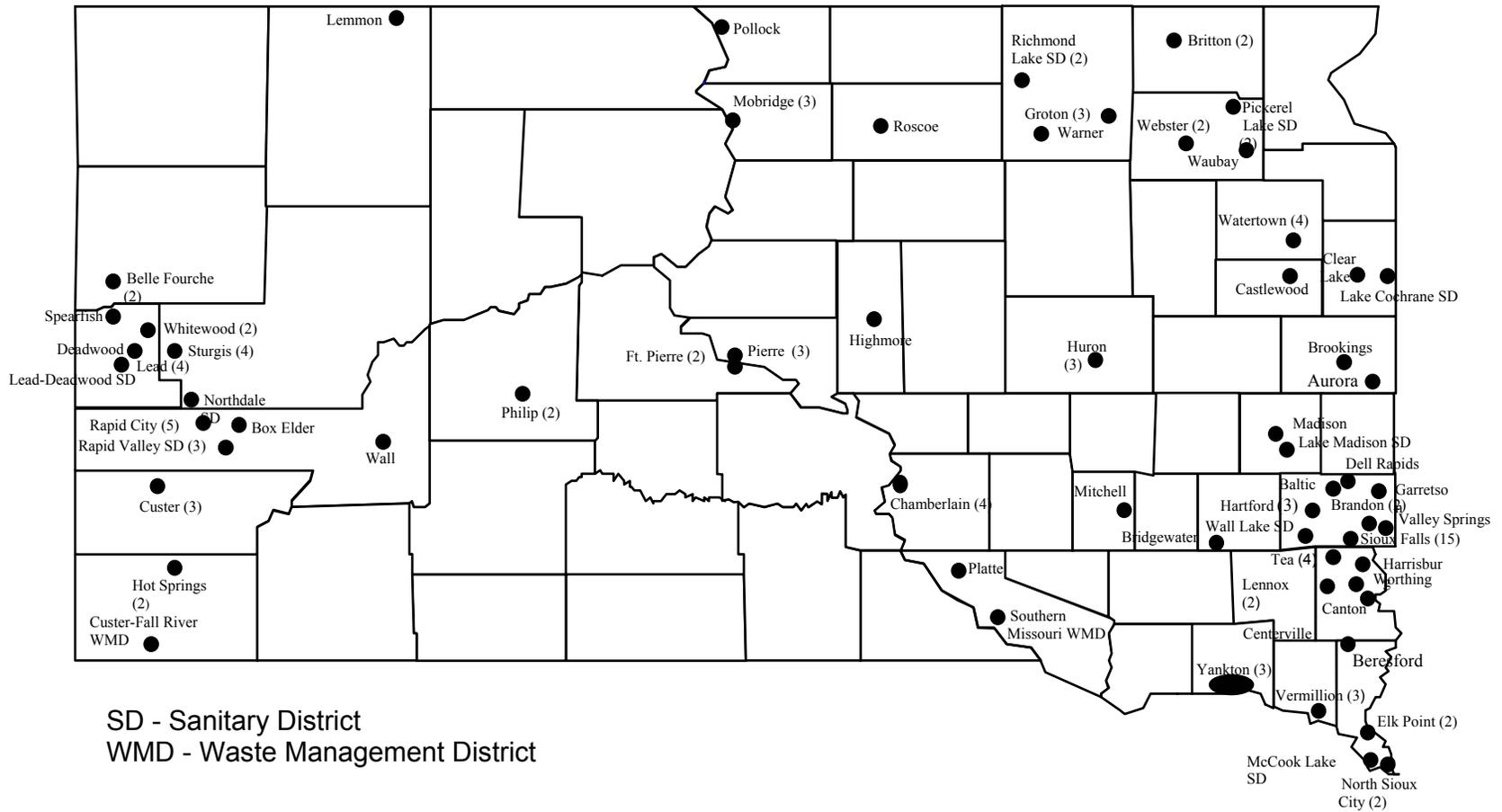


Table 3
State of South Dakota
Clean Water State Revolving Fund Loan Program

RECIPIENT	BINDING COMMITMENT DATE	RATE, TERM	ACTUAL LOAN AMOUNT	BINDING COMMITMENT AMOUNT
Aurora (01)	07/27/2000	5.00%, 20 yr	\$410,000	\$410,000
Baltic (01)	06/27/2002	3.50%, 20 yr	\$465,000	\$465,000
Belle Fourche (01)	08/22/1990	3.00%, 20 yr	\$300,000	\$253,000
Belle Fourche (02)	06/22/1995	4.50%, 10 yr	\$264,422	\$264,422
Beresford (01)	06/22/2000	4.50%, 10 yr	\$1,150,000	\$1,150,000
Box Elder (01)	04/11/1990	3.00%, 20 yr	\$648,600	\$648,600
Brandon (01) *	03/14/1991	3.00%, 10 yr	\$105,000	\$105,000
Brandon (02)	03/31/1993	3.00%, 10 yr	\$600,000	\$526,018
Bridgewater (01)	09/25/1997	5.25%, 20 yr	\$120,000	\$90,328
Britton (01)	05/13/1999	4.50%, 10 yr	\$509,935	\$509,935
Britton (02)	09/26/2002	3.50%, 20 yr	\$322,500	\$322,500
Brookings (01) *	03/14/1991	4.00%, 15 yr	\$188,065	\$188,065
Canton (01)	05/19/1992	4.00%, 15 yr	\$621,000	\$515,715
Castlewood (01)	01/31/2002	3.50%, 20 yr	\$250,000	\$250,000
Centerville (01)	06/27/2002	3.50%, 20 yr	\$500,000	\$500,000
Chamberlain (01) *	07/08/1992	3.00%, 10 yr	\$350,500	\$350,500
Chamberlain (02) *	01/26/1993	3.00%, 10 yr	\$265,000	\$265,000
Chamberlain (03)	06/27/1996	5.25%, 20 yr	\$2,700,000	\$2,700,000
Chamberlain (04)	03/26/1998	5.25%, 20 yr	\$450,000	\$450,000
Clear Lake (01)	06/13/1991	4.00%, 15 yr	\$370,000	\$79,537
Custer (01)	04/11/1990	3.00%, 20 yr	\$430,000	\$430,000
Custer (02)	07/11/1990	3.00%, 20 yr	\$182,000	\$182,000
Custer (03)	08/23/1993	3.00%, 10 yr	\$276,000	\$276,000
Custer-Fall River WMD (NPS-01) *	06/22/1995	5.00%, 20 yr	\$250,000	\$106,939
Deadwood (01)	04/25/1994	4.00%, 15 yr	\$582,000	\$447,838
Dell Rapids (01)	12/09/1993	3.00%, 10 yr	\$300,000	\$300,000
Elk Point (01)	05/27/1993	4.00%, 15 yr	\$458,000	\$458,000
Elk Point (02)	01/31/2002	3.50%, 20 yr	\$450,000	\$450,000
Fort Pierre (01)	05/11/1994	3.00%, 10 yr	\$330,294	\$330,294
Fort Pierre (02)	01/31/2002	3.50%, 15 yr	\$462,500	\$462,500
Garretson (01) *	05/11/1994	4.00%, 15 yr	\$510,000	\$300,000
Groton (01)	01/13/1994	3.00%, 10 yr	\$192,000	\$189,524
Groton (02)	05/11/1994	3.00%, 10 yr	\$106,000	\$74,630
Groton (03)	07/23/1997	5.25%, 20 yr	\$635,000	\$470,809
Harrisburg (01)	06/23/1999	5.00%, 20 yr	\$520,000	\$507,277
Hartford (01)	04/13/2000	5.00%, 20 yr	\$504,000	\$504,000
Hartford (02)	04/13/2000	4.50%, 20 yr	\$690,804	\$690,804
Hartford (03)	04/12/2002	3.50%, 20 yr	\$300,000	\$300,000
Highmore (01)	04/12/2002	3.50%, 20 yr	\$262,300	\$262,300
Hot Springs (01)	03/12/1992	3.00%, 10 yr	\$196,930	\$196,930
Hot Springs (NPS-01)	01/13/1994	5.00%, 20 yr	\$930,000	\$930,000
Huron (01)	11/09/1989	3.00%, 20 yr	\$1,656,000	\$1,656,000
Huron (02) *	06/13/1991	3.00%, 10 yr	\$750,000	\$701,997

RECIPIENT	BINDING COMMITMENT DATE	RATE, TERM	ACTUAL LOAN AMOUNT	BINDING COMMITMENT AMOUNT
Huron (03)	09/19/1995	5.25%, 20 yr	\$2,700,000	\$1,856,828
Lake Cochrane San Dist (01)	04/11/1990	3.00%, 20 yr	\$80,000	\$80,000
Lake Madison San Dist (01)	03/14/1991	4.00%, 15 yr	\$330,000	\$330,000
Lead (01)	07/11/1990	3.00%, 20 yr	\$186,409	\$186,409
Lead (02)	07/11/1991	3.00%, 10 yr	\$500,770	\$500,770
Lead (03)	05/19/1992	3.00%, 10 yr	\$405,000	\$375,298
Lead (04)	07/27/2000	4.50%, 10 yr	\$239,200	\$239,200
Lead-Deadwood San Dist (01) *	06/07/1990	3.00%, 5 yr	\$110,000	\$106,855
Lemmon (01)	04/11/1990	3.00%, 20 yr	\$427,100	\$427,100
Lennox (01)	06/27/1996	5.25%, 20 yr	\$350,000	\$350,000
Lennox (02)	07/23/1997	5.25%, 20 yr	\$600,000	\$583,735
Madison (01) *	03/14/1991	3.00%, 10 yr	\$150,000	\$119,416
McCook Lake San Dist (01)	08/29/1991	5.00%, 20 yr	\$641,935	\$641,935
Mitchell (01)	04/15/1997	4.50%, 10 yr	\$2,000,000	\$1,543,405
Mobridge (01)	07/11/1990	3.00%, 20 yr	\$1,500,000	\$1,500,000
Mobridge (02)	12/11/1991	4.00%, 15 yr	\$158,000	\$158,000
Mobridge (03)	04/13/2000	4.50%, 10 yr	\$1,355,000	\$1,355,000
North Sioux City (01)	07/08/1992	3.00%, 10 yr	\$239,650	\$239,650
North Sioux City (02)	06/22/1995	5.00%, 15 yr	\$646,000	\$646,000
Northdale San Dist (01)	04/25/1994	5.00%, 20 yr	\$315,000	\$256,380
Philip (01)	06/22/1995	5.00%, 15 yr	\$472,000	\$453,885
Philip (02)	06/26/1997	5.25%, 20 yr	\$325,000	\$321,127
Pickere Lake San Dist (01)	05/09/1996	5.00%, 15 yr	\$850,000	\$850,000
Pickere Lake San Dist (02)	09/25/1997	5.25%, 20 yr	\$670,000	\$670,000
Pierre (01) *	11/08/1990	4.00%, 15 yr	\$600,000	\$433,976
Pierre (02)	03/26/1998	5.25%, 20 yr	\$4,417,000	\$4,417,000
Pierre (03)	03/25/1999	5.00%, 20 yr	\$5,391,260	\$5,391,260
Platte (01)	03/25/1999	5.00%, 20 yr	\$1,000,000	\$1,000,000
Pollock (01) *	09/23/1993	3.00%, 10 yr	\$170,000	\$151,619
Rapid City (01)	12/12/1990	4.00%, 15 yr	\$2,637,000	\$2,479,905
Rapid City (02)	07/08/1992	4.00%, 15 yr	\$1,138,200	\$986,685
Rapid City (03)	06/23/1993	4.00%, 15 yr	\$777,500	\$674,577
Rapid City (04)	08/10/1994	4.00%, 15 yr	\$1,214,861	\$1,214,861
Rapid City (05)	01/11/2001	4.50%, 20 yr	\$14,000,000	\$14,000,000
Rapid Valley San Dist (01) *	01/11/1990	3.00%, 20 yr	\$614,000	\$614,000
Rapid Valley San Dist (02)	11/10/1994	4.00%, 15 yr	\$460,000	\$364,583
Rapid Valley San Dist (03)	07/29/1996	5.25%, 20 yr	\$630,000	\$630,000
Richmond Lake San Dist (01)	06/27/1996	5.25%, 20 yr	\$414,000	\$414,000
Richmond Lake San Dist (02) *	06/25/1998	5.25%, 20 yr	\$226,500	\$191,500
Roscoe (01) *	07/29/1996	5.25%, 20 yr	\$358,408	\$358,408
Sioux Falls (01)	04/11/1990	3.00%, 20 yr	\$3,316,310	\$2,836,963
Sioux Falls (02)	07/11/1990	3.00%, 10 yr	\$454,000	\$453,999
Sioux Falls (03)	12/12/1990	3.00%, 10 yr	\$845,000	\$845,000
Sioux Falls (04)	12/12/1990	3.00%, 10 yr	\$1,200,000	\$1,200,000
Sioux Falls (05)	03/12/1992	3.00%, 10 yr	\$1,955,000	\$1,955,000
Sioux Falls (06)	03/12/1992	3.00%, 10 yr	\$700,000	\$700,000
Sioux Falls (07)	01/26/1993	3.00%, 10 yr	\$4,500,000	\$4,500,000
Sioux Falls (08)	01/13/1994	3.00%, 10 yr	\$1,000,000	\$699,003
Sioux Falls (09)	08/10/1994	3.00%, 10 yr	\$1,250,000	\$1,250,000

RECIPIENT	BINDING COMMITMENT DATE	RATE, TERM	ACTUAL LOAN AMOUNT	BINDING COMMITMENT AMOUNT
Sioux Falls (10)	08/10/1994	3.00%, 10 yr	\$1,500,000	\$1,432,941
Sioux Falls (11)	06/22/1995	4.50%, 10 yr	\$1,250,000	\$1,195,346
Sioux Falls (12)	03/27/1996	4.50%, 10 yr	\$1,300,000	\$1,300,000
Sioux Falls (13)	01/09/1997	4.50%, 10 yr	\$2,500,000	\$2,083,137
Sioux Falls (14)	07/27/2000	4.50%, 10 yr	\$5,100,000	\$5,100,000
Sioux Falls (15)	04/12/2002	3.50%, 10 yr	\$1,724,000	\$1,724,000
Southern Missouri (NPS-01)	10/06/1994	5.00%, 20 yr	\$700,000	\$700,000
Spearfish (01)	03/12/1992	4.00%, 15 yr	\$1,956,000	\$1,956,000
Sturgis (01) *	08/23/1993	5.00%, 20 yr	\$502,000	\$502,000
Sturgis (02) *	06/23/1994	5.00%, 20 yr	\$936,250	\$936,250
Sturgis (03) *	06/27/1997	5.25%, 20 yr	\$450,000	\$437,380
Sturgis (04) *	04/14/2000	5.00%, 20 yr	\$2,100,000	\$2,100,000
Tea (01)	03/31/1993	4.00%, 15 yr	\$600,000	\$600,000
Tea (02)	05/11/1994	4.00%, 15 yr	\$600,000	\$600,000
Tea (03)	06/27/1997	5.25%, 20 yr	\$250,000	\$208,813
Tea (04)	05/14/1998	5.00%, 15 yr	\$375,000	\$375,000
Valley Springs (01)	05/14/1998	5.25%, 20 yr	\$430,000	\$422,128
Vermillion (01)	06/07/1990	3.00%, 20 yr	\$125,000	\$125,000
Vermillion (02)	12/09/1993	4.00%, 15 yr	\$500,000	\$370,471
Vermillion (NPS-01)	08/10/1995	4.50%, 10 yr	\$480,000	\$356,531
Wall (01)	07/22/1999	5.00%, 20 yr	\$1,146,000	\$788,600
Wall Lake San Dist (01)	12/13/2001	3.50%, 20 yr	\$200,000	\$200,000
Warner (01)	03/23/1995	4.50%, 10 yr	\$102,000	\$101,152
Watertown (01)	10/09/1991	4.00%, 15 yr	\$2,000,000	\$2,000,000
Watertown (02)	08/12/1992	4.00%, 15 yr	\$4,000,000	\$4,000,000
Watertown (03)	06/22/1995	5.25%, 20 yr	\$2,600,000	\$2,583,734
Watertown (04) *	11/09/1995	5.25%, 20 yr	\$2,200,000	\$932,830
Waubay (01) *	02/18/1992	5.00%, 20 yr	\$163,487	\$81,454
Webster (01)	03/27/1996	4.50%, 10 yr	\$400,000	\$345,394
Webster (02)	04/12/2002	3.50%, 20 yr	\$811,000	\$811,000
Whitewood (01)	02/18/1992	4.00%, 15 yr	\$200,000	\$180,801
Whitewood (02)	07/27/2000	5.00%, 20 yr	\$275,000	\$189,032
Worthing (01)	06/27/1996	5.25%, 20 yr	\$315,725	\$227,645
Yankton (01)	12/10/1997	5.25%, 20 yr	\$2,625,000	\$2,625,000
Yankton (02)	12/10/1997	6.00%, 20 yr	\$4,500,000	\$4,500,000
Yankton (03)	10/12/2001	3.50%, 20 yr	\$6,130,000	\$6,130,000
TOTAL 128 Loans to 64 Entities			\$137,130,415	\$130,046,433

* Loans Paid in Full

FIGURE 4
State Revolving Fund Interest Rates
by Percent of Loan Portfolio
(\$130 Million)

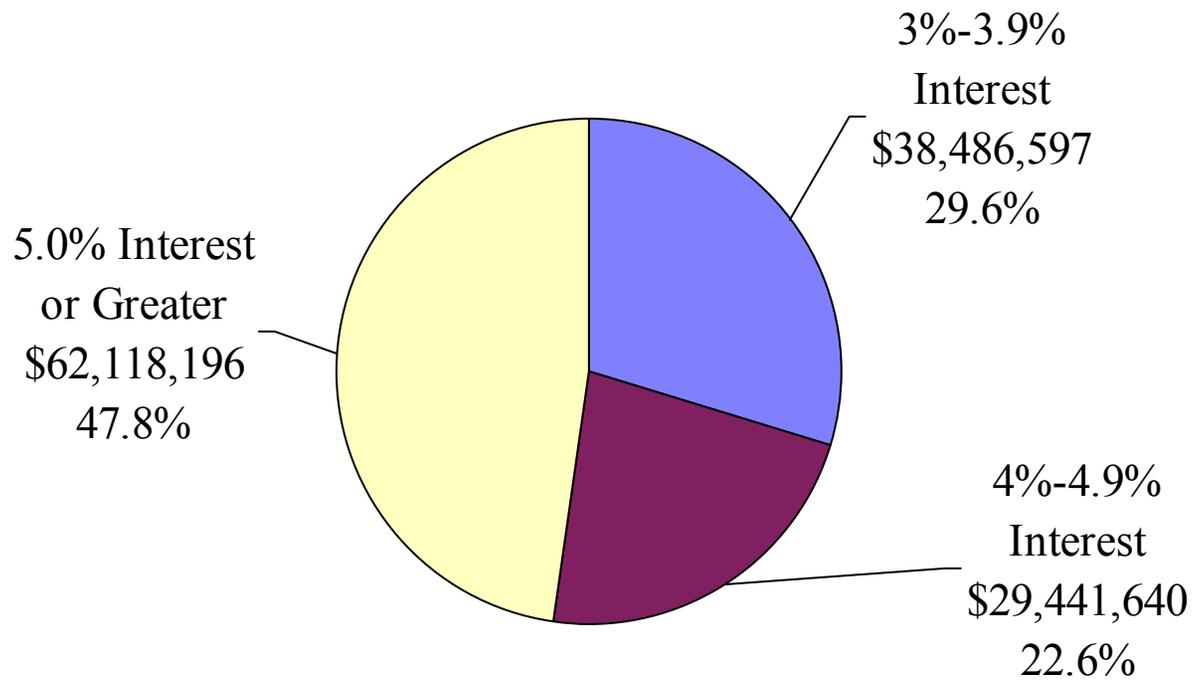
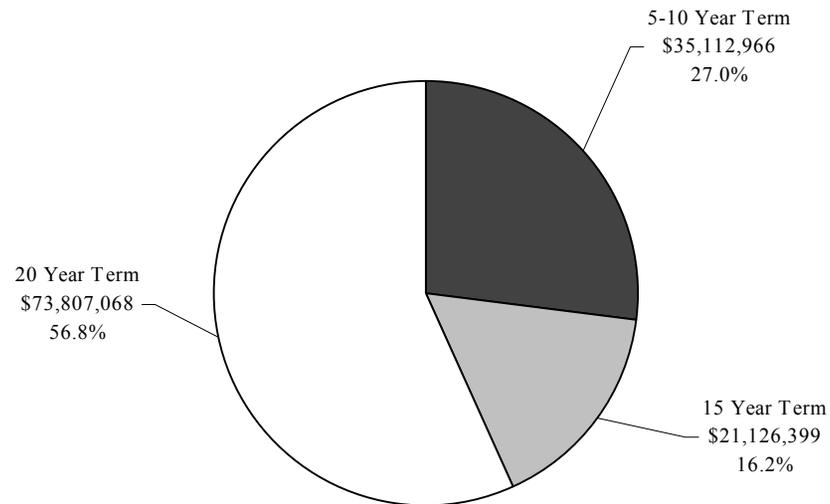


FIGURE 5
CW SRF Loan Terms
by Percentage of Loan Portfolio
(\$130 Million)



PROJECT DESCRIPTIONS

Loans approved during federal fiscal year 2002 are designated by the year 2002 written directly beside the loan recipients' names and italic lettering within the paragraph.

AURORA – Aurora received a \$410,000 loan at 5 percent interest for 20 years. The project is to upgrade its wastewater interceptors.

BALTIC (2002) – *Baltic received a \$465,000 loan at 3.5 percent for 20 years to fund sewer main and lift station replacement.*

BELLE FOURCHE – The city of Belle Fourche has received two loans totaling \$517,422. The first loan, at 3 percent for 20 years, was used to construct sanitary sewer lines and manholes, and the second loan, at 4.5 percent for 10 years, was used to upgrade the city's primary sanitary forcemain.

BERESFORD – The city of Beresford received a 4.5 percent, 10-year loan in the amount of \$1,150,000 to improve sanitary sewer and storm sewer lines in conjunction with a South Dakota Department of Transportation street reconstruction project..

BOX ELDER – Box Elder utilized a \$648,600 Clean Water SRF loan to refinance existing sewer debt incurred to expand its treatment facility. The term of the loan is for 20 years at 3 percent.

BRANDON – The city of Brandon received two Clean Water SRF loans totaling \$631,018 for a storm drainage project and for the construction of a forcemain to convey partially treated wastewater from Brandon to the Sioux Falls wastewater treatment plant as well as the associated pumping station and improvements to the existing treatment facility. Both loans were for 10 years at 3 percent interest.

BRIDGEWATER – The city of Bridgewater received a 20 year, 5.25 percent loan for \$90,328 to construct storm sewer along the north and east side of the city to connect to an existing inlet basin.

BRITTON (2002) – The city of Britton received two Clean Water SRF loans for a total amount of \$832,435. The first loan, at 4.5 percent for 10 years, funded wastewater system improvements including the installation of a lift station and forcemain and the construction of artificial wetlands. *The city's second loan in the amount of \$322,500 at 3.5 percent for 20 years will fund sewer main replacement and extensions along Highway 10.*

BROOKINGS – The city of Brookings received a loan for \$188,065 at 4 percent for 15 years to finance the construction of a new interceptor.

CANTON – The city of Canton received a Clean Water SRF loan at 4 percent for 15 years in the amount of \$515,715 to finance sanitary and storm sewer improvements.

CASTLEWOOD (2002) – *The city of Castlewood received a \$250,000 loan at 3.5 percent for 20 years to fund sanitary sewer collection improvements.*

CENTERVILLE (2002) – *Centerville received a loan for \$500,000 at 3.5 percent for 20 years to fund the construction of a new wastewater treatment facility and new force main and lift station to transfer the wastewater to the new facility.*

CHAMBERLAIN – Chamberlain received two loans at 3 percent for 10 years totaling \$615,500 to rehabilitate sanitary sewer lines and construct storm sewer lines under two major streets in the city. The city's third and fourth loans, at 5.25 percent for 20 years, totaled \$3,150,000 for renovations to the city's wastewater treatment facility and expansion of sewer service into a newly annexed area of town.

CLEAR LAKE – The city of Clear Lake used a \$79,537, 4 percent, 15-year loan to construct two new wastewater treatment stabilization ponds and convert the existing pond into an artificial wetland.

CUSTER – The city of Custer received three Clean Water SRF loans totaling \$888,000. The first loan financed the construction of a forcemain to convey treated effluent from the wastewater treatment facility to the municipal golf course, a storage reservoir at the golf course to store the effluent, and irrigation facilities at the golf course to utilize the effluent. The second loan financed sewer improvements that included collection lines and an interceptor line extension on the west edge of the city limits. The first and second loans were for 20 years at an interest rate of 3 percent. The third loan of \$276,000, at 3 percent interest for 10 years, financed the construction of an additional wastewater stabilization pond.

CUSTER-FALL RIVER WASTE MANAGEMENT DISTRICT – The Custer-Fall River Solid Waste Management District used \$106,939 in Clean Water SRF funds for the construction of a landfill to serve residents of Custer and Fall River counties. The landfill also serves the Hot Springs Material Recovery Facility (MRF). The loan is for 20 years at 5 percent interest.

DEADWOOD – Deadwood received a \$447,838 Clean Water SRF loan at 4 percent interest for 15 years. The loan was used to slip line approximately 2,700 feet of 24-inch diameter sewer interceptor line.

DELL RAPIDS – The city of Dell Rapids constructed sanitary and storm sewers with a \$300,000 loan. The new lines replaced existing undersized sewers in conjunction with a street rehabilitation project. The term of the loan is 10 years at 3 percent.

ELK POINT (2002) – The city of Elk Point received a \$458,000 loan with a term of 4 percent for 15 years. The city replaced two existing lift stations with a new lift station, forcemain and interceptor lines. *The city received its second loan for \$450,000 at 3.5 percent for 20 years to fund new storm sewer and replace sanitary sewer in conjunction with the Pearl Street Utility Improvement project.*

FORT PIERRE (2002) – The city of Fort Pierre used a \$330,294 Clean Water SRF loan to construct a new sanitary sewer and two storm sewers. The sanitary sewer serves a residential area that was previously not connected to the city's system. The term of the loan is 3 percent for 10 years. *Fort Pierre received its second loan in the amount of \$462,500 at 3.5 percent for 15 years to finance sanitary sewer lift station and manhole rehabilitation.*

GARRETSON – The city of Garretson constructed new wastewater treatment stabilization ponds to make the existing sanitary system total retention and made improvements to the existing wastewater facility using the \$300,000, 4 percent, 15-year loan.

GROTON – The city of Groton used two Clean Water SRF loans in the total amount of \$264,154 to build new interceptor lines, force mains and lift stations. The new sanitary systems were constructed in the east and northwest sections of the city. Both loans were at 3 percent for 10 years. The city received a third loan of \$470,809 at 5.25 percent for 20 years to construct a new three cell wastewater treatment facility, lift station, and forcemain.

HARRISBURG – The city of Harrisburg received a Clean Water SRF loan for \$507,277 to construct total retention stabilization ponds. The loan rate is 5 percent for 20 years.

HARTFORD (2002) – The city of Hartford received two loans totaling \$1,194,804, both at 5 percent interest for 20 years. The first loan was used to replace sanitary sewer mains within the city, and the second loan was used to replace the current wastewater treatment facility. *Hartford's third loan, for \$300,000 at 3.5 percent for 20 years, will complete funding for the wastewater treatment facility project.*

HIGHMORE (2002) – *The city of Highmore's first loan is in the amount of \$262,300 at 3.5 percent for 20 years to fund an upgrade to its wastewater treatment facility. The upgrade included reshaping dikes, installing riprap, relocating the inlet structure, and replacing interpond piping.*

HOT SPRINGS – The city of Hot Springs received two loans totaling \$1,126,930. The first loan of \$196,930, at 3 percent interest for 10 years, was used to construct new sanitary sewers in an area of the city that had failing septic systems. The second loan of \$930,000, at 5 percent for 20 years, was to close the existing landfill site and construct a transfer station and municipal solid waste composting facility.

HURON – The city of Huron has received three Clean Water SRF loans. The first loan was used to partially fund improvements at the mechanical wastewater treatment facility and artificial wetlands treatment site. This loan totaled \$1,656,000 at 3 percent for 20 years. The second loan, for \$701,007 at 3 percent for 10 years, was used to construct an extension to the storm sewer system to provide drainage in a developing area of the city. The city of Huron utilized a third Clean Water SRF loan in the amount of \$1,856,828 at 5.25 percent for 20 years to expand the existing stabilization pond system and increase pumping capacity.

LAKE COCHRANE SANITARY DISTRICT – The Lake Cochrane Sanitary District constructed a wastewater collection and treatment system at Lake Cochrane. An \$80,000 loan at 3 percent for years was made to the district to refinance a portion of the project.

LAKE MADISON SANITARY DISTRICT – The Lake Madison Sanitary District received a 4 percent, 15-year Clean Water SRF loan for \$330,000 to refinance a Farmers Home Administration loan, which partially funded the installation of a wastewater collection and treatment system to serve Lake Madison.

LEAD – The city of Lead received three Clean Water SRF loans that were used for the separation of combined sanitary and storm sewers along with the rehabilitation of portions of the sanitary sewer system. The first loan was for \$186,409 at 3 percent interest for 20 years. The second loan for \$500,770 and the third loan for \$375,298 were at 3 percent for 10 years. The city received its fourth loan to replace and separate combined sewers beneath South Dakota Highway 85 in conjunction with a South Dakota Department of Transportation highway project. The fourth loan is for \$239,200 at 4.5 percent interest for a 10 years.

LEAD-DEADWOOD SANITARY DISTRICT – A sludge disposal vehicle and a sewer jet were purchased by the Lead-Deadwood Sanitary District with this loan. The loan was for \$106,855 at 3 percent for 5 years.

LEMMON – The city of Lemmon received a \$427,100 loan at 3 percent interest for 20 years to refinance a general obligation sewer bond issued in 1985. The bonds were issued to correct an infiltration/inflow problem.

LENNOX – The city of Lennox used a \$350,000 Clean Water SRF loan at 5.25 percent interest for 20 years to construct and rehabilitate sanitary sewer interceptors. The city received a second loan for \$583,735 at 5.25 percent for 20 years to add four aeration basins, two lift stations, and forcemains to the existing wastewater facility.

MADISON – The city of Madison received a \$119,416 Clean Water SRF loan at 3 percent interest for 10 years to finance the construction of new collectors.

McCOOK LAKE SANITARY DISTRICT – The McCook Lake Sanitary District received a Clean Water SRF loan for \$641,935 at 5 percent for 20 years to partially fund the upgrade and expansion of the wastewater treatment facility.

MITCHELL – The city of Mitchell received a \$1,543,405 loan at 4.5 percent for 10 years to partially fund the construction of a storm drain diversion project.

MOBRIDGE – The city of Mobridge received two Clean Water SRF loans to partially fund the upgrade and expansion of the wastewater treatment facility. The first loan totaled \$1,500,000 at 3 percent for 20 years, while the second loan of \$158,000 was at a rate of 4 percent for 15 years. The city received its third loan to install storm sewers in the northwest section of town. The loan is for \$1,355,000 at 4.5 percent interest for 10 years.

NORTH SIOUX CITY – North Sioux City received a Clean Water SRF loan in the amount of \$239,650 at a rate of 3 percent for 10 years to construct storm sewer and drainage improvements in the community. The city received its second Clean Water SRF loan to expand the storm sewer system and to provide drainage for a rapidly developing area with a \$646,000 loan at 5 percent interest for 15 years.

NORTHDAL SANITARY DISTRICT – The Northdale Sanitary District used a \$256,380, 5 percent, 20-year loan to construct a new gravity sewer, lift station and forcemain. The new system connects the sanitary district to Rapid City's wastewater system.

PHILIP – The city of Philip financed the construction of sanitary and storm sewer improvements with a loan of \$453,885 at 5 percent interest for 15 years. The city received a second, \$321,127 Clean Water SRF loan for a term of 20 years at 5.25 percent to finance the construction of sanitary sewer, storm sewer, concrete curb and gutter, and replacement of forcemain.

PICKEREL LAKE SANITARY DISTRICT – The Pickerel Lake Sanitary District received an \$850,000 Clean Water SRF loan, at 5 percent for 15 years, to finance the phase I construction of a new wastewater treatment facility and a sanitary sewer collection system. The district received a second loan of \$670,000 at 5.25 percent for 20 years to complete phase II of the collection system construction.

PIERRE – The city of Pierre used a Clean Water SRF loan to finance the construction of an interceptor line near the airport and the addition of comminutors at the treatment plant as well as improvements to the sludge handling facilities at the treatment plant. The loan was for \$433,976 at 4 percent for 15 years. The city received a second loan for \$4,417,000 at 5.25 percent for 20 years to finance the phase I improvements to the wastewater treatment facility. Pierre received a third loan in the amount of \$5,391,260 at 5 percent for 20 years to improve the wastewater treatment facility (phase II).

PLATTE – The city of Platte received a \$1,000,000 loan at 5 percent for 20 years to renovate its sanitary sewer system.

POLLOCK – Pollock received a \$151,619 Clean Water SRF loan at 3 percent for 10 years to cover costs that exceeded the available EPA grant funding used to upgrade the wastewater treatment facility.

RAPID CITY – Rapid City has received five Clean Water SRF loans which have been used for construction activities at the wastewater treatment facility, rehabilitation and extension of the sanitary sewer system, construction of stormwater facilities and mitigation of approximately four acres of wetlands at the city's Material Recovery Facility (MRF). The first three loans totaled \$4,141,167. The fourth loan for the MRF was for \$1,214,861.39. The first four Rapid City loans are at a rate of 4 percent for 15 years. The fifth loan, at a rate of 4.5 percent for 20 years for \$14,000,000, will be used to upgrade the wastewater treatment plant as well as to construct a facility to co-compost wastewater treatment plant biosolids with municipal solid wastes.

RAPID VALLEY SANITARY DISTRICT – The Rapid Valley Sanitary District received two Clean Water SRF loans totaling \$978,583. These loans were used for the rehabilitation and extension of the existing sanitary sewer system and carried terms of 3 percent for 20 years and 4 percent for 15 years. The sanitary district continued to rehabilitate the sanitary sewer system with a third loan of \$630,000 at 5.25 percent for 20 years.

RICHMOND LAKE SANITARY DISTRICT – The Richmond Lake Sanitary District received a \$414,000 Clean Water SRF loan at an interest rate of 5.25 percent for 20 years, which will be used to partially finance the construction of a new sanitary sewer system and stabilization pond system for residences around Richmond Lake. The district received a second loan of \$191,500 at 5.25 percent for 20 years to complete phase II of the collection system construction.

ROSCOE – The city of Roscoe received a Clean Water SRF loan for \$358,408 to expand its wastewater treatment facility, rehabilitate an interceptor sewer and construct a new collection sewer. The loan was for 20 years at 5.25 percent.

SIoux FALLS (2002) – The city of Sioux Falls has received 14 Clean Water SRF loans totaling \$25,968,251 for a variety of projects. These projects include the construction of new interceptor lines and lift stations, rehabilitation of the sanitary sewers and lift stations, purchase of sludge handling equipment and improvements, infiltration/inflow correction, improvement of storm water drainage, and flow equalization basin construction. The first loan is at 3 percent for 20 years. Loans 2 through 10 are at 3 percent for 10 years. Loans 11 through 14 are at 4.5 percent for 10 years. *Sioux Falls' fifteenth loan is in the amount of \$1,724,000 at 3.5 percent for 10 years to fund sanitary sewer collection system improvements.*

SOUTHERN MISSOURI WASTE MANAGEMENT DISTRICT – The Southern Missouri Recycling and Waste Management District received a \$700,000 Clean Water SRF loan at 5 percent for 20 years for the construction of a regional landfill near Lake Andes. In federal fiscal year 1998, Southern Missouri Waste Management District received a grant from HUD in the amount of \$400,000 to pay against the principal portion of Southern Missouri's Clean Water SRF loan.

SPEARFISH – The city of Spearfish used a \$1,956,000 Clean Water SRF loan for 15 years at 4 percent to fund the expansion of the wastewater treatment facility.

STURGIS – The city of Sturgis has received four loans totaling \$3,975,630. The first two loans for \$1,438,250 at 5 percent for 20 years financed the construction of three sewer interceptor lines, a sewer collection line, and wastewater treatment facility upgrades. The city received its third loan of \$437,380 at 5.25 percent for 20 years to repair damage and replace riprap in the second and third cells of the wastewater treatment facility and to finance engineering planning studies. The city's fourth loan for \$2,100,000, at 5 percent interest for 20 years, expanded the city's treated effluent irrigation system.

TEA – The city of Tea has received four loans totaling \$1,783,813. Its first two loans were for the construction of a storm drainage system, \$600,000 each, at 4 percent for 15 years. The third loan of \$208,813, at 5.25 percent for 20 years, funded the construction of a sanitary sewer and

lift station. The city received a fourth loan of \$375,000 at 5 percent for 15 years to reconfigure the existing lagoon system and construct a new primary cell and two secondary cells.

VALLEY SPRINGS – The city of Valley Springs received a \$430,000 loan for 20 years at 5.25 percent interest to fund the expansion and upgrade of the existing wastewater treatment facility.

VERMILLION – Vermillion has received three loans totaling \$852,002. The first loan was used to reconstruct a sanitary sewer interceptor. The second loan was for construction of approximately 6,200 feet of storm sewer pipe and associated appurtenances in three areas of the city. The third loan was for the construction of a second trench at the city's landfill and to purchase a scraper. The first loan rate was 3 percent for 20 years, the second loan was 4 percent for 15 years, and the third loan was 4.5 percent for 10 years.

WALL – The city of Wall received a Clean Water SRF loan in the amount of \$1,146,000 at 5 percent for 20 years for its municipal wastewater improvement project. The project consists of the construction of a seven-mile transfer line to new total retention ponds.

WALL LAKE SANITARY DISTRICT (2002) – *The district received its first Clean Water loan for \$200,000 at 3.5 percent for 20 years to fund an extension of sewer main to residents without service. This includes the installation of lift stations and small diameter force main.*

WARNER – The town of Warner used a \$101,152 Clean Water SRF loan at 4.5 percent for 10 years. The project included the construction of a storm sewer collection and disposal system to improve storm drainage within the community.

WATERTOWN – The city of Watertown received two Clean Water SRF loans totaling \$6,000,000 for the upgrade and expansion of the city's wastewater treatment facility, both at 4 percent for 15 years. The city's third and fourth loans, payable at 5.25 percent interest for 20 years, totaled \$3,516,564 and were used to rehabilitate portions of the sanitary sewer collection system and for engineering costs associated with the final upgrade of the wastewater treatment facility.

WAUBAY – The city of Waubay received a 20 year, 5 percent Clean Water SRF loan in the amount of \$81,454 to construct a wastewater collection system within the city limits on the south shore of Blue Dog Lake, an area previously served by septic tanks.

WEBSTER (2002) – The city of Webster used a 10 year, 4.5 percent Clean Water SRF loan for \$345,394 to reconstruct a sanitary sewer line on Main Street. *The city received a second loan in the amount of \$811,000 at 3.5 percent for 20 years to fund the replacement of about 7,400 feet of sewer main, 136 service connections, and approximately 3,400 feet of storm sewer lines.*

WHITEWOOD – Whitewood has received two loans totaling \$455,801. The first loan was at 4 percent interest for 15 years while the second was at 5 percent for 20 years. Whitewood constructed a new mechanical wastewater treatment facility in conjunction with the existing stabilization pond system and expanded the wastewater collection system.

WORTHING – The town of Worthing received a \$227,645 Clean Water SRF loan at 5.25 percent interest for 20 years and was used to expand and upgrade the existing stabilization pond treatment facility.

YANKTON (2002) – The city of Yankton received three loans totaling \$13,255,000. All three loans were used to upgrade and expand the existing wastewater treatment facility. The term of the first loan was 5.25 percent for 20 years. The second loan utilized the leveraged program bonds with a term of 6 percent for 20 years. *Yankton's third loan, in the amount of \$6,130,000 at 3.5 percent for 20 years will fund the third phase of the project.*

EXHIBITS I-VII
CLEAN WATER SRF
STATUS REPORTS

EXHIBIT I
PROJECTS RECEIVING SRF ASSISTANCE
FEDERAL FISCAL YEAR 2002

Recipient	Assistance Amount	Binding	
		Commitment Date	Rate/Term
Baltic (01)	\$465,000	27-Jun-02	3.5%/20 yrs
Britton (02)	\$322,500	26-Sep-02	3.5%/20 yrs
Castlewood (01)	\$250,000	31-Jan-02	3.5%/20 yrs
Centerville (01)	\$500,000	27-Jun-02	3.5%/20 yrs
Elk Point (02)	\$450,000	31-Jan-02	3.5%/20 yrs
Fort Pierre (02)	\$462,500	31-Jan-02	3.5%/15 yrs
Hartford (03)	\$300,000	12-Apr-02	3.5%/20 yrs
Highmore (01)	\$262,300	12-Apr-02	3.5%/20 yrs
Sioux Falls (15)	\$1,724,000	12-Apr-02	3.5%/10 yrs
Wall Lake San Dist. (01)	\$200,000	12-Apr-02	3.5%/20 yrs
Webster (02)	\$811,000	12-Apr-02	3.5%/20 yrs
Yankton (03)	\$6,130,000	12-Oct-01	3.5%/20 yrs
TOTAL	\$11,877,300		

EXHIBIT II
SRF NEEDS CATEGORIES
FEDERAL FISCAL YEAR 2002

Recipient	Project No.	I Sec. Treat.	II Adv. Treatment	III-A I/I Correction	III-B System Rehab	IV-A New Collection	IV-B New Interceptor	VI Storm Sewers
Baltic (01)	C461223-01				\$465,000			
Britton (02)	C461188-02				\$263,000	\$59,500		
Castlewood (01)	C461246-01				\$250,000			
Centerville (01)	C461215-01	\$500,000						
Elk Point (02)	C461059-02							\$450,000
Fort Pierre (02)	C461049-02			\$462,500				
Hartford (03)	C461104-03		\$300,000					
Highmore (01)	C461106-01	\$262,300						
Sioux Falls (15)	C461232-15			\$929,000			\$795,000	
Wall Lake San. Dist. (01)	C461300-01	\$200,000						
Webster (02)	C461054-02				\$567,700			\$243,300
Yankton (03)	C461038-03	\$6,130,000						
TOTAL		\$7,092,300	\$300,000	\$1,391,500	\$1,545,700	\$59,500	\$795,000	\$693,300

EXHIBIT III
ALLOCATION AND SOURCE OF
SRF FUNDS

Fiscal Year	Capitalization			Total
	Grant Award	State Match	Leveraged Funds	
1989	\$4,577,200	\$915,440		\$5,492,640
1990	\$4,738,000	\$947,600		\$5,685,600
1991	\$10,074,800	\$2,014,960		\$12,089,760
1992	\$9,534,900	\$1,906,980		\$11,441,880
1993	\$9,431,000	\$1,886,200		\$11,317,200
1994	\$5,813,800	\$1,162,760		\$6,976,560
1995	\$6,007,800	\$1,201,560	\$4,507,540	\$11,716,900
1996	\$9,904,700	\$1,980,940		\$11,885,640
1997	\$2,990,500	\$598,100		\$3,588,600
1998	\$6,577,300	\$1,315,460		\$7,892,760
1999	\$6,577,900	\$1,315,580		\$7,893,480
2000	\$6,555,200	\$1,311,040		\$7,866,240
2001	\$6,496,100	\$1,299,220		\$7,795,320
2002	\$6,510,800	\$1,302,160		\$7,812,960
TOTAL	\$95,790,000	\$19,158,000	\$4,507,540	\$119,455,540

EXHIBIT IV
Obligations for
Federal Fiscal Years 1989-2002
Capitalization Grants, Principal Repayments
and Leveraged Funds

1. PROJECTS UTILIZING 1989 SRF FUNDS

RECIPIENT	BINDING COMMITMENT DATE	BINDING COMMITMENT AMOUNT	ACTUAL AMOUNT	BALANCE
1989 Capitalization Grant and State Match				\$5,309,552
Huron (01)	9-Nov-89	\$1,656,000	\$1,656,000	\$3,653,552
Rapid Valley Sanitary District (01)	11-Jan-90	\$614,000	\$614,000	\$3,039,552
Box Elder (01)	11-Apr-90	\$648,600	\$648,600	\$2,390,952
Custer (01)	11-Apr-90	\$430,000	\$430,000	\$1,960,952
Lake Cochrane (01)	11-Apr-90	\$80,000	\$80,000	\$1,880,952
Lemmon (01)	11-Apr-90	\$427,100	\$427,100	\$1,453,852
Sioux Falls (01) *	11-Apr-90	\$3,316,310	\$1,453,852	\$0

* Balance is from 1990 funds

2. PROJECTS UTILIZING 1990 SRF FUNDS

RECIPIENT	BINDING COMMITMENT DATE	BINDING COMMITMENT AMOUNT	ACTUAL AMOUNT	BALANCE
1990 Capitalization Grant and State Match				\$5,496,080
Sioux Falls (01) *			\$1,383,111	\$4,112,969
Lead-Deadwood Sanitary District (01)	7-Jun-90	\$110,000	\$106,855	\$4,006,114
Vermillion (01)	7-Jun-90	\$125,000	\$125,000	\$3,881,114
Custer (02)	11-Jul-90	\$182,000	\$182,000	\$3,699,114
Lead (01)	11-Jul-90	\$186,409	\$186,409	\$3,512,705
Mobridge (01)	11-Jul-90	\$1,500,000	\$1,500,000	\$2,012,705
Sioux Falls (02)	11-Jul-90	\$454,000	\$453,999	\$1,558,706
Belle Fourche (01)	22-Aug-90	\$253,000	\$253,000	\$1,305,706
Pierre (01)	8-Nov-90	\$600,000	\$433,976	\$871,730
Rapid City (01) **	12-Dec-90	\$2,637,000	\$871,730	\$0

* Balance is from 1989 funds

** Balance is from 1991 funds

3. PROJECTS UTILIZING 1991 SRF FUNDS

RECIPIENT	BINDING COMMITMENT DATE	BINDING COMMITMENT AMOUNT	ACTUAL AMOUNT	BALANCE
1991 Capitalization Grant and State Match				\$11,686,768
Rapid City (01) *			\$1,608,175	\$10,078,593
Sioux Falls (03)	12-Dec-90	\$845,000	\$845,000	\$9,233,593
Sioux Falls (04)	13-Dec-90	\$1,200,000	\$1,200,000	\$8,033,593
Brookings (01)	14-Mar-91	\$188,065	\$188,065	\$7,845,528
Madison (01)	14-Mar-91	\$150,000	\$119,416	\$7,726,112
Lake Madison (01)	14-Mar-91	\$330,000	\$330,000	\$7,396,112
Brandon (01)	14-Mar-91	\$105,000	\$105,000	\$7,291,112
Clear Lake (01)	13-Jun-91	\$370,000	\$79,537	\$7,211,575
Huron (02)	13-Jun-91	\$750,000	\$701,997	\$6,509,578
Lead (02)	11-Jul-91	\$500,770	\$500,770	\$6,008,808
McCook Lake Sanitary District (01)	29-Aug-91	\$641,935	\$641,935	\$5,366,873
Watertown (01)	9-Oct-91	\$2,000,000	\$2,000,000	\$3,366,873
Mobridge (02)	11-Dec-91	\$158,000	\$158,000	\$3,208,873
Waubay (01)	18-Feb-92	\$163,487	\$81,454	\$3,127,419
Whitewood (01)	18-Feb-92	\$200,000	\$180,801	\$2,946,618
Hot Springs (01)	12-Mar-92	\$196,930	\$196,930	\$2,749,688
Sioux Falls (05)	12-Mar-92	\$1,955,000	\$1,955,000	\$794,688
Sioux Falls (06)	12-Mar-92	\$700,000	\$700,000	\$94,688
Spearfish (01) **	12-Mar-92	\$1,956,000	\$94,688	\$0

* Balance is from 1990 funds

** Balance is from 1992 funds

4. PROJECTS UTILIZING 1992 SRF FUNDS

RECIPIENT	BINDING COMMITMENT DATE	BINDING COMMITMENT AMOUNT	ACTUAL AMOUNT	BALANCE
1992 Capitalization Grant and State Match				\$11,060,484
Spearfish (01) *			\$1,861,312	\$9,199,172
Canton (01)	19-May-92	\$621,000	\$515,715	\$8,683,457
Lead (03)	19-May-92	\$405,000	\$375,298	\$8,308,159
Chamberlain (01)	8-Jul-92	\$350,500	\$350,500	\$7,957,659
North Sioux City (01)	8-Jul-92	\$239,650	\$239,650	\$7,718,009
Rapid City (02)	8-Jul-92	\$1,138,200	\$986,685	\$6,731,324
Watertown (02)	12-Aug-92	\$4,000,000	\$4,000,000	\$2,731,324
Sioux Falls (07) **	26-Jan-93	\$4,500,000	\$2,731,324	\$0

* Balance is from 1991 funds

** Balance is from 1993 funds

5. PROJECTS UTILIZING 1993 SRF FUNDS

RECIPIENT	BINDING COMMITMENT DATE	BINDING COMMITMENT AMOUNT	ACTUAL AMOUNT	BALANCE
1993 Capitalization Grant and State Match				\$10,939,960
Sioux Falls (07) *			\$1,768,676	\$9,171,284
Chamberlain (02)	26-Jan-93	\$265,000	\$265,000	\$8,906,284
Brandon (02)	31-Mar-93	\$600,000	\$526,018	\$8,380,266
Tea (01)	31-Mar-93	\$600,000	\$600,000	\$7,780,266
Elk Point (01)	27-May-93	\$458,000	\$458,000	\$7,322,266
Rapid City (03)	23-Jun-93	\$777,500	\$674,577	\$6,647,689
Custer (03)	23-Aug-93	\$276,000	\$276,000	\$6,371,689
Sturgis (01)	23-Aug-93	\$502,000	\$502,000	\$5,869,689
Pollock (01)	23-Sep-93	\$170,000	\$151,619	\$5,718,070
Vermillion (02)	9-Dec-93	\$500,000	\$370,471	\$5,347,599
Dell Rapids (01)	9-Dec-93	\$300,000	\$300,000	\$5,047,599
Groton (01)	13-Jan-94	\$192,000	\$189,524	\$4,858,075
Hot Springs (NPS/01)	13-Jan-94	\$930,000	\$930,000	\$3,928,075
Sioux Falls (08)	13-Jan-94	\$1,000,000	\$699,003	\$3,229,072
Deadwood (01)	25-Apr-94	\$582,000	\$447,838	\$2,781,234
Northdale Sanitary District (01)	25-Apr-94	\$315,000	\$256,380	\$2,524,854
Fort Pierre (01)	11-May-94	\$330,294	\$330,294	\$2,194,560
Garretson (01)	11-May-94	\$510,000	\$300,000	\$1,894,560
Groton (02)	11-May-94	\$106,000	\$74,630	\$1,819,930
Tea (02)	11-May-94	\$600,000	\$600,000	\$1,219,930
Sturgis (02)	23-Jun-94	\$936,250	\$936,250	\$283,680
Rapid City (04) **	10-Aug-94	\$1,214,861	\$283,680	\$0

* Balance is from 1992 funds

** Balance is from 1994 funds

6. PROJECTS UTILIZING 1994 SRF FUNDS

RECIPIENT	BINDING COMMITMENT DATE	BINDING COMMITMENT AMOUNT	ACTUAL AMOUNT	BALANCE
1994 Capitalization Grant and State Match				\$6,744,008
Rapid City (04) *			\$931,181	\$5,812,827
Sioux Falls (09)	10-Aug-94	\$1,250,000	\$1,250,000	\$4,562,827
Sioux Falls (10)	10-Aug-94	\$1,500,000	\$1,432,941	\$3,129,886
Southern Missouri WMD (01)	6-Oct-94	\$700,000	\$700,000	\$2,429,886
Rapid Valley Sanitary District (02)	10-Nov-94	\$460,000	\$364,583	\$2,065,303
Warner (01)	23-Mar-95	\$102,000	\$101,152	\$1,964,151
Belle Fourche (02)	22-Jun-95	\$300,000	\$264,422	\$1,699,729
Custer-Fall River WMD (01)	22-Jun-95	\$250,000	\$106,939	\$1,592,790
North Sioux City (02)	22-Jun-95	\$646,000	\$646,000	\$946,790
Philip (01)	22-Jun-95	\$472,000	\$453,885	\$492,905
Sioux Falls (11) **	22-Jun-95	\$1,250,000	\$492,905	\$0

* Balance is from 1993 funds

** Balance is from 1995 funds

7. PROJECTS UTILIZING 1995 SRF FUNDS

RECIPIENT	BINDING COMMITMENT DATE	BINDING COMMITMENT AMOUNT	ACTUAL AMOUNT	BALANCE
1995 Capitalization Grant and State Match				\$6,969,048
Sioux Falls (11) *			\$702,441	\$6,266,607
Watertown (03)	22-Jun-95	\$2,600,000	\$2,583,734	\$3,682,873
Vermillion (NPS/01)	10-Aug-95	\$480,000	\$356,531	\$3,326,342
Huron (03)	19-Sep-95	\$2,700,000	\$1,856,828	\$1,469,514
Sioux Falls (12)	27-Mar-96	\$1,300,000	\$1,300,000	\$169,514
Webster (01) **	27-Mar-96	\$400,000	\$169,514	\$0

* Balance is from 1994 funds

** Balance is from 1996 funds

8. PROJECTS UTILIZING 1996 SRF FUNDS

RECIPIENT	BINDING COMMITMENT DATE	BINDING COMMITMENT AMOUNT	ACTUAL AMOUNT	BALANCE
1996 Capitalization Grant and State Match				\$11,489,452
Webster (01) *			\$175,880	\$11,313,572
Pickereel Lake Sanitary District (01)	9-May-96	\$850,000	\$850,000	\$10,463,572
Chamberlain (03)	27-Jun-96	\$2,700,000	\$2,700,000	\$7,763,572
Lennox (01)	27-Jun-96	\$350,000	\$350,000	\$7,413,572
Richmond Lake Sanitary District (01)	27-Jun-96	\$414,000	\$414,000	\$6,999,572
Worthing (01)	27-Jun-96	\$315,725	\$227,645	\$6,771,927
Rapid Valley Sanitary District (03)	29-Jul-96	\$630,000	\$630,000	\$6,141,927
Roscoe (01) *	29-Jul-96	\$358,408	\$358,408	\$5,783,519
Sioux Falls (13)	9-Jan-97	\$2,500,000	\$2,083,137	\$3,700,382
Philip (02)	26-Jun-97	\$325,000	\$321,127	\$3,379,255
Sturgis (03)	27-Jun-97	\$450,000	\$437,380	\$2,941,875
Tea (03)	27-Jun-97	\$250,000	\$208,813	\$2,733,062
Groton (03)	23-Jul-97	\$635,000	\$470,809	\$2,262,253
Lennox (02)	23-Jul-97	\$600,000	\$583,735	\$1,678,518
Bridgewater (01)	25-Sep-97	\$120,000	\$90,328	\$1,588,190
Pickereel Lake Sanitary District (02)	25-Sep-97	\$670,000	\$670,000	\$918,190
Yankton (01) **	11-Dec-97	\$2,625,000	\$918,190	\$0

* Balance is from 1995 funds

** Balance if from 1997 funds

9. PROJECTS UTILIZING 1997 SRF FUNDS

RECIPIENT	BINDING COMMITMENT DATE	BINDING COMMITMENT AMOUNT	ACTUAL AMOUNT	BALANCE
1997 Capitalization Grant and State Match				
Yankton (01) *			\$1,706,810	\$1,762,170
Chamberlain (04)	26-Mar-98	\$450,000	\$450,000	\$1,312,170
Pierre (02) **	26-Mar-98	\$4,417,000	\$1,312,170	\$0

* Balance is from 1996 funds

** Balance is from 1998 funds

10. PROJECTS UTILIZING 1998 SRF FUNDS

RECIPIENT	BINDING COMMITMENT DATE	BINDING COMMITMENT AMOUNT	ACTUAL AMOUNT	BALANCE
1998 Capitalization Grant and State Match				
Pierre (02) *			\$3,104,830	\$4,524,838
Tea (04)	14-May-98	\$375,000	\$375,000	\$4,149,838
Valley Springs (01)	14-May-98	\$430,000	\$422,128	\$3,727,710
Richmond Lake Sanitary District (02)	25-Jun-98	\$226,500	\$191,500	\$3,536,210
Pierre (03) **	25-Mar-99	\$5,391,260	\$3,536,210	\$0

* Balance is from 1997 funds

** Balance is from 1999 funds

11. PROJECTS UTILIZING 1999 SRF FUNDS

RECIPIENT	BINDING COMMITMENT DATE	BINDING COMMITMENT AMOUNT	ACTUAL AMOUNT	BALANCE
1999 Capitalization Grant and State Match				
Pierre (03) *			\$1,855,050	\$5,775,314
Platte (01)	25-Mar-99	\$1,000,000	\$1,000,000	\$4,775,314
Britton (01)	13-May-99	\$509,935	\$509,935	\$4,265,379
Harrisburg (01)	23-Jun-99	\$520,000	\$507,277	\$3,758,102
Wall (01)	22-Jul-99	\$1,146,000	\$788,600	\$2,969,502
Hartford (01)	13-Apr-00	\$504,000	\$504,000	\$2,465,502
Hartford (02)	13-Apr-00	\$690,804	\$690,804	\$1,774,698
Mobridge (03)	13-Apr-00	\$1,355,000	\$1,355,000	\$419,698
Sturgis (04) **	14-Apr-00	\$2,100,000	\$419,698	\$0

* Balance is from 1998 funds

** Balance is from 2000 funds

12. PROJECTS UTILIZING 2000 SRF FUNDS

RECIPIENT	BINDING COMMITMENT DATE	BINDING COMMITMENT AMOUNT	ACTUAL AMOUNT	BALANCE
2000 Capitalization Grant and State Match				
Sturgis (04) *			\$1,680,302	\$5,923,730
Beresford (01)	22-Jun-00	\$1,150,000	\$1,150,000	\$4,773,730
Aurora (01)	27-Jul-00	\$410,000	\$410,000	\$4,363,730
Lead (04)	27-Jul-00	\$239,200	\$239,200	\$4,124,530
Whitewood (02)	27-Jul-00	\$275,000	\$189,032	\$3,935,498
Sioux Falls (14) **	27-Jul-00	\$5,100,000	\$3,935,498	\$0

* Balance is from 1999 funds

** Balance is from 2001 funds

13. PROJECTS UTILIZING 2001 SRF FUNDS

RECIPIENT	BINDING COMMITMENT DATE	BINDING COMMITMENT AMOUNT	ACTUAL AMOUNT	BALANCE
2001 Capitalization Grant and State Match				
Sioux Falls (14) *			\$1,164,502	\$6,370,974
Yankton (03)	12-Oct-01	\$6,130,000	\$6,130,000	\$240,974
Wall Lake (01)	13-Dec-01	\$200,000	\$200,000	\$40,974
Elk Point (02) **	31-Jan-02	\$450,000	\$40,974	\$0

* Balance is from 2000 funds

** Balance is from Repayment funds

Note: Breakdowns listed above are used for planning purposes only and do not reflect the actual source of payments. As payments are processed, oldest funds are expended first.

14. PROJECTS UTILIZING 2002 SRF FUNDS

The FFY 2002 Clean Water SRF Capitalization Grant and state matching funds were transferred in their entirety to the Drinking Water SRF program.

15. PROJECTS UTILIZING REPAYMENT FUNDS

RECIPIENT	BINDING COMMITMENT DATE	BINDING COMMITMENT AMOUNT	ACTUAL AMOUNT	BALANCE
Total Repayments as of 9/30/2002				
Watertown (04)	9-Nov-95	\$2,200,000	\$932,830	\$40,471,944
Mitchell (01)	15-Apr-97	\$2,000,000	\$1,543,405	\$38,928,539
Rapid City (05)	11-Jan-01	\$14,000,000	\$14,000,000	\$24,928,539
Elk Point (02) *	31-Jan-02		\$409,026	\$24,519,513
Castlewood (01)	31-Jan-02	\$250,000	\$250,000	\$24,269,513
Fort Pierre (02)	31-Jan-02	\$462,500	\$462,500	\$23,807,013
Hartford (03)	12-Apr-02	\$300,000	\$300,000	\$23,507,013
Highmore (01)	12-Apr-02	\$262,300	\$262,300	\$23,244,713
Sioux Falls (15)	12-Apr-02	\$1,724,000	\$1,724,000	\$21,520,713
Webster (02)	12-Apr-02	\$811,000	\$811,000	\$20,709,713
Baltic (01)	27-Jun-02	\$465,000	\$465,000	\$20,244,713
Centerville (01)	27-Jun-02	\$500,000	\$500,000	\$19,744,713
Britton (02)	26-Sep-02	\$322,500	\$322,500	\$19,422,213

* Balance is from 2001 funds

16. PROJECTS UTILIZING LEVERAGED FUNDS

<u>RECIPIENT</u>	<u>BINDING COMMITMENT DATE</u>	<u>BINDING COMMITMENT AMOUNT</u>	<u>ACTUAL AMOUNT</u>	<u>BALANCE</u>
Total Leveraged Funds Available				\$4,507,540
Yankton (02)	11-Dec-97	\$4,500,000	\$4,500,000	\$7,540

EXHIBIT V
Clean Water SRF Disbursements
October 1, 2001 to September 30, 2002

LOAN DISBURSEMENTS

Disbursement Number	Date	Payee	Other	State	Federal	Total Payment
02-01	10/11/01	Platte (01)	\$0.00	\$0.00	\$8,832.00	\$8,832.00
02-02	10/11/01	Platte (01)	\$0.00	\$0.00	\$302,377.00	\$302,377.00
02-04	10/11/01	Mobridge (03)	\$0.00	\$0.00	\$236,548.00	\$236,548.00
02-05	10/11/01	Beresford (01)	\$0.00	\$0.00	\$207,623.00	\$207,623.00
02-03	10/16/01	Rapid City (05)	\$1,012,130.00	\$0.00	\$0.00	\$1,012,130.00
02-06	10/29/01	Yankton (02)	\$1,344,329.00	\$0.00	\$0.00	\$1,344,329.00
02-07	11/01/01	Hartford (02)	\$0.00	\$0.00	\$190,292.00	\$190,292.00
02-08	11/15/01	Platte (01)	\$0.00	\$0.00	\$176,327.00	\$176,327.00
02-09	11/21/01	Sioux Falls (13)	\$0.00	\$0.00	\$39,040.00	\$39,040.00
02-10	11/21/01	Sioux Falls (14)	\$0.00	\$0.00	\$779,765.00	\$779,765.00
02-11	11/21/01	Aurora (01)	\$0.00	\$0.00	\$42,428.00	\$42,428.00
adjustment*	11/27/01	Brandon (01)	\$0.00	(\$49.43)	\$0.00	(\$49.43)
02-12	12/03/01	Hartford (02)	\$0.00	\$31,265.00	\$117,493.00	\$148,758.00
02-13	12/20/01	Beresford (01)	\$0.00	\$3,933.00	\$19,419.00	\$23,352.00
02-14	12/20/01	Platte (01)	\$0.00	\$16,468.00	\$82,340.00	\$98,808.00
02-15	01/02/02	Aurora (01)	\$0.00	\$44,555.00	\$222,776.00	\$267,331.00
02-16	01/17/02	Hartford (01)	\$0.00	\$833.00	\$4,167.00	\$5,000.00
02-17	02/01/02	Rapid City (05)	\$927,053.00	\$0.00	\$0.00	\$927,053.00
02-18	02/22/02	Mobridge (03)	\$0.00	\$16,448.00	\$82,242.00	\$98,690.00
02-19	04/03/02	Yankton (02)	\$1,832,650.00	\$0.00	\$0.00	\$1,832,650.00
02-20	04/09/02	Rapid City (05)	\$875,509.00	\$0.00	\$0.00	\$875,509.00
02-21	04/19/02	Sioux Falls (14)	\$0.00	\$251,424.00	\$1,257,119.00	\$1,508,543.00
02-21	04/19/02	Sioux Falls (14)	\$0.00	\$37,396.00	\$186,978.00	\$224,374.00
02-22	05/16/02	Castlewood (01)	\$5,764.00	\$0.00	\$0.00	\$5,764.00
02-23	06/12/02	Platte (01)	\$0.00	\$1,400.00	\$7,000.00	\$8,400.00
02-24	06/19/02	Platte (01)	\$0.00	\$7,350.00	\$36,748.00	\$44,098.00
02-25	07/10/02	Elk Point (02)	\$0.00	\$5,517.00	\$27,585.00	\$33,102.00
02-25	07/11/02	Elk Point (02)	\$7,456.00	\$0.00	\$0.00	\$7,456.00
02-26	07/11/02	Rapid City (05)	\$1,017,417.00	\$0.00	\$0.00	\$1,017,417.00
02-28	07/17/02	Wall Lake (01)	\$0.00	\$2,951.00	\$14,755.00	\$17,706.00
02-27	07/19/02	Castlewood (01)	\$1,276.00	\$0.00	\$0.00	\$1,276.00
02-30	08/15/02	Castlewood (01)	\$2,025.00	\$0.00	\$0.00	\$2,025.00
02-31	08/15/02	Wall Lake (01)	\$0.00	\$5,268.00	\$26,339.00	\$31,607.00
02-29	08/19/02	Hartford (03)	\$300,000.00	\$0.00	\$0.00	\$300,000.00
02-32	08/22/02	Elk Point (02)	\$0.00	\$1,312.00	\$6,560.00	\$7,872.00
02-32	08/22/02	Elk Point (02)	\$111,532.00	\$0.00	\$0.00	\$111,532.00
02-33	09/11/02	Yankton (02)	\$3,756.00	\$0.00	\$0.00	\$3,756.00
02-34	09/11/02	Yankton (03)	\$0.00	\$162,519.00	\$812,595.00	\$975,114.00

* Adjustment to prior year disbursement

EXHIBIT VI
Letter of Credit
Projected vs. Actual Draws
Federal Fiscal Year 2002

QUARTER	PROJECTED DRAWS	ACTUAL DRAWS	DIFFERENCE
1ST	\$2,000,000	\$2,497,897	\$497,897
2ND	\$2,000,000	\$131,113	(\$1,868,887)
3RD	\$1,000,000	\$1,514,117	\$514,117
4TH	\$2,985,300	\$975,038	(\$2,010,262)
TOTAL	\$7,985,300	\$5,118,165	(\$2,867,135)

EXHIBIT VII
Environmental Review and
Land Purchase Information

Loan Recipient	Environmental Assessment Class	Environmental Assessment Publication Date	Land Purchase w/ SRF?
Baltic (01)	CatEx	06/26/02	No
Britton (02)	CatEx	09/18/02	No
Castlewood (01)	CatEx	12/15/01	No
Centerville (01)	FNSI	05/15/02	No
Elk Point (02)	CatEx	11/17/02	No
Fort Pierre (02)	CatEx	01/30/02	No
Hartford (03)	FNSI	01/24/02	No
Highmore (01)	CatEx	04/04/02	No
Sioux Falls (15)	CatEx	04/05/02	No
Wall Lake San Dist (01)	CatEx	12/05/01	No
Webster (02)	CatEx	03/11/02	No
Yankton (03)	FNSI	09/10/01	No

EXHIBITS VIII - XII
CLEAN WATER SRF
FINANCIAL STATEMENTS
(unaudited)

EXHIBIT VIII
LOAN PARTICIPANTS
September 30, 2002
(Unaudited)

Borrower Name	Loan Amount	Other Advances	State Advances	Federal Advances	Total Advances	Repayment Amounts	Loan Balances
Aurora (01)	\$410,000	\$0	\$44,555	\$265,204	\$309,759	\$5,605.45	\$304,153.55
Baltic (01)	\$465,000	\$0	\$0	\$0	\$0	\$0.00	\$0.00
Belle Fourche (01)	\$253,000	\$0	\$38,396	\$214,604	\$253,000	\$103,543.42	\$149,456.58
Belle Fourche (02)	\$264,422	\$0	\$44,071	\$220,351	\$264,422	\$158,935.55	\$105,486.45
Beresford (01)	\$1,150,000	\$0	\$76,297	\$1,039,555	\$1,115,852	\$108,592.91	\$1,007,259.09
Box Elder (01)	\$648,600	\$0	\$108,100	\$540,500	\$648,600	\$339,105.58	\$309,494.42
Brandon (01)	\$105,000	\$0	\$103,723	\$1,277	\$105,000	\$105,000.00	\$0.00
Brandon (02)	\$526,018	\$0	\$125,389	\$400,629	\$526,018	\$374,814.47	\$151,203.53
Bridgewater (01)	\$90,328	\$0	\$15,055	\$75,273	\$90,328	\$10,615.76	\$79,712.24
Britton (01)	\$509,935	\$0	\$84,990	\$424,945	\$509,935	\$105,629.03	\$404,305.97
Britton (02)	\$322,500	\$0	\$0	\$0	\$0	\$0.00	\$0.00
Brookings (01)	\$188,065	\$0	\$31,344	\$156,721	\$188,065	\$188,065.00	\$0.00
Canton (01)	\$515,715	\$0	\$0	\$515,715	\$515,715	\$272,015.42	\$243,699.58
Castlewood (01)	\$250,000	\$156,370	\$0	\$0	\$156,370	\$0.00	\$156,370.00
Centerville (01)	\$500,000	\$254,824	\$0	\$0	\$254,824	\$0.00	\$254,824.00
Chamberlain (01)	\$350,500	\$0	\$0	\$350,500	\$350,500	\$350,500.00	\$0.00
Chamberlain (02)	\$265,000	\$0	\$44,167	\$220,833	\$265,000	\$265,000.00	\$0.00
Chamberlain (03)	\$2,700,000	\$0	\$450,002	\$2,249,998	\$2,700,000	\$412,951.43	\$2,287,048.57
Chamberlain (04)	\$450,000	\$0	\$75,000	\$375,000	\$450,000	\$49,029.54	\$400,970.46
Clear Lake (01)	\$79,537	\$0	\$18,075	\$61,462	\$79,537	\$58,842.73	\$20,694.27
Custer (01)	\$430,000	\$0	\$91,087	\$338,913	\$430,000	\$181,722.10	\$248,277.90
Custer (02)	\$182,000	\$0	\$30,333	\$151,667	\$182,000	\$89,470.55	\$92,529.45
Custer (03)	\$276,000	\$0	\$46,003	\$229,997	\$276,000	\$191,683.97	\$84,316.03
Custer-Fall River (NPS-01)	\$106,939	\$0	\$17,823	\$89,116	\$106,939	\$106,939.00	\$0.00
Deadwood (01)	\$447,838	\$0	\$74,640	\$373,198	\$447,838	\$183,077.38	\$264,760.62
Dell Rapids (01)	\$300,000	\$0	\$50,001	\$249,999	\$300,000	\$216,374.68	\$83,625.32
Elk Point (01)	\$458,000	\$0	\$76,335	\$381,665	\$458,000	\$187,588.44	\$270,411.56
Elk Point (02)	\$450,000	\$210,045	\$6,829	\$34,145	\$251,019	\$0.00	\$251,019.00
Fort Pierre (01)	\$330,294	\$0	\$55,051	\$275,243	\$330,294	\$214,814.90	\$115,479.10
Fort Pierre (02)	\$462,500	\$73,473	\$0	\$0	\$73,473	\$0.00	\$73,473.00

Borrower Name	Loan Amount	Other Advances	State Advances	Federal Advances	Total Advances	Repayment Amounts	Loan Balances
Garretson (01)	\$300,000	\$0	\$50,001	\$249,999	\$300,000	\$300,000.00	\$0.00
Groton (01)	\$189,524	\$0	\$31,589	\$157,935	\$189,524	\$121,617.48	\$67,906.52
Groton (02)	\$74,630	\$0	\$12,440	\$62,190	\$74,630	\$47,890.05	\$26,739.95
Groton (03)	\$470,809	\$0	\$78,467	\$392,342	\$470,809	\$52,577.00	\$418,232.00
Harrisburg (01)	\$507,277	\$0	\$84,545	\$422,732	\$507,277	\$44,691.85	\$462,585.15
Hartford (01)	\$504,000	\$0	\$32,409	\$471,591	\$504,000	\$7,451.59	\$496,548.41
Hartford (02)	\$690,804	\$0	\$66,267	\$619,537	\$685,804	\$10,139.54	\$675,664.46
Hartford (03)	\$300,000	\$300,000	\$0	\$0	\$300,000	\$0.00	\$300,000.00
Highmore (01)	\$262,300	\$0	\$0	\$0	\$0	\$0.00	\$0.00
Hot Springs (01)	\$196,930	\$0	\$32,822	\$164,108	\$196,930	\$140,275.70	\$56,654.30
Hot Springs (NPS-01)	\$930,000	\$0	\$155,001	\$774,999	\$930,000	\$223,807.49	\$706,192.51
Huron (01)	\$1,656,000	\$0	\$276,001	\$1,379,999	\$1,656,000	\$766,155.90	\$889,844.10
Huron (02)	\$701,997	\$0	\$110,501	\$591,496	\$701,997	\$701,997.00	\$0.00
Huron (03)	\$1,856,828	\$0	\$309,472	\$1,547,356	\$1,856,828	\$332,959.76	\$1,523,868.24
Lake Cochrane SD (01)	\$80,000	\$0	\$13,333	\$66,667	\$80,000	\$43,466.61	\$36,533.39
Lake Madison SD (01)	\$330,000	\$0	\$55,000	\$275,000	\$330,000	\$228,052.93	\$101,947.07
Lead (01)	\$186,409	\$0	\$31,068	\$155,341	\$186,409	\$89,455.69	\$96,953.31
Lead (02)	\$500,770	\$0	\$94,264	\$406,506	\$500,770	\$481,546.22	\$19,223.78
Lead (03)	\$375,298	\$0	\$21,459	\$353,839	\$375,298	\$315,056.62	\$60,241.38
Lead (04)	\$239,200	\$0	\$0	\$0	\$0	\$0.00	\$0.00
Lead-Deadwood SD (01)	\$106,855	\$0	\$17,809	\$89,046	\$106,855	\$106,855.00	\$0.00
Lemmon (01)	\$427,100	\$0	\$71,184	\$355,916	\$427,100	\$219,672.87	\$207,427.13
Lennox (01)	\$350,000	\$0	\$58,336	\$291,664	\$350,000	\$64,271.63	\$285,728.37
Lennox (02)	\$583,735	\$0	\$97,288	\$486,447	\$583,735	\$67,202.05	\$516,532.95
Madison (01)	\$119,416	\$0	\$19,904	\$99,512	\$119,416	\$119,416.00	\$0.00
McCook Lake SD (01)	\$641,935	\$0	\$45,304	\$596,631	\$641,935	\$201,933.06	\$440,001.94
Mitchell (01)	\$1,543,405	\$1,543,405	\$0	\$0	\$1,543,405	\$467,678.54	\$1,075,726.46
Mobridge (01)	\$1,500,000	\$0	\$250,000	\$1,250,000	\$1,500,000	\$707,143.62	\$792,856.38
Mobridge (02)	\$158,000	\$0	\$158,000	\$0	\$158,000	\$97,294.56	\$60,705.44
Mobridge (03)	\$1,355,000	\$0	\$84,143	\$1,265,857	\$1,350,000	\$27,812.12	\$1,322,187.88
North Sioux City (01)	\$239,650	\$0	\$35,828	\$203,822	\$239,650	\$192,496.35	\$47,153.65
North Sioux City (02)	\$646,000	\$0	\$107,667	\$538,333	\$646,000	\$183,375.77	\$462,624.23
Northdale SD (01)	\$256,380	\$0	\$42,731	\$213,649	\$256,380	\$65,591.17	\$190,788.83
Philip (01)	\$453,885	\$0	\$75,649	\$378,236	\$453,885	\$151,302.35	\$302,582.65
Philip (02)	\$321,127	\$0	\$53,503	\$267,624	\$321,127	\$38,580.59	\$282,546.41
Pickerel Lake SD (01)	\$850,000	\$0	\$141,668	\$708,332	\$850,000	\$343,431.25	\$506,568.75
Pickerel Lake SD (02)	\$670,000	\$0	\$111,668	\$558,332	\$670,000	\$256,014.88	\$413,985.12

Borrower Name	Loan Amount	Other Advances	State Advances	Federal Advances	Total Advances	Repayment Amounts	Loan Balances
Pierre (01)	\$433,976	\$0	\$119,669	\$314,307	\$433,976	\$433,976.00	\$0.00
Pierre (02)	\$4,417,000	\$0	\$736,167	\$3,680,833	\$4,417,000	\$439,288.99	\$3,977,711.01
Pierre (03)	\$5,391,260	\$0	\$894,379	\$4,496,881	\$5,391,260	\$285,224.77	\$5,106,035.23
Platte (01)	\$1,000,000	\$0	\$35,347	\$940,518	\$975,865	\$48,485.28	\$927,379.72
Pollock (01)	\$151,619	\$0	\$25,269	\$126,350	\$151,619	\$151,619.49	\$0.00
Rapid City (01)	\$2,479,905	\$0	\$314,856	\$2,165,049	\$2,479,905	\$1,295,994.14	\$1,183,910.86
Rapid City (02)	\$986,685	\$0	\$84,228	\$902,457	\$986,685	\$431,570.72	\$555,114.28
Rapid City (03)	\$674,577	\$0	\$139,827	\$534,750	\$674,577	\$274,596.17	\$399,980.83
Rapid City (04)	\$1,214,861	\$0	\$202,476	\$1,012,385	\$1,214,861	\$514,692.38	\$700,169.01
Rapid City (05)	\$14,000,000	\$3,832,109	\$0	\$0	\$3,832,109	\$0.00	\$3,832,109.00
Rapid Valley SD (01)	\$614,000	\$0	\$37,161	\$576,839	\$614,000	\$614,000.00	\$0.00
Rapid Valley SD (02)	\$364,583	\$0	\$60,762	\$303,821	\$364,583	\$136,004.80	\$228,578.20
Rapid Valley SD (03)	\$630,000	\$0	\$105,000	\$525,000	\$630,000	\$84,410.22	\$545,589.78
Richmond Lake SD (01)	\$414,000	\$0	\$69,000	\$345,000	\$414,000	\$62,489.04	\$351,510.96
Richmond Lake SD (02)	\$226,500	\$0	\$31,916	\$159,584	\$191,500	\$191,500.00	\$0.00
Roscoe (01)	\$358,408	\$0	\$59,735	\$298,673	\$358,408	\$358,408.00	\$0.00
Sioux Falls (01)	\$2,836,963	\$0	\$485,790	\$2,351,173	\$2,836,963	\$1,230,920.16	\$1,606,042.42
Sioux Falls (02)	\$453,999	\$0	\$63,755	\$390,244	\$453,999	\$445,275.96	\$8,723.23
Sioux Falls (03)	\$845,000	\$0	\$214,026	\$630,974	\$845,000	\$721,725.87	\$123,274.07
Sioux Falls (04)	\$1,200,000	\$0	\$451,539	\$748,461	\$1,200,000	\$1,142,495.68	\$57,504.21
Sioux Falls (05)	\$1,955,000	\$0	\$7,485	\$1,947,515	\$1,955,000	\$1,557,805.73	\$397,194.11
Sioux Falls (06)	\$700,000	\$0	\$28,754	\$671,246	\$700,000	\$607,121.14	\$92,878.78
Sioux Falls (07)	\$4,500,000	\$0	\$717,666	\$3,782,334	\$4,500,000	\$3,045,545.17	\$1,454,454.83
Sioux Falls (08)	\$699,003	\$0	\$87,540	\$611,463	\$699,003	\$400,398.93	\$298,604.07
Sioux Falls (09)	\$1,250,000	\$0	\$208,336	\$1,041,664	\$1,250,000	\$743,780.19	\$506,219.81
Sioux Falls (10)	\$1,432,941	\$0	\$155,264	\$1,277,677	\$1,432,941	\$854,301.31	\$578,639.69
Sioux Falls (11)	\$1,195,346	\$0	\$199,225	\$996,121	\$1,195,346	\$610,149.42	\$585,196.58
Sioux Falls (12)	\$1,300,000	\$0	\$216,667	\$1,083,333	\$1,300,000	\$614,296.36	\$685,703.64
Sioux Falls (13)	\$2,500,000	\$0	\$326,754	\$1,756,383	\$2,083,137	\$607,322.38	\$1,475,814.62
Sioux Falls (14)	\$5,100,000	\$0	\$1,345,454	\$3,280,460	\$4,625,914	\$101,163.50	\$4,524,750.50
Sioux Falls (15)	\$1,724,000	\$0	\$0	\$0	\$0	\$0.00	\$0.00
Southern Missouri (NPS-01)	\$700,000	\$0	\$116,667	\$583,333	\$700,000	\$458,784.91	\$241,215.09
Spearfish (01)	\$1,956,000	\$0	\$61,132	\$1,894,868	\$1,956,000	\$952,575.17	\$1,003,424.66
Sturgis (01)	\$502,000	\$0	\$83,667	\$418,333	\$502,000	\$502,000.00	\$0.00
Sturgis (02)	\$936,250	\$0	\$103,368	\$832,882	\$936,250	\$936,250.00	\$0.00
Sturgis (03)	\$437,380	\$0	\$72,896	\$364,484	\$437,380	\$437,380.00	\$0.00
Sturgis (04)	\$2,100,000	\$0	\$291,252	\$1,808,748	\$2,100,000	\$2,100,000.00	\$0.00
Tea (01)	\$600,000	\$0	\$99,999	\$500,001	\$600,000	\$255,553.13	\$344,446.87
Tea (02)	\$600,000	\$0	\$89,603	\$510,397	\$600,000	\$238,283.88	\$361,716.12
Tea (03)	\$208,813	\$0	\$34,802	\$174,011	\$208,813	\$34,539.01	\$174,273.99
Tea (04)	\$375,000	\$0	\$62,501	\$312,499	\$375,000	\$70,060.63	\$304,939.37
Valley Springs (01)	\$430,000	\$0	\$70,356	\$351,772	\$422,128	\$39,271.90	\$382,856.10
Vermillion (01)	\$125,000	\$0	\$97,149	\$27,851	\$125,000	\$50,173.00	\$74,827.00
Vermillion (02)	\$370,471	\$0	\$61,746	\$308,725	\$370,471	\$139,810.03	\$230,660.97
Vermillion (NPS-01)	\$356,531	\$0	\$59,422	\$297,109	\$356,531	\$204,673.11	\$151,857.89
Wall (01)	\$788,600	\$0	\$131,433	\$657,167	\$788,600	\$207,784.80	\$580,815.20

Borrower Name	Loan Amount	Other Advances	State Advances	Federal Advances	Total Advances	Repayment Amounts	Loan Balances
Wall Lake Sanitary Dist (01)	\$200,000	\$0	\$24,690	\$123,449	\$148,139	\$0.00	\$148,139.00
Warner (01)	\$101,152	\$0	\$16,859	\$84,293	\$101,152	\$59,636.95	\$41,515.05
Watertown (01)	\$2,000,000	\$0	\$792,024	\$1,207,976	\$2,000,000	\$1,089,943.33	\$910,056.67
Watertown (02)	\$4,000,000	\$0	\$760,786	\$3,239,214	\$4,000,000	\$1,944,852.42	\$2,055,147.58
Watertown (03)	\$2,583,734	\$0	\$430,622	\$2,153,112	\$2,583,734	\$482,229.16	\$2,101,504.84
Watertown (04)	\$932,830	\$932,830	\$0	\$0	\$932,830	\$932,830.00	\$0.00
Waubay (01)	\$81,454	\$0	\$81,454	\$0	\$81,454	\$81,454.00	\$0.00
Webster (01)	\$345,394	\$0	\$57,566	\$287,828	\$345,394	\$168,658.22	\$176,735.78
Webster (02)	\$811,000	\$0	\$0	\$0	\$0	\$0.00	\$0.00
Whitewood (01)	\$180,801	\$0	\$26,344	\$154,457	\$180,801	\$95,364.03	\$85,436.97
Whitewood (02)	\$189,032	\$0	\$24,956	\$164,076	\$189,032	\$7,743.25	\$181,288.75
Worthing (01)	\$227,645	\$0	\$37,939	\$189,706	\$227,645	\$37,969.67	\$189,675.33
Yankton (01)	\$2,625,000	\$0	\$437,501	\$2,187,499	\$2,625,000	\$177,974.74	\$2,447,025.26
Yankton (02)	\$4,500,000	\$4,500,000	\$0	\$0	\$4,500,000	\$197,286.49	\$4,302,713.51
Yankton (03)	\$6,130,000	\$0	\$162,519	\$812,595	\$975,114	\$0.00	\$975,114.00
	\$130,506,168	\$11,803,056	\$16,245,887	\$81,229,428	\$109,278,371	\$41,404,774.18	\$67,873,596.89

EXHIBIT IX
Projected Cash Flow Worksheet
For October 1, 2002 through September 30, 2003
(Unaudited)

Borrower	Principal	Interest	Admin Surcharge	Total
Aurora (01)	\$9,668	\$12,023	\$3,006	\$24,697
Belle Fourche (01)	\$12,527	\$3,234	\$1,078	\$16,839
Belle Fourche (02)	\$29,217	\$3,112	\$1,037	\$33,366
Beresford (01)	\$99,601	\$33,969	\$9,693	\$143,263
Box Elder (01)	\$34,350	\$6,611	\$2,204	\$43,165
Brandon (02)	\$56,612	\$2,927	\$976	\$60,515
Bridgewater (01)	\$3,199	\$3,092	\$1,031	\$7,322
Britton (01)	\$46,397	\$13,064	\$4,355	\$63,815
Canton (01)	\$36,685	\$6,902	\$2,301	\$45,887
Castlewood (01)	\$1,358	\$4,272	\$1,709	\$7,338
Chamberlain (03)	\$75,072	\$66,807	\$22,269	\$164,148
Chamberlain (04)	\$11,722	\$11,727	\$3,909	\$27,358
Clear Lake (01)	\$5,886	\$540	\$180	\$6,607
Custer (01)	\$21,616	\$5,365	\$1,788	\$28,769
Custer (02)	\$9,596	\$1,983	\$661	\$12,241
Custer (03)	\$29,860	\$1,591	\$530	\$31,981
Deadwood (01)	\$29,738	\$7,537	\$2,512	\$39,788
Dell Rapids (01)	\$32,700	\$1,546	\$515	\$34,762
Elk Point (01)	\$30,387	\$7,773	\$2,591	\$40,752
Elk Point (02)	\$4,379	\$7,527	\$3,011	\$14,916
Fort Pierre (01)	\$35,290	\$2,236	\$745	\$38,272
Groton (01)	\$15,090	\$1,061	\$354	\$16,506
Groton (02)	\$5,942	\$418	\$139	\$6,500
Groton (03)	\$12,508	\$12,229	\$4,076	\$28,813
Harrisburg (01)	\$12,674	\$12,892	\$4,297	\$29,864
Hartford (01)	\$11,530	\$13,858	\$4,619	\$30,008
Hartford (02)	\$15,690	\$18,857	\$6,286	\$40,832
Hartford (03)	\$7,884	\$5,576	\$2,230	\$15,690
Hot Springs (01)	\$21,412	\$1,055	\$352	\$22,819
Hot Springs (NPS-01)	\$39,232	\$25,814	\$8,605	\$73,651
Huron (01)	\$84,747	\$19,152	\$6,384	\$110,283
Huron (03)	\$72,056	\$58,714	\$19,571	\$150,342
Lake Cochrane San Dist (01)	\$4,252	\$786	\$262	\$5,301

Borrower	Principal	Interest	Admin Surcharge	Total
Lake Madison San Dist (01)	\$25,711	\$2,707	\$902	\$29,321
Lead (01)	\$9,629	\$2,083	\$694	\$12,406
Lead (02)	\$19,224	\$90	\$30	\$19,343
Lead (03)	\$42,258	\$922	\$307	\$43,487
Lemmon (01)	\$22,505	\$4,478	\$1,493	\$28,476
Lennox (01)	\$13,534	\$11,053	\$3,684	\$28,271
Lennox (02)	\$20,267	\$20,042	\$6,681	\$46,990
McCook Lake San Dist (01)	\$29,895	\$15,991	\$5,330	\$51,217
Mitchell (01)	\$145,831	\$34,477	\$11,492	\$191,801
Mobridge (01)	\$77,096	\$17,049	\$5,683	\$99,828
Mobridge (02)	\$11,841	\$1,660	\$553	\$14,054
Mobridge (03)	\$110,702	\$44,882	\$12,807	\$168,391
North Sioux City (01)	\$26,642	\$838	\$279	\$27,759
North Sioux City (02)	\$39,067	\$16,805	\$5,602	\$61,473
Northdale San Dist (01)	\$11,121	\$6,931	\$2,310	\$20,362
Philip (01)	\$26,175	\$9,996	\$3,332	\$39,503
Philip (02)	\$10,432	\$10,029	\$3,343	\$23,803
Pickeral Lake San Dist (01)	\$21,446	\$20,665	\$6,888	\$49,000
Pickeral Lake San Dist (02)	\$15,957	\$16,298	\$5,433	\$37,688
Pierre (02)	\$158,131	\$153,796	\$51,265	\$363,192
Pierre (03)	\$131,311	\$151,879	\$37,970	\$321,159
Platte (01)	\$31,145	\$36,400	\$9,100	\$76,645
Rapid City (01)	\$178,218	\$33,529	\$11,176	\$222,923
Rapid City (02)	\$67,383	\$15,902	\$5,301	\$88,585
Rapid City (03)	\$44,948	\$11,498	\$3,833	\$60,278
Rapid City (04)	\$81,730	\$20,093	\$6,698	\$108,521
Rapid City (05)	\$121,177	\$207,258	\$59,141	\$387,576
Rapid Valley San Dist (02)	\$24,152	\$6,528	\$2,176	\$32,855
Rapid Valley San Dist (03)	\$23,802	\$21,057	\$7,019	\$51,879
Richmond Lake San Dist (01)	\$15,124	\$13,620	\$4,540	\$33,284
Sioux Falls (01)	\$142,571	\$34,674	\$11,558	\$188,802
Sioux Falls (02)	\$8,723	\$25	\$8	\$8,756
Sioux Falls (03)	\$98,249	\$1,766	\$589	\$100,603
Sioux Falls (04)	\$57,504	\$324	\$108	\$57,936
Sioux Falls (05)	\$224,415	\$6,635	\$2,212	\$233,262
Sioux Falls (06)	\$79,411	\$1,275	\$425	\$81,111
Sioux Falls (07)	\$484,419	\$27,757	\$9,252	\$521,428
Sioux Falls (08)	\$72,941	\$5,970	\$1,990	\$80,901

Borrower	Principal	Interest	Admin Surcharge	Total
Sioux Falls (09)	\$132,591	\$10,030	\$3,343	\$145,965
Sioux Falls (10)	\$151,560	\$11,465	\$3,822	\$166,847
Sioux Falls (11)	\$125,118	\$17,831	\$5,944	\$148,892
Sioux Falls (12)	\$135,086	\$21,070	\$7,023	\$163,179
Sioux Falls (13)	\$230,073	\$46,279	\$15,426	\$291,778
Sioux Falls (14)	\$378,286	\$152,391	\$43,484	\$574,161
Southern Missouri WMD (01)	\$10,994	\$8,858	\$2,953	\$22,805
Spearfish (01)	\$124,419	\$26,049	\$8,683	\$159,151
Tea (01)	\$30,005	\$7,527	\$2,509	\$40,040
Tea (02)	\$29,232	\$7,921	\$2,640	\$39,793
Tea (03)	\$5,721	\$5,091	\$1,697	\$12,508
Tea (04)	\$15,460	\$8,433	\$2,811	\$26,704
Valley Springs (01)	\$14,051	\$14,870	\$4,957	\$33,877
Vermillion (01)	\$6,158	\$1,632	\$544	\$8,334
Vermillion (02)	\$24,096	\$6,651	\$2,217	\$32,964
Vermillion (NPS-01)	\$38,037	\$4,648	\$1,549	\$44,235
Wall (01)	\$23,669	\$18,627	\$4,657	\$46,953
Warner (01)	\$11,206	\$1,261	\$420	\$12,886
Watertown (01)	\$143,691	\$25,699	\$8,566	\$177,956
Watertown (02)	\$282,626	\$58,501	\$19,500	\$360,628
Watertown (03)	\$102,034	\$81,257	\$27,086	\$210,376
Webster (01)	\$36,258	\$5,510	\$1,837	\$43,605
Whitewood (01)	\$12,861	\$2,420	\$807	\$16,087
Whitewood (02)	\$4,473	\$5,394	\$1,349	\$11,216
Worthing (01)	\$6,533	\$5,538	\$1,846	\$13,916
Yankton (01)	\$62,697	\$71,652	\$23,884	\$158,233
Yankton (02)	\$97,808	\$192,170	\$0	\$289,978
Total FFY03	\$5,878,309	\$2,180,004	\$624,034	\$8,682,346

EXHIBIT X
DENR CLEAN WATER STATE REVOLVING FUND
BALANCE SHEET
9/30/2002

ASSETS:

Cash	\$9,712,855.69
Investments	\$47,506,834.85
Loans Receivable	\$67,873,596.59
Federal LOC Commitment less Cash Draws	\$5,073,799.00
Accrued Interest Receivable	\$942,902.76
Due from Other Governments	\$129,158.28
Deferred Charges	\$593,584.22

TOTAL ASSETS \$131,832,731.39

LIABILITIES AND FUND EQUITY:

Liabilities:

Accounts Payable	\$76,731.00
Bonds Payable	\$19,114,296.21
Due To Other Governments	\$14,272.55
Wages Payable	\$4,785.04
Accrued Employee Benefits	\$1,105.47
Accrued Interest Payable	\$176,150.83

Total Liabilities \$19,387,341.10

Fund Equity:

Contributions from EPA	\$89,279,200.00
Retained Earnings	\$21,966,190.29
Contributed Capital	\$1,200,000.00

Total Fund Equity \$112,445,390.29

TOTAL LIABILITIES AND FUND EQUITY \$131,832,731.39

EXHIBIT XI
DENR CLEAN WATER STATE REVOLVING FUND
STATEMENT OF INCOME AND RETAINED EARNINGS
For the Fiscal Year Ended September 30, 2002

Operating Revenues:	
Interest Income	\$2,372,399.99
Investment Income	\$2,896,346.04
Other Income	<u>\$680,138.72</u>
Total Operating Revenue	<u>\$5,948,884.75</u>
Operating Expenses:	
Administrative Expenses	\$309,707.74
Interest Expense	\$1,190,451.66
Bond Issuance Expense	\$33,937.85
Bond Discount Expense	<u>\$9,516.95</u>
Total Operating Expenses	<u>\$1,543,614.20</u>
Operating Income (Loss)	\$4,405,270.55
Operating Transfers:	
Operating Transfer Out	<u>(\$25,681.22)</u>
Net Income (Loss)	\$4,379,589.33
Fund Equity, Beginning	<u>\$17,586,600.96</u>
RETAINED EARNINGS, ENDING	<u><u>\$21,966,190.29</u></u>

EXHIBIT XII
DENR CLEAN WATER STATE REVOLVING FUND
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended September 30, 2002

Cash flows form operating activities:

Net Income	\$4,405,270.55
Adjustments to reconcile net income to net cash provided (used) by operating activities:	
Investment Income	(\$2,913,902.55)
Interest Expense	\$1,190,451.66
Amortization of bond issuance cost	\$33,937.85
Amortization of bond discount	\$9,516.95
Assets: (Increase)/Decrease	
Loans Receivable	(\$4,083,324.24)
Accrued Interest Receivable on Loans	(\$25,640.14)
Federal LOC Commitment less Cash Draws	\$5,118,164.00
Deferred Bond Issuance Costs	
Due from Other Governments	\$8,013.31
Liabilities: Increase/(Decrease)	
Accounts Payable	\$33,025.00
Amortization of Deferred Charges	\$94,967.50
Bond Issuance	
Accrued Interest payable	\$0.00
Due To Other Governments	\$14,272.55
Accrued Employee Benefits	\$35.51
Wages Payable	(\$419.87)
	<hr/>
Net cash provided by operations	\$3,884,368.08

Cash flows from noncapital financing activities:

Operating Transfers Out	(\$25,681.22)
Unamortized Bond Issuance Costs	(\$124,824.56)
Unamortized Bond Discount Costs	(\$33,610.55)
Bonds Payable	(\$945,000.00)
Bond Issue	\$4,405,000.00
Interest Payments on Bonds and Notes	(\$1,163,759.17)
Contributions from EPA	\$0.00
	<hr/>
Net cash provided by noncapital financing activities	\$2,112,124.50

Cash Flows from Investing Activities:

Interest on Investments	\$2,896,346.04
Purchase of Investment Securities	(\$14,136,138.95)
Proceeds from Sale of Investment Securities	\$12,083,160.54
	<hr/>
Increase in Investments	\$843,367.63
	<hr/>
Net Decrease in cash and cash equivalents	\$6,839,860.21
Cash and cash equivalents at beginning of year	\$2,872,995.48
	<hr/>
Cash and cash equivalents at year end	\$9,712,855.69
	<hr/> <hr/>

CLEAN WATER STATE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
September 30, 2002

1. The financial information contained on the Loan Participants; Projected Cash Flow Worksheet, Balance Sheets, Revenues, Expenses and Changes in Retained Earnings, and Cash Flows in Exhibits VIII through XII of the Clean Water SRF Biennial Report is unaudited and prepared by personnel of the Department of Environment and Natural Resources, Division of Financial and Technical Assistance. The format for these statements is generally consistent with guidelines provided by EPA personnel.
2. The 1988 South Dakota Legislature authorized the State Water Pollution Control Revolving Loan Fund Program, also known as the Clean Water State Revolving Loan Fund (CWSRF) program. Additionally, the legislature appropriated \$1,200,000 and directed the South Dakota Conservancy District to administer the program. The SRF is a low interest loan program to finance the construction of wastewater facilities, storm sewers, and non-point source pollution control projects. The program was created by the 1987 Clean Water Act amendments. Funds are provided to the states in the form of capitalization grants awarded annually through the United States Environmental Protection Agency. The federal capitalization grants are matched by state funds at a ratio of 5:1.
3. The Clean Water SRF is accounted for as an enterprise fund. Enterprise funds are used to account for activities that are financed and operated in a manner similar to private business enterprises.
4. The Clean Water SRF follows the accrual basis of accounting. Revenue is recognized in the accounting period in which it was earned, and expenses are recognized when they are incurred. The CWSRF follows all Governmental Accounting Standards Board (GASB) pronouncements and interpretations.
5. Cash and Cash Equivalents consists of a Goldman Sachs Financial Square Treasury Obligation Fund rated "AAAm" by Standard and Poor, which paid on average approximately 1.83 percent for the year ending September 30, 2002.
6. Investments consist of the following Investment Agreements:
 - 5.40% FGIC Capital Market Services Inc. due July 31, 2012 totaling \$29,732,995
 - 6.85% Societe General due August 1, 2015 totaling \$9,712,025
 - 6.22% MBIA Inc. due August 1, 2017 totaling \$6,218,140
7. Reserve Accounts consist primarily of the following Investment Agreements:
 - 5.40% FGIC Capital Market Services Inc. due July 31, 2012 totaling \$891,653
 - 6.85% Societe General due August 1, 2015 totaling \$711,898
 - 6.22% MBIA Inc. due August 1, 2017 totaling \$240,125

8. Bonds outstanding plus principal and interest payments on various bond issues are due as follows:

	<u>Bonds Outstanding</u>	<u>February 1, 2002</u>	<u>August 1, 2002</u>
Series 1994 Bonds			
Principal	6,800,000		540,000
Interest		173,700	173,700
Series 1995 Bonds			
Principal	6,270,000		335,000
Interest		186,164	186,164
Series 1996 Bonds			
Principal	2,380,000		110,000
Interest		65,364	65,364
Series 2001 Bonds			
Principal	4,405,000		140,000
Interest		103,225	103,225
TOTAL	<u><u>19,855,000</u></u>	<u><u>528,453</u></u>	<u><u>1,653,453</u></u>

9. The contribution from EPA is the full amount authorized for the periods ending as follows:

<u>September 30</u>			
1989	4,577,200	1995	6,007,800
1990	4,738,000	1996	9,904,700
1991	10,074,800	1997	2,990,500
1992	9,534,900	1998	6,577,300
1993	9,431,000	1999	6,577,900
1994	5,813,800	2000	6,555,200
		2001	6,496,100
		Total	<u><u>89,279,200</u></u>

On the federal fiscal year end statements, contributions from EPA are recognized as assets once the grants are awarded. On the June 30th state year end statements, EPA funds are not recognized as assets until the funds are drawn.

10. The annual administrative expenses of the Clean Water SRF program are as follows

	<u>Year Ending</u> <u>09/30/2002</u>	<u>Cumulative</u> <u>Total</u>
State of South Dakota	222,351	2,426,790
First National Bank	41,913	425,329
Alzheimer & Gray	45,000	239,500
Other	444	85,788
TOTAL	<u><u>309,708</u></u>	<u><u>3,187,407</u></u>

11. A bond issue of \$4,405,000 was completed on 10/1/2001. After the Cost of Issuance of \$124,824.56, and the Discount of \$33,610.55 were subtracted, and \$1,146.94 of interest was added back in; the cash received on the bonds equaled \$4,247,711.83.

ADDENDUM I
FEDERAL FISCAL YEAR 2003
INTENDED USE PLAN

**SOUTH DAKOTA CLEAN WATER STATE REVOLVING FUND
FY 2003 INTENDED USE PLAN**

INTRODUCTION

The state of South Dakota proposes to adopt the following Intended Use Plan (IUP) for federal fiscal year 2003 as required under Section 606(c) of the Clean Water Act.

The primary purpose of the IUP is to identify the proposed annual intended use of the amounts available to the Clean Water State Revolving Fund (SRF). The IUP has been reviewed by the public and reflects the results of such review.

The IUP includes the following:

1. List of projects and activities;
2. Goals and objectives;
3. Information on the activities to be supported;
4. Assurances and specific proposals; and
5. Criteria and method for distribution of funds.

LIST OF PROJECTS AND ACTIVITIES

The IUP identifies potential municipal wastewater treatment and nonpoint source projects. A project must be on the project priority list, Attachment I, to be eligible for a loan. This list was developed from the State Water Plan and includes projects that did not designate Clean Water SRF loans as a funding source.

Projects may be added to the project priority list at any meeting of the Board of Water and Natural Resources if the action is included on the agenda at the time it is posted.

Priority ratings are based on the integrated project priority system established in ARSD 74:05:08:03.01. The general objective of the integrated priority system is to ensure that projects funded through the Clean Water SRF program address high priority water quality problems. This is accomplished by developing a priority system that ranks both municipal treatment and nonpoint source pollution control projects on an equal basis.

Attachment II is a list of those projects from which the department expects to receive applications. The estimated funding dates are only estimates and should not be interpreted as deadlines or that the loan funds have been reserved. Projects with a later expected funding date may receive loans prior to those projects with an earlier date based on time of submittal of its funding application. Any project that is listed on the project priority list, but not listed on Attachment II, will be moved to Attachment II upon submittal of an application. Attachment II will be revised as projects are added. These revisions do not require approval by the Board of Water and Natural Resources.

The Clean Water SRF may be used for the following purposes:

1. Low-interest loans for secondary or more stringent treatment of any cost-effective alternatives, new interceptors and appurtenances, infiltration/inflow correction, new collectors, sewer system

rehabilitation, expansion and correction of combined sewer overflows, and construction of new storm sewers. The low-interest loans can be made for up to 100 percent of the total project cost;

2. Refinancing of existing debt obligations for municipal wastewater facilities if the debt was incurred and construction initiated after March 7, 1985; or
3. Nonpoint source pollution control projects and programs, including non-traditional projects (projects with a primary purpose other than water quality).

A determination of which projects are funded from the above mentioned lists, the amount of assistance, and the financing terms and conditions will be made by the BWNR during federal fiscal year 2003.

GOALS AND OBJECTIVES

Long-term Goals and Objectives:

The long-term goals of the State Water Pollution Control Revolving Fund are to fully capitalize the Clean Water SRF, maintain or restore and enhance the chemical, physical, and biological integrity of the state's waters for the benefit of the overall environment, protect public health, and promote economic well-being.

Objectives:

1. Maintain a permanent, self-sustaining Clean Water SRF program that will serve in perpetuity as a financing source for wastewater treatment works projects and nonpoint source pollution control projects; and
2. Fulfill the requirements of pertinent federal, state, and local laws and regulations governing water pollution control activities while providing the state and local project sponsors with maximum flexibility and decision making authority regarding such activities.

Short-term Goal and Objectives:

The short-term goal of the Clean Water SRF is to fully capitalize the fund.

Objectives:

1. Ensure the technical integrity of Clean Water SRF projects through the review of planning, design plans and specifications, and construction activities;
2. Ensure compliance with all pertinent federal, state, and local water pollution control laws and regulations; and
3. Obtain maximum capitalization of the funds for the state in the shortest time possible.

AMOUNT OF FUNDS TRANSFERRED BETWEEN THE CLEAN WATER SRF AND THE DRINKING WATER SRF

The Safe Drinking Water Act Amendments of 1996 allowed states to transfer an amount equal to 33 percent of its Drinking Water SRF capitalization grant to the Clean Water SRF or an equivalent amount from the Clean Water SRF to the Drinking Water SRF. This transfer authority was extended for one federal fiscal year with language in the VA, HUD, and Independent Agencies Appropriation Bill for fiscal year 2002. It is anticipated that this transfer authority will be extended again for one federal fiscal year with similar language in the VA, HUD, and Independent Agencies Bill for fiscal year 2003. States can also transfer state match, investment earnings, or principal and interest repayments between SRF programs and may transfer a previous year's allocation at any time.

South Dakota transferred \$7,812,960 from the Clean Water SRF program in fiscal year 2002 which equaled the entire fiscal year 2002 Clean Water SRF capitalization grant and state match. If the transfer authority is extended, the entire 2003 Clean Water SRF capitalization grant and state match will be transferred to the Drinking Water SRF program. Based on current estimates this will amount to \$7,812,960. This transfer will utilize the capacity of \$1.3 million from the FY99 Drinking Water SRF capitalization grant, all of the FY00 and FY01 Drinking Water SRF capitalization grants, and \$1.2 million of the FY02 Drinking Water SRF capitalization grant. With these transfers, \$15,625,920 of the \$19,402,350 available to transfer will have been reassigned to the Drinking Water SRF program. Table 1 (page 5) itemizes the amount of funds available to transfer.

The transfer will have no effect on the current year's activities because sufficient funds are available to fund all projects expected in fiscal year 2003. With an estimated \$5.6 million in additional principal repayments in FY 2003, the long-term impact to the program will be minimal. Financial modeling, made with a series of Federal funding and other program assumptions, shows the South Dakota Clean Water SRF program will still be capable of funding water quality projects over the next 40 years at its historical level (i.e., an average of \$9 million in project disbursements per year), even with the anticipated transfer of funds to the Drinking Water SRF program. This forecast did not take into account impacts due to inflation.

INFORMATION ON THE ACTIVITIES TO BE SUPPORTED

The primary type of assistance to be provided by the Clean Water SRF is direct loans including refinancing of existing debts where eligible. Loan assistance will be provided to municipalities, sanitary districts, counties, or other units of government for publicly owned wastewater treatment facilities, storm sewers, and nonpoint source pollution control programs in conjunction with the Clean Water SRF rules adopted by the BWNR.

The state will use a portion of administrative surcharge funds for making grants to small communities for planning purposes. At the beginning of fiscal year 2003, \$2.68 million of administrative surcharge funds are available for water quality grants.

Four percent of each of the first 13 capitalization grants was reserved for administrative expenses. This administrative allowance was not reserved from the 2002 capitalization grant due to this grant being transferred to the Drinking Water SRF program. The administrative allowance will not be reserved from the 2003 capitalization grant for this reason. Banked reserves and the administrative surcharge will be used for administrative expenses.

ASSURANCE AND SPECIFIC PROPOSALS

The state has assured compliance with the following sections of the law in the State/EPA Operating Agreement - XI Certification Procedures. In addition, the state has developed specific proposals on implementation of those assurances in the rules promulgated by the BWNR.

Section 602(a) - Environmental Reviews - The state certifies that it will conduct environmental reviews of each project on Attachment II receiving assistance from the Clean Water SRF, as applicable. The state will follow EPA-approved National Environmental Policy Act (NEPA) procedures in conjunction with such environmental reviews.

Section 602(b)(3) - Binding Commitments - The state certifies that it will enter into binding commitments equal to at least 120 percent of each quarterly grant payment within one year after receipt.

Section 602(b)(4) - Timely Expenditures of Funds - The state is committed to obligate Clean Water SRF moneys to eligible applicants as quickly and efficiently as possible to facilitate the financing of eligible projects and to initiate construction with a minimum of delay.

Section 602(b)(5) - First Use Enforceable Requirements - The staff certifies that all major and minor wastewater treatment facilities identified as part of the National Municipal Policy (NMP) universe are:

1. in compliance, or
2. have received funding through various state and federal assistance programs and constructed a facility designed to produce an effluent capable of meeting the appropriate permit limits and achieve compliance with its discharge permit, or
3. have upgraded existing facilities or constructed new facilities through its own means to achieve compliance with its discharge permit.

Section 602(b)(6) - Compliance with Title II Requirements - The state certifies that it will comply as applicable.

CRITERIA AND METHOD FOR DISTRIBUTION OF FUNDS

The Clean Water SRF funds are being distributed using the following criteria:

1. the availability of funds in the Clean Water SRF program;
2. the applicant's need;
3. violation of health and safety standards; and
4. the applicant's ability to repay.

The methods and criteria used are designed to provide the maximum flexibility and assistance that is affordable to the borrower while providing for the long-term viability of the fund.

Interest rates are reviewed annually and are set to be competitive with other funding agencies. In September 2002 the BWNR set the interest rates for fiscal year 2003 at 3.50 percent for a term of up to 20 years. The term of each loan is at the discretion of the project sponsor provided that the proposed repayment source produces sufficient coverage. The interest rate includes an administrative surcharge of one percent. The primary purpose of the surcharge is to provide a pool of funds to be used for administrative purposes after the state ceases to receive capitalization grants. The administrative surcharge is also available for other purposes, as determined eligible by EPA and at the discretion of the BWNR and department. The board also established a rate of 2.5 percent for loans intended for interim financing with a maximum term of three years. The administrative surcharge shall be waived for loans made for interim financing.

In fiscal year 2001 the department developed the Small Community Planning Grant program to encourage proactive planning within small communities. Grants are available for communities having a population of 1,000 or less. The planning grants reimburse 80 percent of the cost of the study, with the maximum grant amount for any project being \$6,400. The department has allocated \$125,000 of administrative surcharge income for the program. With more than \$57,000 remaining, it is not expected that additional funds will be needed in fiscal year 2003. Future allocations of administrative surcharge will depend on program demand.

The department intends to use administrative surcharge funds as match for the 2003 capitalization grant.

Public Review and Comment - On May 25, 1988, a public hearing was held to review the initial Clean Water SRF rules and to receive comments. The BWNR approved the rules following the hearing. Revisions to the Clean Water SRF rules have been made periodically to reflect the needs of the program.

A formal public hearing was held for the South Dakota FY 2003 Clean Water SRF IUP on November 14, 2002.

Table 1 - Amounts Available to Transfer between State Revolving Fund Programs

Year	DWSRF Capitalization Grant	Amount Available for Transfer	Banked Transfer Ceiling	Amount Transferred from CWSRF to DWSRF	Banked Transfer Utilized
1997	\$12,558,800	\$4,144,404	\$4,144,404	-0-	\$4,144,404
1998	\$7,121,300	\$2,350,029	\$6,494,433	-0-	\$2,350,029
1999	\$7,463,800	\$2,463,054	\$8,957,487	-0-	\$1,318,527
					1,144,527
2000	\$7,757,000	\$2,559,810	\$11,517,297	-0-	\$2,559,810
2001	\$7,789,100	\$2,570,403	\$14,087,700	-0-	\$2,570,403
2002	\$8,052,500	\$2,657,325	\$16,745,025	\$7,812,960	\$1,538,220
2003 (est.)	\$8,052,500	\$2,657,325	\$19,402,350	\$7,812,960	-0-

ATTACHMENT I

PROJECT PRIORITY LIST

Attachment I is a comprehensive list of projects that are eligible for Clean Water SRF loans. This list was developed from State Water Plan applications. Inclusion on the list carries no obligations to the Clean Water SRF program. Attachment II lists those projects expected to be funded in FY 2003.

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term
32	Hill City (treatment facility project)	C461231-01	Renovation of the existing wastewater treatment cells to eliminate excessive seepage and construction of an effluent irrigation disposal system.	\$800,000	3.5%, 20 yrs
23	Elk Point	C461059-03	Renovation of the wastewater treatment facility to eliminate excessive seepage from cell #2 and accommodate growth within the community.	\$1,285,000	3.5%, 20 yrs
22	Jefferson	C461070-01	Renovation of the wastewater treatment facility to eliminate excessive seepage.	\$600,000	3.5%, 20 yrs
21	Summerset Sanitary District	C461448-01	Construction of a Sequencing Batch Reactor wastewater treatment system to serve a development near Black Hawk.	\$1,600,000	3.5%, 20 yrs
19	Ethan	C461272-01	Elimination of storm water that is entering the sanitary sewer system resulting in unauthorized discharges from the wastewater treatment facility.	\$300,000	3.5%, 20 yrs
14	Crooks	C461227-01	Build additional capacity into the wastewater treatment facility and replace the existing lift station to accommodate growth within the community.	\$510,000	3.5%, 20 yrs
14	Lake Madison Sanitary District	C461036-02	Construction of two additional pre-treatment cells to reduce the loading to the infiltration/percolation basins.	\$800,000	3.5%, 20 yrs
14	Sioux Falls	C461232-16	Improvements to the wastewater collection system to include the elimination of a lift station, manhole rehabilitation, and various sewer line extension and replacement projects.	\$2,479,500	3.5%, 10 yrs

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term
14	Tea	C461028-05	Construction of three additional cells at the wastewater treatment facility, two of which will be aerated, to alleviate organic overloading that is occurring.	\$500,000	3.5%, 20 yrs
12	Canton	C461039-02	Replacement of sewer lines along U.S. Highway 18 and extension of lines to the hospital to eliminate two aging lift stations.	\$400,000	3.5%, 20 yrs
12	Watertown	C461029-05	Replacement of approximately 6,400 feet of sanitary sewer lines, rehabilitation by lining approximately 6,300 feet of sanitary sewer lines, and rehabilitation of 22 lift stations serving the Lake Kampeska area.	\$2,055,000	3.5%, 20 yrs
12	Waverly Sanitary District	C461447-01	Construction of a centralized wastewater collection and treatment system to replace on-site systems.	\$200,000	3.5%, 20 yrs
11	Hartford	C461104-04	Reconstruction of 3 blocks of sewer mains and 5½ blocks of storm sewer.	\$550,035	3.5%, 20 yrs
10	Arlington	C461213-01	Multi-year project to replace or slip line portions of the wastewater collection system and rehabilitate 49 manholes.	\$400,000	3.5%, 20 yrs
10	Vermillion	C461022-03	Extension of wastewater service to an industrial park.	\$456,000	3.5%, 20 yrs
9	Clark	C461124-01	Replacement of approximately 3,800 of sanitary sewer line.	\$400,000	3.5%, 20 yrs
9	Custer	C461021-04	Replacement of approximately 2,860 feet of sewer line in conjunction with a DOT Highway project.	\$800,000	3.5%, 20 yrs
9	Groton (line replacement project)	C461051-05	Replacement of approximately 2,750 feet of sewer line in conjunction with a DOT Highway project.	\$440,000	3.5%, 20 yrs
9	Humboldt	C461254-01	Replacement of approximately 1,200 feet of sewer main and improvements at the wastewater treatment facility (depth indicators and additional rip rap).	\$122,000	3.5%, 20 yrs
9	Irene	C461255-01	Replacement of approximately 1,500 feet of sewer main.	\$272,000	3.5%, 20 yrs
8	Hill City (line replacement project)	C461231-02	Replacement of old sewer lines and installation of new lines to serve areas without centralized wastewater service.	\$310,000	3.5%, 20 yrs
8	Lead	C461007-05	Extension of wastewater service to several new residential areas.	\$1,000,000	3.5%, 20 yrs

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term
8	Scotland (line replacement project)	C461069-02	Replacement of approximately 1,200 feet of sewer line as part of a Main Street reconstruction project.	\$140,000	3.5%, 20 yrs
8	Valley Springs	C461239-02	Replacement of approximately 20,500 feet of 8-inch vitrified clay sewer line with PVC line to eliminate excessive inflow/infiltration.	\$1,300,000	3.5%, 20 yrs
8	Wessington Springs	C461210-01	Installation of 1,900 feet of sanitary sewer line and a lift station to serve an industrial park.	\$200,000	3.5%, 20 yrs
8	Winner	C461123-01	Construction of storm water detention basins and installation of a storm sewer system to alleviate drainage problems within the city.	\$120,000	3.5%, 20 yrs
7	Groton (sewer extension project)	C461051-04	Extension of wastewater service to a new residential area.	\$165,000	3.5%, 20 yrs
7	Lake Cochrane Sanitary Dist.	C461008-02	Replacing existing force main with larger force main to prevent sewage back-ups.	\$175,000	3.5%, 20 yrs
7	Salem	C461057-01	Replacement of approximately 3000 feet of wastewater lines and 3,650 feet of storm sewer in conjunction with a highway project.	\$300,000	3.5%, 20 yrs
6	Lake Preston	C461011-01	Extension of wastewater service to an industrial park.	\$150,000	3.5%, 20 yrs
6	Scotland (storm water project)	C461069-01	Installation of approximately 900 of curb and gutter to alleviate a drainage problem in the southwest area of the community.	\$100,000	3.5%, 20 yrs
6	Whitewood	C461006-03	Installation of approximately 2,000 feet of storm sewers in various location throughout the community to address drainage issues.	\$450,000	3.5%, 20 yrs

ATTACHMENT II - LIST OF PROJECTS TO BE FUNDED IN FY2003

Priority Points	Community/ Public Water System	Project Number	Loan Amount	Funding Date	Expected Funding Source
LOANS EXPECTED					
14	Sioux Falls	C461232-16	\$2,479,500	January 2003	Repayments
12	Canton	C461039-02	\$400,000	January 2003	Repayments
11	Hartford	C461104-04	\$550,035	January 2003	Repayments
9	Clark	C461124-01	\$400,000	January 2003	Repayments
23	Elk Point	C461059-03	\$1,285,000	April 2003	Repayments
12	Watertown	C461029-05	\$2,055,000	April 2003	Repayments
10	Vermillion	C461022-03	\$456,000	April 2003	Repayments
9	Irene	C461255-01	\$272,000	April 2003	Repayments
7	Salem	C461057-01	\$300,000	April 2003	Repayments
22	Jefferson	C461070-01	\$600,000	June 2003	Repayments
7	Groton (sewer extension project)	C461051-04	\$165,000	June 2003	Repayments
7	Lake Cochrane Sanitary Dist.	C461008-02	\$175,000	June 2003	Repayments
32	Hill City (treatment facility project)	C461231-01	\$800,000	September 2003	Repayments
14	Lake Madison Sanitary District	C461036-02	\$800,000	September 2003	Repayments
14	Tea	C461028-05	\$500,000	September 2003	Repayments