

Drinking Water Assistance Fund

Balance Sheet

June 30, 2005

| <u>Assets</u> | | |
|--|--|---------------------------|
| Cash | | 16,729 |
| Investments | | 111,799,225 |
| Receivables: | | |
| Federal and local government authorities | | 245,937,324 |
| Deferred bond and note issuance expense | | <u>1,453,837</u> |
| Total assets | | <u><u>359,207,115</u></u> |
| | | |
| <u>Liabilities and Net Assets</u> | | |
| Accrued interest | | 690,072 |
| | | |
| Drinking Water Assistance Fund Bonds | | |
| State Match Series | | 58,907,098 |
| Leverage Series | | <u>128,848,632</u> |
| Total liabilities | | <u>188,445,802</u> |
| Net Assets | | <u>170,761,313</u> |
| Total liabilities and net assets | | <u><u>359,207,115</u></u> |

Drinking Water Assistance Fund

Statement of Revenues, Expenses and Changes in Net Assets
Year ended June 30, 2005

| | |
|---|---------------------------|
| Revenues: | |
| Project revenue | 7,912,000 |
| Investment income | 2,825,228 |
| Contribution from U.S. EPA | <u>19,159,853</u> |
| | <u>29,897,081</u> |
| Expenses: | |
| Interest on bonds and notes | 7,640,799 |
| Amortization of bond issuance expenses | 75,542 |
| Operating expenses and other | <u>2,581,586</u> |
| | <u>10,297,927</u> |
| Excess (deficiency) of revenues over expenses before non - operating revenue | 19,599,154 |
| Other | <u>-</u> |
| Excess (deficiency) of revenues over expenses | 19,599,154 |
| Net Assets at beginning of year | <u>151,162,159</u> |
| Net Assets at end of year | <u><u>170,761,313</u></u> |

Drinking Water Assistance Fund

Statement of Cash Flows
Year ended June 30, 2005

Operating activities:

| | |
|--|--------------------|
| Operating expenses | (2,581,586) |
| Net cash provided (used) by operating activities | <u>(2,581,586)</u> |

Investing activities:

| | |
|--|--------------------|
| Proceeds from maturity or sale of investments | 97,065,184 |
| Purchase of investments | (52,370,800) |
| Interest received on investments, net of purchased interest | 2,825,228 |
| Interest received on projects | 6,424,907 |
| Principal collected on projects | 7,471,003 |
| Payment for construction of projects | (68,185,125) |
| Net cash provided (used) by investing activities | <u>(6,769,603)</u> |

Noncapital financing activities:

| | |
|--|----------------------|
| Interest paid on bonds and notes, net of purchased interest | (8,363,718) |
| Redemption of bonds and notes | (2,578,322) |
| Proceeds of bonds and notes | - |
| Bond issuance expense | - |
| Contribution from U.S. EPA | 19,159,853 |
| Net cash provided (used) by noncapital financing activities | <u>8,217,813</u> |
| Net increase (decrease) in cash and cash equivalents | (1,133,376) |
| Cash and cash equivalents at beginning of period | 1,150,105 |
| Cash and cash equivalents at end of period | <u><u>16,729</u></u> |

Recon to net cash provided (used) by oper activities:

| | |
|--|---------------------------|
| Excess (deficiency) of revenues over expenses before operating transfer | 19,599,154 |
| Adjustments: | |
| Investment income | (2,825,228) |
| Operating expenses | - |
| Interest on bonds and notes | 7,640,799 |
| Project revenue | (7,912,000) |
| Amortization of bond issuance cost | 75,542 |
| Contribution from U.S. EPA | (19,159,853) |
| Net cash provided (used) by operating activities | <u><u>(2,581,586)</u></u> |