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**Fiscal Year 2007
Annual Report**

To the

Governor
&
Legislature

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**Minnesota Public Facilities Authority
Annual Report to the Governor & Legislature, Fiscal Year 2007**

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Introduction

The Public Facilities Authority (Authority) is a multi-agency Authority consisting of Commissioners from the Pollution Control Agency (MPCA) and Departments of Health (MDH), Transportation (MnDOT), Agriculture, Finance, and Employment and Economic Development (DEED). The MPCA, MDH, and MnDOT are responsible for establishing priorities and undertaking the technical and regulatory compliance work on projects being considered for financing by the Authority. The Executive Director is an employee of the Authority and is responsible for its staffing and compliance with State and Federal regulations related to the programs and debt issuance. The Authority provides administrative funding to cover its expenses and administrative costs at MDH (5 FTEs) and MPCA (10 FTEs), and for overhead costs of services provided by DEED for having staff locate at their offices.

The Authority provides financial assistance to municipalities, primarily for infrastructure construction, through three revolving loan funds and several other grant and loan programs. The Authority's largest programs are the Clean Water Revolving Fund and Drinking Water Revolving Fund. The Transportation Revolving Loan Fund is a smaller revolving fund for transportation projects selected by the Department of Transportation. The Authority administers four other programs to assist municipalities with water quality related infrastructure projects: the Wastewater Infrastructure Funding (WIF) program, the Total Maximum Daily Load (TMDL) grant program, the Phosphorus Reduction Grant Program, and the Small Community Wastewater Treatment Program. In addition, the Authority allocates funds from within the Clean Water Revolving Fund to the Department of Agriculture and MPCA for nonpoint source loan programs.

The Authority also administers the Methamphetamine Laboratory Cleanup Fund to help local governments finance the cost of meth lab cleanups, and the County Credit Enhancement Program to provide enhanced bond ratings on county General Obligation bonds related to law enforcement facilities, social and human services buildings, and solid waste facilities.

During fiscal year 2007 the Authority provided a total of \$275,848,539 in loans and grants to 73 local and regional government entities for wastewater, drinking water, and transportation construction projects with assistance from the MPCA, MDH, and MnDOT.

Financial Condition of the Authority's Major Revolving Loan Funds

The FY 2007 annual audit of the Authority is attached. The PFA remains in excellent financial health. All three of the major revolving funds have bonds outstanding and are highly rated. All PFA Clean Water and Drinking Water revolving fund bonds have AAA ratings by the three major national bond rating agencies. The Transportation Bonds are rated as closed pool bonds reflecting the credit quality of the individual borrower (outstanding bond have been rated from AAA to AA2).

The practical effect of the strength of the Authority's funds and management practices has been to minimize the cost of borrowing for Minnesota municipalities and their taxpayers and ratepayers.

Clean Water Revolving Fund

In 1987, the Minnesota Legislature created the Authority with a mandate to establish the Water Pollution Control Revolving Fund. (In 2007 the name was changed to the Clean Water Revolving Fund.) The Fund was designed to provide, in perpetuity, below-market rate financing for the construction of municipal wastewater treatment and collection facilities. The Authority leverages federal capitalization grants and state matching funds through revenue bond sales. Minnesota's Clean Water bonds carry AAA/AAA/Aaa ratings by Standard & Poor's Ratings Group, Fitch Ratings, and Moody's Investors Services, Inc.

The Authority issued no Clean Water bonds during FY 2007. As of June 30, 2007 the Authority has issued \$1,704,337,117 par (\$1,054,697,117 new money bonds and \$649,640,000 for refunding bonds) with an outstanding par balance of \$708,825,000.

During fiscal year 2007 the Authority made 22 Clean Water loans to municipalities for \$148,661,541 and provided \$2,200,000 for nonpoint source pollution loan programs administered by the Department of Agriculture and MPCA. The table below shows the Clean Water loans financed during state fiscal year (FY) 2007 and totals through FY 2007.

Clean Water Revolving Fund Loans Made thru FY 2007

Date	Borrower	Amount	Rate	Estimated Savings
289 loans made from 1989 thru June 30, 2006:		1,525,576,581	3.382%	373,679,983
loans made during FY 2007:				
07/10/06	Lester Prairie, City of	5,055,200	1.560%	1,466,607
07/12/06	Hawley, City of	1,072,500	1.060%	356,031
07/13/06	Appleton, City of	1,360,000	1.070%	433,257
07/17/06	Western Lake Superior SD-08th	4,100,000	2.820%	392,413
07/20/06	Chisago Lakes JSTC-02nd	4,133,317	1.000%	1,279,773
07/31/06	Barnesville, City of	4,137,640	1.560%	1,210,144
08/25/06	Murray County	11,554,549	1.010%	4,089,327
09/13/06	Metropolitan Council-18th	50,000,000	2.730%	9,652,742
10/17/06	Kandiyohi County-04th	3,761,876	1.000%	1,251,784
11/01/06	Richmond, City of	7,679,889	1.000%	2,741,867
11/13/06	Bird Island, City of	5,164,000	1.000%	1,797,168
11/14/06	Madelia, City of-02nd	4,732,813	1.000%	1,631,537
11/15/06	New York Mills, City of	3,773,320	1.000%	1,246,644
12/11/06	Harris, City of	5,375,403	1.000%	1,903,308
01/03/07	Watkins, City of	1,631,700	1.270%	437,663
02/13/07	Lake Lillian, City of	257,200	1.000%	79,354
02/21/07	Sturgeon Lake, City of	4,495,958	1.000%	1,522,322
05/02/07	Hudson Township	3,025,426	1.000%	1,092,603
06/04/07	Garrison, Kathio, WMLL SSD-02nd	6,530,900	1.000%	2,207,127
06/11/07	Duluth, City of-03rd	2,042,350	1.150%	508,570
06/19/07	New Ulm, City of-02nd	4,002,900	2.650%	701,795
06/26/07	Hutchinson, City of	14,774,600	2.150%	3,351,340
total loans made during FY 2007		148,661,541	1.832%	39,353,376
totals thru FY 2007		1,674,238,122	3.244%	413,033,359

Drinking Water Revolving Fund

The Drinking Water Revolving Fund (DWRF) was created in 1996 based on the successful model of the Clean Water Revolving Fund. The Fund provides below-market rate financing to municipalities and other public water suppliers for drinking water system improvements. The Authority leverages federal capitalization grants and state matching funds through revenue bond sales. Minnesota's DWRF bonds carry AAA/AAA/Aaa ratings by Standard & Poor's Ratings Group, Fitch Ratings, and Moody's Investors Services, Inc.

The Authority issued no Drinking Water Bonds during FY 2007. As of June 30, 2007 the Authority has issued \$207,865,000 par (\$172,350,000 new money bonds and \$35,515,000 for refunding bonds) with an outstanding par balance of \$153,125,000.

During fiscal year 2007 the Authority made 21 Drinking Water loans to municipalities for \$88,092,632. Four projects also received a total of \$2,000,000 in grants from federal funds for principal forgiveness under the Disadvantaged Community provisions of the Federal Safe Drinking Water Act. The table below shows the drinking water loans and grants financed during state fiscal year (FY) 2007 and totals through FY 2007.

Drinking Water Revolving Fund Loans and Principal Forgiveness Grants Made thru FY 2007

Date	Borrower	Loan Amount	Grant Amount	Loan Rate	Estimated Savings-Loan
173 loans/grants made from 1999 thru June 30, 200		302,044,261	6,294,806	2.747%	62,664,636
loans and grants made during FY 2007:					
07/10/06	Hawley, City of-02nd	2,577,000.00		1.560%	702,786
07/11/06	Callaway, City of	400,000.00	500,000.00	1.310%	109,964
07/19/06	Milaca, City of	3,156,000.00		1.070%	1,068,247
08/03/06	New Auburn, City of	1,123,400.00	500,000.00	1.000%	367,641
08/07/06	Hutchinson, City of-02nd	12,216,000.00		2.629%	2,046,177
08/11/06	Le Center, City of-01st	3,650,600.00		1.820%	962,249
08/28/06	Ellendale, City of	1,628,000.00		1.570%	469,618
08/28/06	Mayer, City of-02nd	2,627,000.00		2.070%	611,834
09/05/06	Blue Earth, City of-01st	324,500.00		2.570%	58,859
09/13/06	Lake Lillian, City of	678,400.00	500,000.00	1.000%	231,053
08/29/06	Harris, City of-02nd	1,333,450.00	500,000.00	2.320%	288,204
10/03/06	Evansville, City of	131,203.14		1.760%	32,574
12/07/06	Minneapolis, City of-04th	13,500,000.00		2.600%	2,024,034
01/08/07	Zimmerman, City of	2,317,350.00		2.520%	344,189
03/19/07	Blue Earth, City of-02nd	1,174,600.00		2.400%	208,672
04/03/07	Rock County Rural Water District-02nd	533,000.00		1.020%	170,984
04/09/07	Mankato, City of-02nd	37,729,870.00		2.630%	5,435,607
05/01/07	Carlton, City of	1,567,709.00		1.490%	405,718
05/14/07	Wykoff, City of-02nd	470,195.00		1.400%	128,679
05/31/07	McIntosh, City of-01st	227,905.00		1.900%	49,898
06/04/07	Silver Bay, City of-02nd	726,450.00		1.650%	196,990
total loans and grants made during FY 2007		88,092,632	2,000,000	2.370%	15,913,977
totals thru FY 2007		390,136,893	8,294,806	2.662%	78,578,613

Transportation Revolving Loan Fund Program

This program was created by the 1997 Legislature in response to the federal initiative to create State Infrastructure Banks as a way to develop innovative financing of transportation projects to help address the growing gap between transportation needs and funding availability. The Legislature removed \$8.2 million from the Fund during fiscal year 2003, and in the 2007 session authorized \$4.6 million to be removed during fiscal year 2008. To date the net contributions from Federal and State monies totals \$45,927,600. This has been leveraged with fund revenues and \$46,430,000 of revenue bonds to make 19 subsidized loans for \$122,476,432. Interest savings to the borrowers is estimated to be over \$18 million.

During fiscal year 2007, the Authority made 2 transportation loans: to the Minnesota Department of Transportation for \$4,600,000 and to Stearns County for \$11,200,000.

The table below shows the list of all loans made through FY 2007.

Transportation Revolving Loan Fund Loans Made thru FY 2007

Date	Borrower	Amount	Rate	estimated savings
03/12/99	Metropolitan Council	21,025,000	2.710%	4,235,131
10/26/99	Mazeppa, City of	535,000	2.480%	147,142
04/18/00	Mn Dept of Transportation-01st	15,000,000	3.490%	1,533,123
05/04/01	Ramsey County-01st	6,872,000	3.590%	2,123,003
05/29/01	Pine County-01st	1,434,459	3.000%	201,182
06/27/01	Waite Park, City of	2,100,000	3.190%	409,365
06/28/01	Woodbury, City of-01st	13,049,400	2.700%	1,940,656
06/28/01	Woodbury, City of-02nd	4,589,700	2.690%	590,774
08/29/01	Pennington County	1,731,285	3.140%	336,752
09/17/01	Richfield, City of	6,700,000	2.000%	312,324
10/23/01	Benton County	469,000	2.150%	41,998
10/23/01	Robbinsdale, City of	927,843	2.290%	91,745
11/14/01	Rochester, City of	2,500,000	2.830%	479,209
11/28/01	Newport, City of	1,625,600	1.390%	338,826
01/02/02	Mn Dept of Transportation-02nd	24,200,000	2.550%	3,384,204
03/15/02	Pine County-02nd	17,145	1.810%	521
07/14/05	Mn Dept of Transportation-03rd	3,900,000	1.160%	58,500
two loans made during FY 2007:				
11/19/06	Mn Dept of Transportation-04th	4,600,000	2.210%	625,799
12/12/06	Stearns County	11,200,000	2.346%	1,317,500
totals thru FY 2007		122,476,432	2.677%	18,167,754

Wastewater Infrastructure Funding Program

The Wastewater Infrastructure Funding (WIF) program provides supplemental assistance for high cost projects in the form of grants to match grants from the U.S. Department of Agriculture's Rural Development program, and in the form of zero interest deferred loans to package with loans from the Clean Water Revolving Fund. The purpose is to keep wastewater projects affordable. Funding priorities for the WIF program follow the MPCA's Project Priority List. WIF appropriations for 2005 and 2006 included funds targeted for corrective action work for 15 small communities whose newly built systems were failing, and for several other municipalities with specific needs that were named in the bills.

The table below shows WIF funds awarded in FY 2007. The second table shows FY 2008 WIF awards to December 31, 2007 and WIF funds reserved for specific projects that are expected to proceed in FY 2008.

Wastewater Infrastructure Funding Program Funding Status as of June 30, 2007

	General WIF Program	Corrective Action	Special Appropriations
Total Appropriations	114,311,921	12,000,000	20,600,000
Awarded through FY 2006	88,004,380	930,085	9,222,840
Awarded in FY 2007:			
<i>General WIF Program:</i>			
Chisago Lakes JSTC Ph 2 (Stacy)	364,683		
Evan	620,000		
Faribault County - Huntley	732,000		
Forada	528,500		
Gary	634,000		
Hatfield	295,000		
Hudson Twsp	513,315		
Kandiyohi Co - Lake Florida	1,208,124		
Madelia	89,587		
Murray County - Lake Shetek	3,589,451		
Richmond	1,343,282		
Sturgeon Lake	2,447,828		
Villard	750,000		
Watkins	677,500		
<i>Corrective Action:</i>			
Hennriette		967,036	
Lewisville *		274,915	
Ostrander		897,800	
<i>Special Appropriations:</i>			
Duluth SSO, Phase 3 *			2,042,350
Total FY 2007 Awards	13,793,270	2,139,751	2,042,350
Available Balance as of June 30, 2007	12,514,271	8,930,164	9,334,810

* Partial award, eligible for additional funds to complete construction.

**Wastewater Infrastructure Funding Program
FY 2008 Expected Activity**

	General WIF Program	Corrective Action	Special Appropriations
Available Balance as of June 30, 2007	12,514,271	8,930,164	9,334,810
Awarded - July 1, 2007 to December 31, 2007:			
<i>General WIF Program:</i>			
Alexandria Lakes Area Service Region	842,770		
Bigelow	667,000		
Brooten	481,790		
Effie	466,500		
Kent	317,500		
Urbank	403,500		
Walters	602,000		
<i>Corrective Action:</i>			
Darfur		195,336	
Dunnell *		238,528	
Palisade		680,000	
Spring Hill		688,028	
Wolf Lake *		189,000	
<i>Special Appropriations:</i>			
Lake Township - Springsteel Island			1,500,000
Subtotal - FY 2008 Awarded To Date	3,781,060	1,990,892	1,500,000
Funds Reserved For Specified Projects:			
<i>General WIF Program:</i>			
Alborn Twp	750,000		
Canosia & Grand Lake Twps - Caribou Lake	2,133,224		
Hancock	584,000		
La Salle	650,000		
Quamba	615,000		
Somerset Twp - Hope	163,570		
St. Hillaire	739,606		
<i>Corrective Action:</i>			
Bigfork		to be determined	
Dunnell		to be determined	
Lewisville		to be determined	
McGrath		to be determined	
Nerstrand		to be determined	
Tamarack		to be determined	
Wolf Lake		to be determined	
<i>Special Appropriations:</i>			
Askov			3,000,000
Bayport			1,550,000
Duluth SSO Phase 4			1,784,810
Larsmont			1,500,000
Subtotal - WIF Funds Reserved	5,635,400	6,939,272	7,834,810
Available For New Projects	3,097,811	-	-

* Partial award, eligible for additional funds to complete construction.

Total Maximum Daily Load (TMDL) Grants

The TMDL Grant Program was created in 2005 to assist municipalities with the cost of wastewater treatment or stormwater projects needed to comply with a point source wasteload allocation under the requirements of a TMDL implementation plan under Section 303(d) of the federal Clean Water Act. The program provides grants for 50% of eligible project costs as certified by the MPCA, up to a maximum of \$3 million. The program received a \$2 million appropriation in the 2005 bonding bill and an additional \$5 million in the 2006 bonding bill. Twenty-three eligible projects have submitted applications for a total of \$13 million in grants.

At the time the funds were appropriated, Minnesota Statutes 446A.073 (2006) provided that funds were to be reserved for projects in the order their TMDL was approved by the U.S. Environmental Protection Agency. Funds are reserved based on the cost estimate submitted in the application or the as-bid costs, whichever is less, and grants are awarded following project approval and certification by the MPCA.

The table below shows three TMDL grant awards in FY 2007 to projects in the first USEPA approved TMDL study area (Lower Mississippi/Cedar Rivers). The second table shows expected FY 2008 TMDL program activity, beginning with \$1,874,421 in grant funds awarded to date or reserved for projects in the first USEPA approved TMDL study area (Lower Mississippi/Cedar Rivers), followed by \$2,448,164 awarded to date to four projects in the second approved TMDL study area (Lower Minnesota River). The remaining balance of \$1,047,540 will be awarded to the remaining eligible applicants in the second TMDL area in the order that they submit their as-bid costs and are certified by the MPCA. Pursuant to language approved by the 2007 Legislature (MN Laws 2007, Chapter 135, Article 2, Section 39), TMDL grant applicants have until May 1, 2008 to obtain project certification from the MPCA.

Total Maximum Daily Load (TMDL) Grant Program Funding Status as of June 30, 2007

	Amount
Total Appropriations	7,000,000
Awarded in FY 2007:	
<i>1st Approved TMDL: Lower Mississippi/Cedar</i>	
Conger	544,875
Hammond	810,000
Rochester (stormwater)	275,000
Total FY 2007 Awards	1,629,875
Available Balance as of June 30, 2007	5,370,125

**Total Maximum Daily Load (TMDL) Grant Program
FY 2008 Expected Activity**

	Amount
Available Balance as of June 30, 2007	5,370,125
<i>1st Approved TMDL: Lower Mississippi/Cedar</i>	
<i>Awarded July 1, 2007 to December 31, 2007:</i>	
Taopi	164,388
<i>Reserved for remaining applicants:</i>	
Lansing Twp. - Woodhaven	475,200
Meriden Twp.	578,133
Northfield (stormwater)	23,000
Red Rock Twp. - Nicolville	210,500
Somerset Twp. - Hope	423,200
Total - Awarded/reserved for projects in 1st TMDL area	1,874,421
<i>2nd Approved TMDL: Lower Minnesota</i>	
<i>Awarded July 1, 2007 to December 31, 2007:</i>	
LeSeuer/Henderson	960,932
Madelia	654,600
New Ulm	267,365
Walters	565,267
Total - Awarded for projects in 2nd TMDL area	2,448,164
Remaining Balance	1,047,541

Remaining Eligible Applicants in 2nd TMDL Area - Grants Will Be Awarded In The Order Projects Are Certified By MPCA:

Blue Earth	217,700
Fairmont (stormwater)	294,000
La Salle	50,000
Lake Crystal	251,300
Renville	675,000
Starbuck	289,850
Trimont	137,400
Willmar	3,000,000
Willmar (Stormwater)	77,500
Total - Remaining Eligible Applicants	4,992,750

Clean Water Legacy Phosphorus Reduction Grants

The Phosphorus Reduction Grant Program was created in 2006 to assist municipalities with the cost of wastewater treatment projects that will reduce their discharge of total phosphorus to one milligram per liter or less. The program provides grants for up to 50% of eligible costs as certified by the MPCA, to a maximum of \$500,000. The program received an appropriation of \$2,310,000 in the 2006 bonding bill. In July 2006, the Authority published a State Register notice that applications for the program were being accepted. A total of 46 eligible applications were received for a total of \$17.6 million in grants.

At the time the funds were appropriated, Minnesota Statutes 446A.074 (2006) provided that funds were to be awarded in the order that the project facility plans were approved. The program statutes give priority to new projects that began construction after July 1, 2006, but also allows for grants to reimburse cities for eligible projects built prior to that date provided the project was built in response to a phosphorus discharge limit incorporated in a permit issued by the MPCA on or after March 28, 2000. (However, providing a "reimbursement" grant for a completed project would not be an eligible use of state bond proceeds.)

The table below shows Phosphorus Reduction grant funds awarded in FY 2007. The second table shows FY 2008 grant awards to December 31, 2007 and the remaining funds reserved for the City of Menahga, the next project in the funding order based on when project facility plans were approved. The Menahga project has been certified by MPCA but has some administrative items to complete before the grant can be awarded.

Also listed are the remaining eligible applicants for new projects and reimbursement grants.

Clean Water Legacy Phosphorus Reduction Grant Program Funding Status as of June 30, 2007

	Amount
Total Appropriations	2,310,000
Awarded in FY 2007:	
Harris	267,677
Lester Prairie	403,588
Princeton	500,000
Red Wing	134,227
Total FY 2007 Awards	1,305,492
Available Balance as of June 30, 2007	1,004,508

**Clean Water Legacy Phosphorus Reduction Grant Program
FY 2008 Expected Activity**

	Amount
Available Balance as of June 30, 2007	1,004,508
Awarded July 1, 2007 to December 31, 2007:	
Annandale/Maple Lake	500,000
Le Sueur / Henderson - MN River Valley PUC	451,780
Reserved (pending completion of application items):	
Menahga	52,728
Total - FY 2008 Awarded/Reserved	1,004,508
Remaining Balance	-

Remaining Eligible Applicants	Estimated Grant
<i>New Projects:</i>	
Brainerd Public Utilites	500,000
Willmar	500,000
Hutchinson	500,000
Watertown	500,000
Alexandria Lake Area Sanitary District	500,000
MCES - Blue Lake Plant Improvements	500,000
MCES - Seneca Disinfection & Phosphorus	500,000
Starbuck	434,775
Brooten	116,642
New Ulm	500,000
Sacred Heart	372,375
Medford	257,118
Pelican Rapids	500,000
Buffalo	500,000
Renville	500,000
Viking	unknown
<i>Reimbursement Projects:</i>	
St. Peter	500,000
MCES - Eagles Point Plant	493,516
MCES - Metro Plant Liquid Treatment	500,000
Crane Lake Area Sanitary District	219,947
Litchfield	500,000
Audubon	47,390
Lake City	265,826
Lake Crystal	433,493
Montgomery	423,274
Benson	234,772
North Branch	397,710
MCES - Empire Plant	500,000
Cold Spring	363,088
Le Center	221,850
Trimont	232,350
Madelia	500,000
Fairmont	500,000
Mayer	295,313
Richmond	421,853
Chisago Lakes	223,628
Stacy	375,000
Plainview-Elgin Sanitary District	500,000
Byron	500,000
Total - Remaining Eligible Applicants	15,329,918

Small Community Wastewater Treatment Program

The Small Community Wastewater Treatment Program provides loans and grants to assist local governments with costs to replace non-complying Individual Sewage Treatment Systems (ISTS) with new ISTS and small cluster systems that will be publicly owned and operated. Funding priorities follow the MPCA's Project Priority List. In 2006 a total of \$1.1 million was appropriated for the program. In 2007, a general fund budget of \$100,000 per year was approved for technical assistance grants along with an additional one-time transfer of \$100,000.

In FY 2007, the first loan and grant was made under the program to the City of Taopi for a total of \$363,612. Four additional projects have submitted preliminary applications and are expected to be funded in FY 2008 (Red Rock Township – Nicolville, City of Doran, City of Barry, Forest City Township). PFA staff are working with the Pollution Control Agency and the University of Minnesota Extension Service to improve program procedures and identify and assist other potential applicants.

County Credit Enhancement Program

This program reduces county borrowing costs on general obligation bonds issued for certain purposes by providing a limited state guarantee of the bond payments, thereby allowing counties to receive higher bond ratings. The county debt obligation must be a general obligation bond issued to provide funds for the construction of jails, correctional facilities, law enforcement facilities, social and human services facilities, or solid waste facilities. In FY 2007 the Authority approved agreements with six counties to cover bonds totaling \$25.7 million.

Methamphetamine Laboratory Cleanup Revolving Loan Program

This program provides low interest loans to help local governments finance the cleanup of clandestine lab sites used for the manufacturing of methamphetamine. The program received a \$500,000 general fund appropriation in 2005. In 2007, \$300,000 was unallotted, leaving a net amount of \$200,000 for the program. Two loans were awarded in FY 2007 for a total of \$20,016 (Mille Lacs and Nicollet Counties).

Exhibit A

Audited Financial Statements as of and for the Fiscal Year ended June 30, 2007

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Minnesota Public Facilities Authority
(A Component Unit of the State of Minnesota)

Financial Report
June 30, 2007

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Minnesota Public Facilities Authority
(A Component Unit of the State of Minnesota)

Financial Report
June 30, 2007

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McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

Minnesota Public Facilities Authority
St. Paul, Minnesota

We have audited the accompanying financial statements of the business-type activities and major funds of the Minnesota Public Facilities Authority (the Authority), a component unit of the State of Minnesota, as of and for the years ended June 30, 2007 and 2006, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial positions of the business-type activities and major funds of the Authority as of June 30, 2007 and 2006, and the respective changes in financial positions and the cash flows where applicable thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2007, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures that consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

McGladrey & Pullen, LLP

Minneapolis, Minnesota
September 14, 2007

Management's Discussion and Analysis

This section of the Minnesota Public Facilities Authority's (the Authority) annual financial report presents a discussion and analysis of the financial condition as of and financial activities for the fiscal years ended June 30, 2007 and 2006. Please read it in conjunction with the financial statements and notes following this section.

Introduction and Discussion of the Authority's Operations:

The Authority was created in 1987 by the State of Minnesota under Minnesota Statutes, Chapter 446A. The Minnesota Department of Employment and Economic Development provides administrative support services to the Authority. The Authority provides low interest loans and some grants to Minnesota municipalities to help finance infrastructure for clean water, drinking water, and transportation projects. Federal grants and state appropriations received by the Authority may be used directly or leveraged with proceeds of the Authority's revenue bonds.

The Authority has issued tax-exempt revenue bonds the proceeds of which are deposited into four separate bond funds. Revenues and assets of each bond fund are separately pledged to the holders of that fund's bonds for debt service payments. Assets and revenues of the Authority outside of the bond funds are not pledged, and are used for grant and loan programs and general administration.

Financial Statement Presentation:

The basic financial statements following Management's Discussion and Analysis consist of those required for a special purpose governmental entity engaged in business-type activities:

- *Statement of Net Assets* - This is presented in the format of assets (financial and capital resources) less liabilities equals net assets. The portion of net assets that is reported as restricted has constraints on its use due to bond resolutions and or enabling legislation.
- *Statement of Revenues, Expenses, and Changes in Fund Net Assets* - This statement presents the accrual basis operations and the resulting change in fund net assets of the Authority for the fiscal year.
- *Statement of Cash Flows* - This statement presents useful information regarding the sufficiency of cash flows to meet debt service requirements, because it includes cash flows such as principal received on loans and principal paid on bonds.

Statements for the fiscal year ended June 30, 2007 are followed by statements for the fiscal year ended June 30, 2006 to allow comparison of the Authority's financial position and results of operations for the current and prior fiscal years.

These statements are prepared on the accrual basis and present information on the Authority's overall financial position and results of operations. Assets and revenues of the separate funds contained within these statements are generally restricted as to use and the reader should not assume they might be used in any aggregate manner.

The Authority defines activities under each of its separate bond resolutions as major funds for financial reporting purposes, with all other accounts and activities outside of these bond resolutions reported in the Other Fund. A summary of the major funds reported by the Authority follows. A more detailed description of each is presented later in the section headed Analysis of Individual Funds' Balances and Transactions for Bond Funds.

- Clean Water Bond Fund (CWBF): In conjunction with the Minnesota Pollution Control Agency (MPCA), the Authority provides loans from the fund to municipalities for wastewater treatment projects certified by the MPCA.
- Drinking Water Bond Fund (DWBF): In conjunction with the Minnesota Department of Health, the Authority provides loans for public drinking water facilities.
- Transportation Bond Fund (TBF): Three separate closed resolutions have been created to make loans in cooperation with the Minnesota Department of Transportation: (1) TBF Series 1999A, (2) TBF Series 2001, and (3) TBF Series 2006A.
- Other: All of the Authority's non-revenue bond activity and accounts are aggregated in the Other Fund.

Within each of the bond funds, the Authority uses bond proceeds, federal capitalization grants, and state matching funds to make loans, pay for the costs of issuing debt, and to fund debt service reserve accounts when used. Federal capitalization grants and state matching grants within these funds are recognized as contributed capital. Net loan repayments and investment earnings provide the necessary cash flow to pay the required debt service on the bonds.

The operations in the Other Fund consist of administrative costs paid by a portion of the loan repayments or by federal grant funds, and grant and loan programs funded through interest earnings, loan repayments, and federal grants and state appropriations, recognized in these accounts primarily as operating revenue.

Condensed Financial Information:

The following page presents condensed financial statement information as of and for the fiscal years ended June 30, 2007, 2006, and 2005.

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**Minnesota Public Facilities Authority
Condensed Financial Statement Information**

Condensed Statements of Net Assets

June 30, 2007, 2006, and 2005

	2007	2006	2005
Assets:			
Cash, cash equivalents, and investments	\$ 313,833,191.40	\$ 424,915,445.26	\$ 334,932,542.06
Loans receivable	1,439,809,863.81	1,344,062,739.02	1,310,809,243.73
Other	38,249,609.58	38,774,537.39	30,296,495.89
Total assets	<u>1,791,892,664.79</u>	<u>1,807,752,721.67</u>	<u>1,676,038,281.68</u>
Liabilities:			
Interest payable on bonds	14,530,418.94	15,405,918.34	14,463,372.92
Bonds payable	913,969,206.87	972,928,255.17	902,486,408.79
Other	24,628,804.46	28,750,243.76	16,085,973.29
Total liabilities	<u>953,128,430.27</u>	<u>1,017,084,417.27</u>	<u>933,035,755.00</u>
Net Assets	<u>\$ 838,764,234.52</u>	<u>\$ 790,668,304.40</u>	<u>\$ 743,002,526.68</u>

**Condensed Statements of Revenues, Expenses,
and Changes in Fund Net Assets,**

Years ended June 30, 2007, 2006, and 2005

	2007	2006	2005
Operating Revenues:			
Interest on loans	\$ 38,171,490.18	\$ 36,247,665.17	\$ 35,249,635.67
Investment earnings	19,997,300.19	11,791,958.76	11,482,036.74
Grants, appropriations, and fees	17,444,395.62	9,990,611.91	2,824,665.74
Other	1,091,000.00	857,000.00	538,000.00
Total operating revenues	<u>76,704,185.99</u>	<u>58,887,235.84</u>	<u>50,094,338.15</u>
Operating Expenses:			
Interest on bonds	43,205,447.69	42,412,937.76	41,366,348.32
Other	23,666,141.44	23,213,939.26	16,206,632.63
Total operating expenses	<u>66,871,589.13</u>	<u>65,626,877.02</u>	<u>57,572,980.95</u>
Operating gain (loss)	9,832,596.86	(6,739,641.18)	(7,478,642.80)
Capital Contributions	38,263,333.26	54,405,418.90	30,409,265.00
Change in Net Assets	48,095,930.12	47,665,777.72	22,930,622.20
Net Assets at Beginning of Year	790,668,304.40	743,002,526.68	720,071,904.48
Net Assets at End of Year	<u>\$ 838,764,234.52</u>	<u>\$ 790,668,304.40</u>	<u>\$ 743,002,526.68</u>

Condensed Statements of Cash Flows,

Years ended June 30, 2007, 2006, and 2005

	2007	2006	2005
Operating Activities:			
Principal and interest received on loans	\$ 112,818,376.65	\$ 103,992,319.01	\$ 87,851,841.04
Operating grants, appropriations, and fees	17,141,316.91	10,038,773.93	(1,311,816.00)
Other	(24,488,423.78)	(18,541,488.71)	(11,882,656.48)
Net cash provided by operating activities	<u>105,471,269.78</u>	<u>95,489,604.23</u>	<u>74,657,368.56</u>
Non Capital Financing Activities:			
Capital contributions	38,282,468.78	54,386,283.38	30,409,265.00
Proceeds from sales of bonds	9,787,017.53	393,452,934.82	348,771,073.36
Funds deposited in escrow for bond refunding		(274,127,301.89)	(230,777,815.79)
Payments to make loans	(171,235,977.26)	(101,712,479.13)	(240,468,480.34)
Principal and interest paid on bonds	(111,812,755.00)	(88,953,139.57)	(82,141,393.53)
Other payments	(280,944.94)	(942,289.32)	(717,060.60)
Net cash used in non capital financing activities	<u>(235,260,190.89)</u>	<u>(17,895,991.71)</u>	<u>(174,924,411.90)</u>
Investing Activities	37,060,288.18	26,698,304.68	32,072,981.80
Net increase (decrease) in cash and cash equivalents	<u>(92,728,632.93)</u>	<u>104,291,917.20</u>	<u>(68,194,061.54)</u>
Cash and cash equivalents at beginning of year	250,812,458.26	146,520,541.06	214,714,602.60
Cash and cash equivalents at end of year	<u>\$ 158,083,825.33</u>	<u>\$ 250,812,458.26</u>	<u>\$ 146,520,541.06</u>

The table below summarizes certain financial activities during the fiscal years 2007, 2006, and 2005 for reference with the following discussion and analysis.

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Operating revenues and capital contributions from federal grants and state appropriations:			
Clean Water Bond Fund (CWBF):			
Federal capitalization grants	\$ 16,095,222	\$ 19,857,240	\$ 24,358,653
State match	15,108,100	7,695,000	
Drinking Water Bond Fund (DWBF):			
Federal capitalization grants	6,422,493	20,128,579	5,971,412
State match	637,518	6,685,000	
Other Fund:			
Drinking water federal grants	4,753,399		2,819,915
Transportation federal grant		39,600	79,200
Transportation state appropriations			(4,100,000)
Other state appropriations and fees	12,690,997	6,734,719	
	<u>\$ 55,707,729</u>	<u>\$ 61,140,138</u>	<u>\$ 29,129,180</u>
Bonds Payable (par):			
issued	8,900,000	365,740,000	319,000,000
defeased		(263,365,000)	(216,700,000)
redeemed	(65,595,000)	(45,130,000)	(40,595,000)
net change	<u>\$ (56,695,000)</u>	<u>\$ 57,245,000</u>	<u>\$ 61,705,000</u>
Loans Receivable:			
disbursed	171,235,977	101,712,479	240,468,480
repaid	(75,488,852)	(68,458,984)	(54,729,661)
net increase	<u>\$ 95,747,125</u>	<u>\$ 33,253,495</u>	<u>\$ 185,738,819</u>

Analysis of the Authority's overall Financial Position and Results of Operations:

During the fiscal years ended June 30, 2007, 2006, and 2005, net assets changed by: +\$48.1, +\$47.7, and +\$22.9 million, respectively. This change is due largely to two factors:

- Timing of federal and state grants as operating revenue and capital contributions: revenue and capital contributions were \$55.7, \$61.1, and \$29.1 million, respectively, during fiscal years 2007, 2006, and 2005.
- Up and down swings in the recorded fair value of long-term investments due to market rate changes. The unrealized change in market value was: +\$1.0, -\$7.6, and -\$0.5 million, respectively, during fiscal years 2007, 2006, and 2005.

The weighted average interest rate on outstanding loan balances at June 30, 2007, 2006, and 2005 were 2.78%, 2.71%, and 2.84%, respectively. This reflects the change in market rates, which fell during the latter part of fiscal year 2005 and have been generally rising since then.

The weighted average investment earnings rate (earnings ÷ average cash and investments balance) during fiscal years 2007, 2006, and 2005 was 4.87%, 4.81%, and 3.05%. This reflects the significant increase in short term rates after fiscal year 2005.

Loan volume for the last three fiscal years was \$262 million (55 loans), \$75 million (25 loans), and \$134 million (30 loans). The drop in loan volume during fiscal year 2006 was anticipated by the Authority after several years of temporarily increased volume.

Discussion of Long-term Debt Activity, Credit Ratings, and Debt Limitations:

The Authority's outstanding debt limit is \$1,500,000,000. The Authority bonds do not constitute a debt of the State of Minnesota or any agency or political subdivision thereof (other than the Authority). The principal amount of bonds outstanding at June 30, 2007 was \$889,770,000.

During fiscal year 2007 the Authority issued Transportation Series 2006A bonds of \$8,900,000 par. During fiscal year 2006 the Authority issued Clean Water bonds of \$282,375,000 par and Drinking Water bonds of \$83,365,000 par, including \$111,350,000 of new money bonds and \$254,390,000 of refunding bonds. The refunding bonds were used to fund escrow accounts to defease \$263,365,000 million par. During fiscal year 2005 the Authority issued Clean Water bonds of \$319,000,000 par, including \$110,000,000 of new money bonds and \$209,000,000 of refunding bonds. The refunding bonds were used to fund escrow accounts to defease \$216,700,000 million par.

The Clean Water and Drinking Water bonds are rated triple A by Standard and Poor's (AAA), Moody's (Aaa), and Fitch Ratings (AAA). The Transportation Series 1999A bonds are also rated triple A by Standard and Poor's (AAA) and Moody's (Aaa). The Transportation Series 2001 bonds are rated Aa2 by Moody's, and the Transportation Series 2006A bonds are rated Aaa by Moody's.

Analysis of Individual Funds' Balances and Transactions for Bond Funds:

This section will provide general information on each bond fund, followed by presentation and analysis of more detailed financial information.

Clean Water Bond Fund (CWBF): This pooled bond fund is a part of the Authority's Clean Water State Revolving Fund, operated under the federal Clean Water program, CFDA #66.458. Initiated in 1989, eighteen series of bonds have been issued for \$1.7 billion par, which includes \$650 million for refunding prior issues. Federal capitalization grant awards and state match appropriations through June 30, 2007 was approximately \$589 million, net of set-asides for administrative costs. The Authority has over the years transferred out approximately \$79 million from the CWBF for related but non-pledged programs known as non point-source programs. During fiscal years 2007, 2006, and 2005, the Authority transferred \$2.2 million, \$2 million, and \$0, respectively, from net assets for these programs. This is reflected on the Statement of Revenues, Expenses, and Changes in Fund Net Assets as transfers out of the CWBF to the Other Fund, then as expenditures in the Other Fund as sub-recipients expend the awards. Prior to removing assets from the CWBF, the Authority must meet conditions defined in the fund's basic bond resolution. The CWBF has made 311 loan commitments to 202 borrowers for approximately \$1.67 billion. The largest borrower, at \$885 million in loan commitments at June 30, 2007, is the Metropolitan Council.

Drinking Water Bond Fund (DWBF): This pooled bond fund is a part of the Authority's Drinking Water State Revolving Fund, operated under the federal Safe Drinking Water program, CFDA

#66.468. Initiated in 1998, four series of bonds have been issued for \$207.9 million, which includes \$35.5 million for refunding prior issues. Federal capitalization grant awards and state match appropriations through June 30, 2007 was approximately \$190 million, net of non-pledged set-asides. The fund has made 194 loan commitments to 161 borrowers for approximately \$390 million. The largest borrower, at \$78.4 million in loan commitments at June 30, 2007, is the City of Minneapolis.

Transportation Bond Fund (TBF): This fund consists of three closed, stand alone bond issuances with separate pledged assets and revenues:

- The series 1999A bonds of \$17.08 million par were issued in March 1999. The Authority transferred \$4.1 million in cash into the fund at issuance, from its non-pledged accounts. One loan for \$21.025 million was made to the Metropolitan Council.
- The series 2001 bonds of \$20.45 million par were issued in December 2001. The Authority transferred \$16.77 million in cash and loans receivable into the fund. Nine loan commitments totaling \$34.78 million form the loan pool pledged to these bonds, and a \$1.9 million debt service reserve account was also created from the assets transferred in.
- The series 2006A bonds of \$8.9 million par were issued in December 2006. The Authority transferred \$2.4 million in cash into the fund at issuance, from its non-pledged accounts. One loan for \$11.2 million was made to Stearns County.

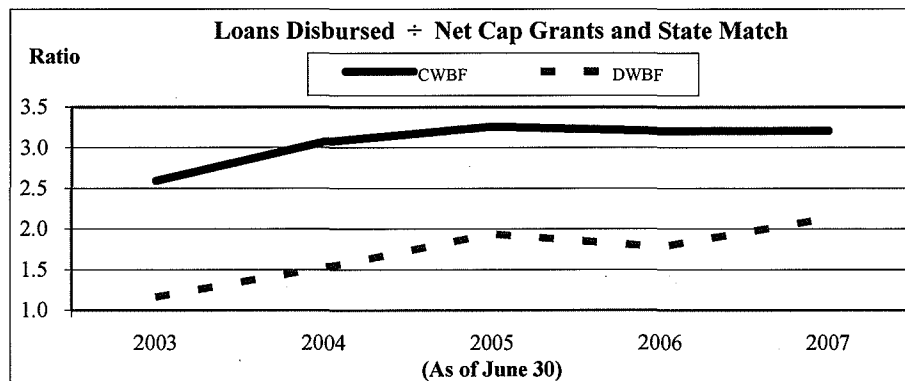
Criteria used in evaluating the financial results and conditions of the bond funds include:

- The efficient use of contributed capital to accomplish the goal of making below market rate loans to program participants (CWBF and DWBF).
- The ability to generate cash flows sufficient to make debt service payments (all bond funds).

Analysis of the efficient use of federal capitalization grants and state match:

The amount of loans disbursed by the CWBF and DWBF, compared to the net amount of federal capitalization grants and state match recognized in the funds, gives a measure of the effective use of the capital contributions. Timing of loan disbursements and use of federal and state funds may affect the ratios at any point in time, but over time this ratio should grow as the programs grow in size and loan repayments become a larger portion of the available sources for new loans. The following chart displays the ratio at June 30th for the past five years.

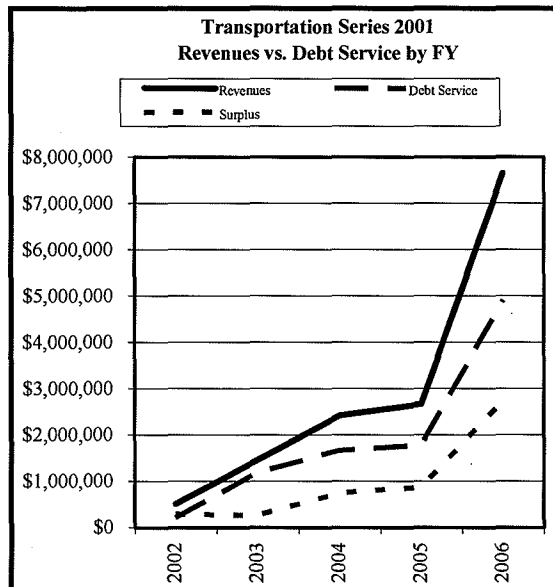
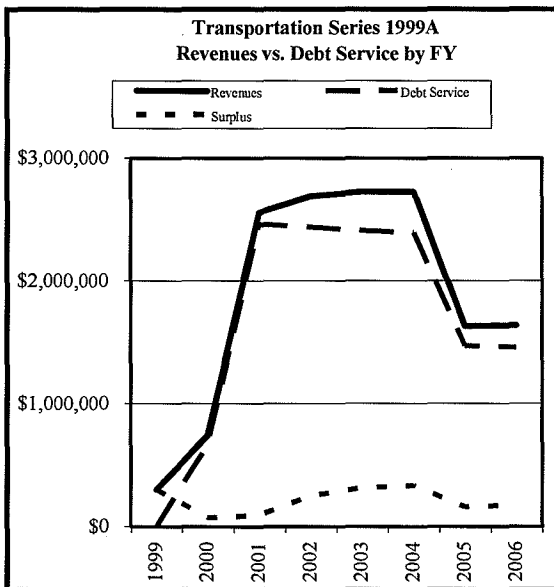
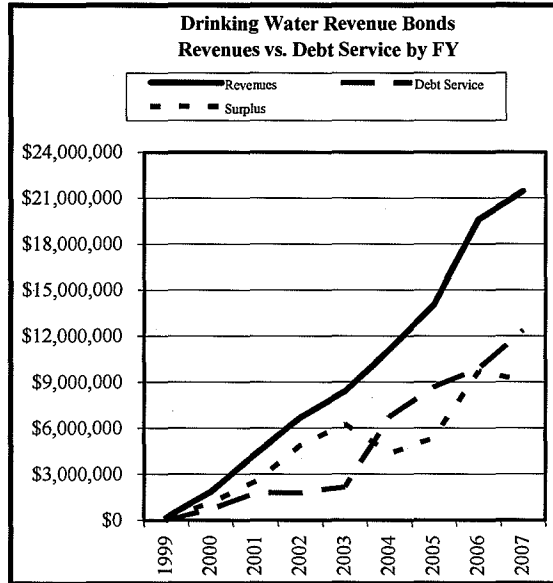
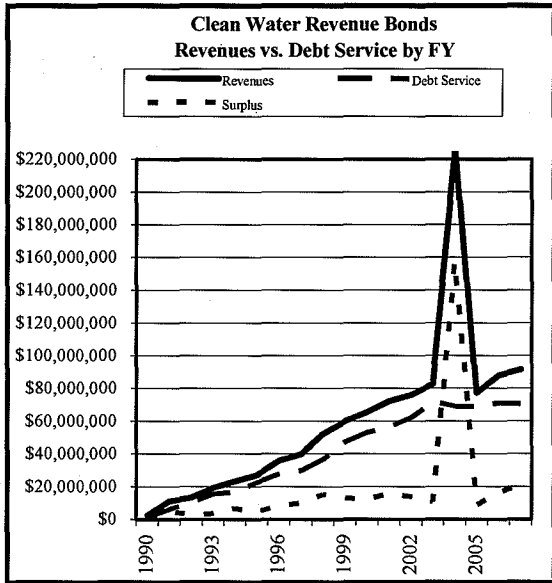
Clean Water and Drinking Water Bond Fund Programs
Leveraging of Federal Capitalization Grants and State Match



Analysis of historical cash flow sufficiency to make debt service payments:

The following charts show each bond fund's cash flow history to date in meeting debt service payments. Annual total bond fund revenues, debt service, and net surplus are charted. The Transportation Series 2006A bonds have had no debt service payments yet.

Charts of each fund's cash flow history to date in meeting debt service payments
(note differing scales between the charts)



Financial ratios: the following table presents financial ratios regarding financial position and ability to generate cash flows sufficient to pay debt service requirements.

		Clean Water	Drinking Water	Transportation Bond Fund		
		Bond Fund	Bond Fund	Series 2006A	Series 2001	Series 1999A
Current ratios	June 30, 2007	3.35	5.97	13.18	1.85	1.22
	June 30, 2006	4.84	11.66		1.71	1.22
	June 30, 2005	3.15	4.62		1.90	1.22
Debt ratios	June 30, 2007	0.55	0.46	0.76	0.55	0.79
	June 30, 2006	0.59	0.48		0.56	0.79
	June 30, 2005	0.59	0.45		0.55	0.79
Operating Income ratios	FY 2007	1.20	1.56	2.09	1.30	0.76
	FY 2006	0.98	1.48		1.38	0.77
	FY 2005	1.02	1.42		1.20	0.78
Debt Service Coverage ratios	FY 2007	1.33 ¹	1.73		1.56	1.13
	FY 2006	1.23	1.90		1.56	1.12
	FY 2005	1.11	1.54		1.49	1.11

current ratio: $\text{current assets} \div \text{current liabilities}$

debt ratio: $\text{debt} \div \text{assets}$

operating income ratio: $\text{operating revenues} \div \text{operating expenses}$

debt service coverage ratios: $(\text{loan repayments} + \text{investment interest}) \div (\text{bond debt service})$

¹ During fiscal year 2007, the Authority called \$23.905 million of Clean Water bonds with available cash in the CWBF. The Clean Water debt service coverage ratio for the year excludes this call.

Even though the operating income ratio for the Transportation Series 1999A fund is less than 1, the cash flows are sufficient to pay debt service because the outstanding loan balance is greater than the outstanding bonds. This fact is reflected in the debt service coverage ratio, which includes principal repayments as well as interest. Principal repaid on the loan exceeds the bond principal requirements and more than overcomes the lower interest earned on the loan. This financing was structured such that projected repayments on the \$21.025 million loan made to the Metropolitan Council are sufficient to pay debt service on the bonds issued of \$17.080 million.

Analysis of Individual Funds' Balances and Transactions for Non-Bond Funds:

The Other Fund includes grant and loan programs not funded with Authority bond proceeds, and the administrative costs for the Authority including costs of the Department of Employment and Economic Development, the Minnesota Pollution Control Agency (PCA), and the Department of Health. These administrative costs are funded partially from federal grants and partially from the fee portion of loans repayments.

The Authority, through inter-agency agreements, sub-grants some of its assets to Health, PCA, and the Department of Agriculture. The assets are from federal grant awards or from net assets removed

from the CWBF. When the agencies make expenditures under the sub-grants, the assets set aside for the sub-grants are reduced and a grant expense is recorded. The following chart shows the activity during the fiscal year:

Sub-Grants	MPCA Clean Water Partnership	Dept of Agriculture Best Management Practices	Dept of Health Drinking Water Set-Asides
<u>Allocations & Expenditures</u>			
New allocations	\$ 1,000,000	\$ 1,200,000	\$ 4,593,228
Expenditures	3,252,736	1,200,000	2,757,696

The drinking water set-asides originated from federal capitalization grant awards.

State Appropriations – The Authority received multiple appropriations during the 2007, 2006 and 2005 legislative sessions. These appropriations are recognized as revenue as related expenditure obligations are incurred.

Discussion of Facts and Conditions Expected to Have a Significant Impact on Financial Position and or Results of Operations:

During fiscal year 2004 the Authority received early pay-offs on eleven CWBF loans with a total principal balance of \$146 million. The funds from these repayments were used to make new CWBF loans. Net revenues to the CWBF will be reduced from fiscal year 2005 through fiscal year 2014 because the new loans will have interest free and payment free periods and they will be made at rates lower than the paid-off loans. The Authority structured the CWBF bonds issued during fiscal year 2005 to offset the cash flow impact through this period in order to achieve relatively level revenue coverage in the CWBF.

The Authority adopts an annual Intended Use Plan (IUP) for the Clean Water program and for the Drinking Water program. The IUPs identify which projects may be considered for funding during the fiscal year, based on priority lists established by the MPCA for Clean Water projects and by the Department of Health for Drinking Water projects. The Authority reviews the long term funding capacity of the Clean Water Bond Fund and the Drinking Water Bond Fund when determining the level of funding for the annual IUPs. In fiscal years 2001 through 2004 the Authority intentionally approved a level of funding that exceeded the long-term sustainable capacity of the Bond Funds. It did so knowing that existing needs across the State to make improvements to wastewater and drinking water systems was substantial and with the intention that the increased funding level would be temporary so as to preserve the Bond Funds' long-term capacity to fund high priority projects throughout the State. The Authority anticipated that funding levels would drop for the fiscal year 2005 and 2006 IUPs. Meeting as much loan demand as possible while preserving long term lending capacity will be a continuing challenge.

Requests for Information

This financial report is designed to provide a general overview of the Minnesota Public Facilities Authority's finances. Questions concerning any of the information provided in this report should be addressed to:

Minnesota Public Facilities Authority
 Attention: Financial Officer
 1st National Bank Bldg., Suite E200
 332 Minnesota Street
 Saint Paul, MN 55101-1351.

Minnesota Public Facilities Authority
Statement of Net Assets
June 30, 2007

	Revenue Bond Funds				Totals
	Clean Water Bond Fund	Drinking Water Bond Fund	Transportation Bond Fund	Other	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 84,027,307.33	\$ 34,014,252.83	\$ 8,995,097.26	\$ 31,047,167.91	\$ 158,083,825.33
Investments	9,250,657.36				9,250,657.36
Loans receivable	57,777,864.65	12,480,034.76	3,913,745.12	4,245,695.74	78,417,340.27
Federal grants receivable				390,672.58	390,672.58
Accrued interest receivable:					
Investments	2,534,037.00	87,740.00	35,541.00		2,657,318.00
Loans	11,365,831.00	2,622,901.00	319,986.00	492,306.00	14,801,024.00
Securities lending collateral				17,874,000.00	17,874,000.00
Total current assets	164,955,697.34	49,204,928.59	13,264,369.38	54,049,842.23	281,474,837.54
Noncurrent assets:					
Investments	134,024,519.81	10,577,447.90	1,896,741.00		146,498,708.71
Loans receivable	1,014,061,726.38	284,177,431.38	27,360,578.22	35,792,787.56	1,361,392,523.54
Deferred bond issuance costs	1,857,743.00	340,093.00	328,759.00		2,526,595.00
Total noncurrent assets	1,149,943,989.19	295,094,972.28	29,586,078.22	35,792,787.56	1,510,417,827.25
Total assets	1,314,899,686.53	344,299,900.87	42,850,447.60	89,842,629.79	1,791,892,664.79
LIABILITIES					
Current liabilities:					
Accounts payable & Other	806,568.98			2,150,235.83	2,956,804.81
Interest payable on bonds	11,702,944.98	2,321,541.67	505,932.29		14,530,418.94
Arbitrage rebate liability	972,680.00				972,680.00
Compensated absences payable				23,031.00	23,031.00
Bonds payable	35,820,000.00	5,920,000.00	2,765,000.00		44,505,000.00
Securities lending collateral				17,874,000.00	17,874,000.00
Total current liabilities	49,302,193.96	8,241,541.67	3,270,932.29	20,047,266.83	80,861,934.75
Noncurrent liabilities:					
Bonds payable	693,323,130.83	150,894,423.79	25,246,652.25		869,464,206.87
Arbitrage rebate liability	2,047,656.85	500,072.16	25,407.64		2,573,136.65
Compensated absences payable				229,152.00	229,152.00
Total liabilities	744,672,981.64	159,636,037.62	28,542,992.18	20,276,418.83	953,128,430.27
NET ASSETS					
Restricted by bond resolutions	570,226,704.89	184,663,863.25	14,307,455.42		769,198,023.56
Restricted by legislation				68,163,138.23	68,163,138.23
Unrestricted				1,403,072.73	1,403,072.73
Total net assets	\$ 570,226,704.89	\$ 184,663,863.25	\$ 14,307,455.42	\$ 69,566,210.96	\$ 838,764,234.52

see accompanying notes to the financial statements

**Minnesota Public Facilities Authority
Statement of Net Assets
June 30, 2006**

	Revenue Bond Funds				Totals
	Clean Water Bond Fund	Drinking Water Bond Fund	Transportation Bond Fund	Other	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 139,975,595.71	\$ 74,933,546.12	\$ 483,513.42	\$ 35,419,803.01	\$ 250,812,458.26
Investments	26,840,786.00				26,840,786.00
Loans receivable	49,465,588.00	11,157,220.00	5,067,658.00	7,719,347.00	73,409,813.00
Federal grants receivable		19,135.52		87,593.87	106,729.39
Accrued interest receivable:					
Investments	3,055,130.00	87,740.00	35,541.00		3,178,411.00
Loans	10,686,513.00	2,364,160.00	346,905.00	561,480.00	13,959,058.00
Securities lending collateral				19,077,000.00	19,077,000.00
Total current assets	230,023,612.71	88,561,801.64	5,933,617.42	62,865,223.88	387,384,255.65
Noncurrent assets:					
Investments	134,922,233.00	10,443,227.00	1,896,741.00		147,262,201.00
Loans receivable	972,732,519.70	239,610,308.79	28,507,423.97	29,802,673.56	1,270,652,926.02
Deferred bond issuance costs	1,898,046.00	375,852.00	179,441.00		2,453,339.00
Total noncurrent assets	1,109,552,798.70	250,429,387.79	30,583,605.97	29,802,673.56	1,420,368,466.02
Total assets	1,339,576,411.41	338,991,189.43	36,517,223.39	92,667,897.44	1,807,752,721.67
LIABILITIES					
Current liabilities:					
Accounts payable & Other				4,079,357.17	4,079,357.17
Interest payable on bonds	12,657,961.67	2,393,231.67	354,725.00		15,405,918.34
Arbitrage rebate liability	1,840,378.21				1,840,378.21
Compensated absences payable				18,970.00	18,970.00
Bonds payable	33,020,000.00	5,205,000.00	3,465,000.00		41,690,000.00
Securities lending collateral				19,077,000.00	19,077,000.00
Total current liabilities	47,518,339.88	7,598,231.67	3,819,725.00	23,175,327.17	82,111,623.72
Noncurrent liabilities:					
Bonds payable	754,759,369.74	157,372,464.02	19,106,421.41		931,238,255.17
Arbitrage rebate liability	3,392,695.60	109,484.96	25,983.82		3,528,164.38
Compensated absences payable				206,374.00	206,374.00
Total liabilities	805,670,405.22	165,080,180.65	22,952,130.23	23,381,701.17	1,017,084,417.27
NET ASSETS					
Restricted by bond resolutions	533,906,006.19	173,911,008.78	13,565,093.16		721,382,108.13
Restricted by legislation				67,808,604.99	67,808,604.99
Unrestricted				1,477,591.28	1,477,591.28
Total net assets	\$ 533,906,006.19	\$ 173,911,008.78	\$ 13,565,093.16	\$ 69,286,196.27	\$ 790,668,304.40

see accompanying notes to the financial statements

Minnesota Public Facilities Authority
Statement of Revenues, Expenses and Changes in Fund Net Assets
for the Year Ended June 30, 2007

	Revenue Bond Funds				Totals
	Clean Water Bond Fund	Drinking Water Bond Fund	Transportation Bond Fund	Other	
Operating revenues:					
Interest on loans	\$ 27,572,441.63	\$ 6,823,420.65	\$ 878,112.28	\$ 2,897,515.62	\$ 38,171,490.18
Investment earnings	14,326,428.25	3,320,924.95	528,089.05	828,439.14	19,003,881.39
Net increase (decrease), fair value of investments	859,197.90	134,220.90			993,418.80
Federal grants-operating				4,753,398.71	4,753,398.71
State appropriations and fees				12,690,996.91	12,690,996.91
Securities lending income				1,091,000.00	1,091,000.00
Total operating revenues	<u>42,758,067.78</u>	<u>10,278,566.50</u>	<u>1,406,201.33</u>	<u>22,261,350.38</u>	<u>76,704,185.99</u>
Operating expenses:					
Interest on bonds	35,497,932.40	6,585,723.77	1,121,791.52		43,205,447.69
Salaries and employee benefits				1,900,808.92	1,900,808.92
Other general operating				674,683.18	674,683.18
Grants				20,010,649.34	20,010,649.34
Securities lending rebate and fees				1,080,000.00	1,080,000.00
Total operating expenses	<u>35,497,932.40</u>	<u>6,585,723.77</u>	<u>1,121,791.52</u>	<u>23,666,141.44</u>	<u>66,871,589.13</u>
Operating income (loss)	<u>7,260,135.38</u>	<u>3,692,842.73</u>	<u>284,409.81</u>	<u>(1,404,791.06)</u>	<u>9,832,596.86</u>
Capital Contributions:					
Federal Grants	16,095,222.00	6,422,493.48			22,517,715.48
State Match	15,108,099.52	637,518.26			15,745,617.78
Total capital contributions	<u>31,203,321.52</u>	<u>7,060,011.74</u>	<u>-</u>	<u>-</u>	<u>38,263,333.26</u>
Transfers in (out)	<u>(2,142,758.20)</u>		<u>457,952.45</u>	<u>1,684,805.75</u>	<u>-</u>
Change in net assets	<u>36,320,698.70</u>	<u>10,752,854.47</u>	<u>742,362.26</u>	<u>280,014.69</u>	<u>48,095,930.12</u>
Total net assets:					
Beginning of year	533,906,006.19	173,911,008.78	13,565,093.16	69,286,196.27	790,668,304.40
End of year	<u>\$ 570,226,704.89</u>	<u>\$ 184,663,863.25</u>	<u>\$ 14,307,455.42</u>	<u>\$ 69,566,210.96</u>	<u>\$ 838,764,234.52</u>

see accompanying notes to the financial statements

Minnesota Public Facilities Authority
Statement of Revenues, Expenses and Changes in Fund Net Assets
for the Year Ended June 30, 2006

	Revenue Bond Funds				Totals
	Clean Water Bond Fund	Drinking Water Bond Fund	Transportation Bond Fund	Other	
Operating revenues:					
Interest on loans	\$ 26,068,494.19	\$ 6,355,023.07	\$ 997,469.90	\$ 2,826,678.01	\$ 36,247,665.17
Investment earnings	15,513,855.36	3,134,959.45	340,371.97	419,612.54	19,408,799.32
Net increase (decrease) , fair value of investments	(7,007,420.56)	(609,420.00)			(7,616,840.56)
Federal grants-operating				3,255,892.60	3,255,892.60
State appropriations and fees				6,734,719.31	6,734,719.31
Securities lending income				857,000.00	857,000.00
Total operating revenues	<u>34,574,928.99</u>	<u>8,880,562.52</u>	<u>1,337,841.87</u>	<u>14,093,902.46</u>	<u>58,887,235.84</u>
Operating expenses:					
Interest on bonds	35,259,073.77	6,019,251.58	1,134,612.41		42,412,937.76
Salaries and employee benefits				1,730,469.51	1,730,469.51
Other general operating				706,850.74	706,850.74
Grants				19,930,619.01	19,930,619.01
Securities lending rebate and fees				846,000.00	846,000.00
Total operating expenses	<u>35,259,073.77</u>	<u>6,019,251.58</u>	<u>1,134,612.41</u>	<u>23,213,939.26</u>	<u>65,626,877.02</u>
Operating income (loss)	<u>(684,144.78)</u>	<u>2,861,310.94</u>	<u>203,229.46</u>	<u>(9,120,036.80)</u>	<u>(6,739,641.18)</u>
Capital Contributions:					
Federal Grants	19,857,240.00	20,128,578.90		39,600.00	40,025,418.90
State Match	7,695,000.00	6,685,000.00			14,380,000.00
Total capital contributions	<u>27,552,240.00</u>	<u>26,813,578.90</u>	<u>-</u>	<u>39,600.00</u>	<u>54,405,418.90</u>
Transfers in (out)	<u>(1,942,268.20)</u>		<u>(3,861,618.22)</u>	<u>5,803,886.42</u>	<u>-</u>
Change in net assets	24,925,827.02	29,674,889.84	(3,658,388.76)	(3,276,550.38)	47,665,777.72
Total net assets:					
Beginning of year	508,980,179.17	144,236,118.94	17,223,481.92	72,562,746.65	743,002,526.68
End of year	<u>\$ 533,906,006.19</u>	<u>\$ 173,911,008.78</u>	<u>\$ 13,565,093.16</u>	<u>\$ 69,286,196.27</u>	<u>\$ 790,668,304.40</u>

see accompanying notes to the financial statements

Minnesota Public Facilities Authority
Statement of Cash Flows
for the Year Ended June 30, 2007

	Revenue Bond Funds				Totals
	Clean Water Bond Fund	Drinking Water Bond Fund	Transportation Bond Fund	Other	
Operating activities:					
Interest received on loans	\$ 26,893,123.63	\$ 6,564,679.65	\$ 905,031.28	\$ 2,966,689.62	\$ 37,329,524.18
Principal received on loans	51,262,161.13	11,185,431.59	5,321,912.55	7,719,347.20	75,488,852.47
Federal grants - operating				4,450,320.00	4,450,320.00
State appropriations, and fees				12,690,996.91	12,690,996.91
Payments to employees				(1,932,767.50)	(1,932,767.50)
Payments to vendors				(565,949.15)	(565,949.15)
Payments to grantees				(14,779,275.80)	(14,779,275.80)
Payments to sub-recipients				(7,210,431.33)	(7,210,431.33)
Net cash provided (used) in operating activities	<u>78,155,284.76</u>	<u>17,750,111.24</u>	<u>6,226,943.83</u>	<u>3,338,929.95</u>	<u>105,471,269.78</u>
Non capital financing activities:					
Capital contributions:					
federal	16,095,222.00	6,441,629.00			22,536,851.00
state	15,108,099.52	637,518.26			15,745,617.78
Proceeds from sale of bonds	750,000.00		9,037,017.53		9,787,017.53
Funds deposited in refunding escrow					-
Payments for bond issuance costs	(93,431.02)		(187,513.92)		(280,944.94)
Interest paid on bonds	(37,973,885.00)	(7,179,695.00)	(1,064,175.00)		(46,217,755.00)
Principal paid on bonds	(56,925,000.00)	(5,205,000.00)	(3,465,000.00)		(65,595,000.00)
Payments to make loans	(100,903,644.46)	(57,075,368.94)	(3,021,153.92)	(10,235,809.94)	(171,235,977.26)
Cash transfers	(2,142,758.20)		457,952.45	1,684,805.75	-
Net cash provided (used) in non capital financing activities:	<u>(166,085,397.16)</u>	<u>(62,380,916.68)</u>	<u>1,757,127.14</u>	<u>(8,551,004.19)</u>	<u>(235,260,190.89)</u>
Investing activities:					
Investment interest	16,279,071.69	3,711,512.15	527,512.87	839,439.14	21,357,535.85
Arbitrage payments to the IRS	(3,644,287.40)				(3,644,287.40)
Purchases of investments	(7,732,036.13)				(7,732,036.13)
Proceeds from sale and maturities	27,079,075.86				27,079,075.86
Net cash provided in investing activities	<u>31,981,824.02</u>	<u>3,711,512.15</u>	<u>527,512.87</u>	<u>839,439.14</u>	<u>37,060,288.18</u>
Net increase (decrease) in cash and cash equivalents	(55,948,288.38)	(40,919,293.29)	8,511,583.84	(4,372,635.10)	(92,728,632.93)
Cash and cash equivalents:					
Beginning of year	<u>139,975,595.71</u>	<u>74,933,546.12</u>	<u>483,513.42</u>	<u>35,419,803.01</u>	<u>250,812,458.26</u>
End of year	<u>\$ 84,027,307.33</u>	<u>\$ 34,014,252.83</u>	<u>\$ 8,995,097.26</u>	<u>\$ 31,047,167.91</u>	<u>\$ 158,083,825.33</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	7,260,135.38	3,692,842.73	284,409.81	(1,404,791.06)	9,832,596.86
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Principal received on loans	51,262,161.13	11,185,431.59	5,321,912.55	7,719,347.20	75,488,852.47
Interest paid on bonds	37,973,885.00	7,179,695.00	1,064,175.00		46,217,755.00
Investment earnings	(16,279,071.69)	(3,711,512.15)	(527,512.87)	(839,439.14)	(21,357,535.85)
Arbitrage payments to the IRS	3,644,287.40				3,644,287.40
Net change, investment fair value	(859,197.90)	(134,220.90)			(993,418.80)
Net amortizations	(1,520,935.91)	(522,281.23)	(75,022.89)		(2,118,240.03)
Changes in assets and liabilities:					
Accrued revenues	(158,225.00)	(258,741.00)	26,919.00	(233,904.71)	(623,951.71)
Accrued expenses	(3,167,753.65)	318,897.20	132,063.23	(1,902,282.34)	(4,619,075.56)
Net cash provided (used) in operating activities	<u>\$ 78,155,284.76</u>	<u>\$ 17,750,111.24</u>	<u>\$ 6,226,943.83</u>	<u>\$ 3,338,929.95</u>	<u>\$ 105,471,269.78</u>

see accompanying notes to the financial statements

Minnesota Public Facilities Authority
Statement of Cash Flows
for the Year Ended June 30, 2006

	Revenue Bond Funds				Totals
	Clean Water Bond Fund	Drinking Water Bond Fund	Transportation Bond Fund	Other	
Operating activities:					
Interest received on loans	\$ 25,812,183.19	\$ 6,178,688.07	\$ 1,063,158.90	\$ 2,479,305.01	\$ 35,533,335.17
Principal received on loans	46,492,458.16	10,299,774.58	7,891,385.42	3,775,365.68	68,458,983.84
Federal grants - operating				3,304,054.62	3,304,054.62
State appropriations, and fees				6,734,719.31	6,734,719.31
Payments to employees				(1,736,929.43)	(1,736,929.43)
Payments to vendors				(764,509.26)	(764,509.26)
Payments to grantees				(10,257,448.39)	(10,257,448.39)
Payments to sub-recipients				(5,782,601.63)	(5,782,601.63)
Net cash provided (used) in operating activities	<u>72,304,641.35</u>	<u>16,478,462.65</u>	<u>8,954,544.32</u>	<u>(2,248,044.09)</u>	<u>95,489,604.23</u>
Non capital financing activities:					
Capital contributions:					
federal	19,857,240.00	20,109,443.38		39,600.00	40,006,283.38
state	7,695,000.00	6,685,000.00			14,380,000.00
Proceeds from sale of bonds	304,901,890.73	88,551,044.09			393,452,934.82
Funds deposited in refunding escrow	(235,980,258.24)	(38,147,043.65)			(274,127,301.89)
Payments for bond issuance costs	(761,404.35)	(180,884.97)			(942,289.32)
Interest paid on bonds	(36,522,662.49)	(5,994,002.08)	(1,306,475.00)		(43,823,139.57)
Principal paid on bonds	(35,755,000.00)	(4,310,000.00)	(5,065,000.00)		(45,130,000.00)
Payments to make loans	(64,732,706.00)	(26,892,626.07)	(109,822.36)	(9,977,324.70)	(101,712,479.13)
Cash transfers	(1,942,268.20)		(3,861,618.22)	5,803,886.42	-
Net cash provided (used) in non capital financing activities:	<u>(43,240,168.55)</u>	<u>39,820,930.70</u>	<u>(10,342,915.58)</u>	<u>(4,133,838.28)</u>	<u>(17,895,991.71)</u>
Investing activities:					
Investment interest	16,531,086.18	3,136,839.56	339,192.37	430,612.54	20,437,730.65
Arbitrage payments to the IRS	(431,599.41)				(431,599.41)
Purchases of investments					-
Proceeds from sale & maturities	6,692,173.44				6,692,173.44
Net cash provided in investing activities	<u>22,791,660.21</u>	<u>3,136,839.56</u>	<u>339,192.37</u>	<u>430,612.54</u>	<u>26,698,304.68</u>
Net increase (decrease) in cash and cash equivalents	51,856,133.01	59,436,232.91	(1,049,178.89)	(5,951,269.83)	104,291,917.20
Cash and cash equivalents:					
Beginning of year	88,119,462.70	15,497,313.21	1,532,692.31	41,371,072.84	146,520,541.06
End of year	<u>\$ 139,975,595.71</u>	<u>\$ 74,933,546.12</u>	<u>\$ 483,513.42</u>	<u>\$ 35,419,803.01</u>	<u>\$ 250,812,458.26</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	(684,144.78)	2,861,310.94	203,229.46	(9,120,036.80)	(6,739,641.18)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Principal received on loans	46,492,458.16	10,299,774.58	7,891,385.42	3,775,365.68	68,458,983.84
Interest paid on bonds	36,522,662.49	5,994,002.08	1,306,475.00		43,823,139.57
Investment earnings	(16,531,086.18)	(3,136,839.56)	(339,192.37)	(430,612.54)	(20,437,730.65)
Arbitrage payments to the IRS	431,599.41				431,599.41
Net change, investment fair value	7,007,420.56	609,420.00			7,616,840.56
Net amortizations	(597,051.68)	(400,457.36)	(91,095.92)		(1,088,604.96)
Changes in assets and liabilities:					
Accrued revenues	(104,799.00)	(176,335.00)	65,689.00	(299,210.98)	(514,655.98)
Accrued expenses	(232,417.63)	427,586.97	(81,946.27)	3,826,450.55	3,939,673.62
Net cash provided (used) in operating activities	<u>\$ 72,304,641.35</u>	<u>\$ 16,478,462.65</u>	<u>\$ 8,954,544.32</u>	<u>\$ (2,248,044.09)</u>	<u>\$ 95,489,604.23</u>

see accompanying notes to the financial statements

Minnesota Public Facilities Authority
Notes to the Financial Statements
Years Ended June 30, 2007 and 2006

1. *Summary of Significant Accounting Policies*

The financial statements of the Minnesota Public Facilities Authority (the Authority) have been prepared in conformity with accounting principles generally accepted in the United States as applied to governmental entities. The Government Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The Authority has elected to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, Accounting Principles Board, or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. Descriptions of the significant accounting policies follow:

Reporting Entity - The Minnesota Public Facilities Authority (the Authority) was created in 1987 by the State of Minnesota under Minnesota Statutes, Chapter 446A (the Act). Under the Act, the members of the Authority include the Commissioner of Employment and Economic Development, the Commissioner of Finance, the Commissioner of the Minnesota Pollution Control Agency (MPCA), the Commissioner of Agriculture, the Commissioner of Health, and the Commissioner of Transportation. The Commissioner of Employment and Economic Development serves as chair and chief executive officer of the Authority. These members serve as a result of their respective positions as commissioners, and their terms as members of the Authority coincide with their terms as commissioners. Pursuant to state law, commissioners may delegate and have delegated their duties as a member of the Authority in the event that the commissioner is unable to attend a meeting of the Authority.

The Minnesota Department of Employment and Economic Development (DEED) provides administrative support services to the Authority. The MPCA and the Minnesota Department of Health also provide staff to administer, in cooperation with the Authority, certain programs of the Authority.

Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, states that a primary government that appoints a voting majority of the organization's governing body, and either (1) is able to impose its will on the organization or (2) has the potential to receive specific financial burdens imposed on it by the organization, is financially accountable to that organization. Based on this criterion, the Authority is considered a discretely presented component unit of the State of Minnesota and is included in its basic financial statements.

The Authority is authorized to issue bonds. These bonds do not constitute a debt of the State of Minnesota or any agency or political subdivision thereof (other than the Authority).

Basis of Accounting - The Authority is a special-purpose government engaged only in business-type activities. The Authority has determined that all of its funds shall be classified as enterprise funds and are therefore accounted for on the proprietary fund-type basis. All assets and liabilities (whether current or non current) associated with their activity are included on their statements of net assets. Proprietary fund measurement is focused upon determination of net income, financial position, and cash flows. The Authority's proprietary funds are used to account for operations (a) that are financed

and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

Fund Accounting – As a governmental entity the Authority organizes its accounts on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. All of the Authority's funds are classified as proprietary funds. The Authority reports the following major proprietary funds:

- *Clean Water Bond Fund (CWBF)* - The Authority receives federal capitalization grants under Title VI of the Federal Clean Water Act, and state matching grants. These funds are leveraged with proceeds from the Authority's pooled Clean Water revenue bonds to provide below-market-rate loans to municipalities and eligible political subdivisions to facilitate the construction of wastewater treatment facilities. Before the Authority can approve any particular loan, the MCPA must certify the applicant's project based on technical and environmental reviews.
- *Drinking Water Bond Fund (DWBf)* - The Authority receives federal capitalization grants under Section 1452 of the Safe Drinking Water Act and state matching grants. These funds are leveraged with proceeds from the Authority's pooled Drinking Water revenue bonds to provide below-market-rate loans to municipalities to finance costs of drinking water system infrastructure. Before the Authority can approve any particular loan, the Minnesota Department of Health must certify the applicants' projects based on technical and environmental reviews.
- *Transportation Bond Fund (TBF)* - This program was initiated with a federal grant from the U.S. Department of Transportation to the Minnesota Department of Transportation (MnDOT) and state matching grants. The Authority administers the TBF, which provides loans to municipalities and eligible political subdivisions for construction of highways, bridges, and streets, and for purchasing transit capital. MnDOT must certify applicants' projects based on MnDOT's design standards. Three closed, stand alone series of revenue bonds have been issued.
- *Other Fund* - In addition to the pledged bond funds, the Authority manages various legislative appropriations for similar purposes. One of the programs included in the Other Fund is the Wastewater Infrastructure Funding Program (WIF). The Authority receives appropriations from the Minnesota Legislature to fund the program, and in conjunction with any particular loan from the CWBF or financing from the U.S. Department of Agriculture's Rural Development Office, WIF Supplemental Assistance grants are given to eligible municipalities with high-cost wastewater projects. The Other Fund also includes the accounts and activities related to management of the State Revolving Fund programs.

Federal Grants and State Appropriations - The Authority receives federal capitalization grants from the Environmental Protection Agency and, through MnDOT, the Authority has received federal

highway money. This money is used primarily for funding of loans, as security on bonds, and a portion may be expended for administrative and other set-aside costs. The Authority also receives state appropriations as match to the federal grants and for other Authority loan and grant programs. These federal and state monies are recognized in the financial statements when the associated expenditure obligations have met the eligibility requirement. When used to capitalize the revolving loan funds they are recorded as capital contributions; when used for administrative costs or grants they are recorded as operating revenue.

Cash Equivalents - The Authority considers all investments with an original maturity when purchased of three months or less to be cash equivalents.

Loans Receivable - Loans receivable are carried at their unpaid principal balances, net of any allowances for loan losses. The allowances for loan losses are established based on management's evaluation of the loan portfolio. Generally, the Authority does not provide an allowance for loan losses as the loans are secured by the borrowers' general obligation and revenue pledges.

Investments - The Authority reports investments at fair value in the statement of net assets with changes in the fair value of investments reported in the statement of revenues, expenses, and changes in fund net assets. Fair value of investments was determined based on quoted market prices as of the reporting date. Guaranteed investment contracts are contracts purchased from life insurance companies who guarantee the principal and return, and allow money to be withdrawn if needed. The Authority's guaranteed investment contracts are considered nonparticipating and, as such, are reported at cost. The Authority believes it has the ability and intent to hold all investments to maturity to recover the full carrying value of its investment portfolio and does not expect to realize any gain or loss from the market value adjustments as shown in the various funds.

Bond Discounts, Premiums, and Issuance Costs - Bond discounts, premiums, and issuance costs are amortized using the effective interest method over the term of the bond series.

Income Taxes - The Authority is an agency of the State of Minnesota and is exempt from federal and state income taxes.

Restrictions on Net Assets - The use of assets held within each separate bond fund is restricted by the terms and conditions of that fund's bond resolutions. All assets of the Authority, including those not restricted by bond resolutions, are limited in their use by state and federal laws under which the funds were appropriated and / or grant conditions imposed by the federal funding agency. The net assets in the Authority's administrative accounts are reported as unrestricted because they are used for general operating activities.

Defining Operating Revenues and Expenses and Operating Cash Flows - The Authority issues revenue bonds to leverage the capital contributions it receives from federal capitalization grants and state matching grants. These funds are then used to make below-market-rate loans to municipalities and to create reserve accounts. Investment interest and loan repayments generate the cash flow required to make debt service payments on the bonds. Interest from loans and investment income are included as part of operating revenues and interest expense on bonds is included in operating expenses.

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

Certain Risks and Uncertainties - The Authority invests in various securities including U.S. government securities, corporate debt instruments, and guaranteed investment contracts. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

2. *Deposits, Investments, and Securities Lending Collateral Transactions*

Deposits – The Authority’s investment policy requires it to follow state statutes. Cash deposits of the Authority are invested in a state pool and the pooled balances are insured in accordance with Minnesota State Statutes. At June 30, 2007 and 2006, \$149,810,675 and \$234,373,075, respectively, of cash deposits were interest-bearing and \$8,273,150 and \$16,439,383, respectively, of cash deposits were non interest-bearing.

Investments - The Authority’s investment policy limits investments to those permitted by the bond resolutions and the Authority Act. They are composed primarily of commercial paper, guaranteed investment contracts, and notes and bills of the U.S. Government and its agencies. Information regarding the Authority’s investments is provided below to give an indication of the risk level assumed at year-end.

Interest Rate Risk - The Authority does not have a formal investment policy that limits maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk – For an investment, the custodial credit risk is that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the Authority will not be able to recover the value of its investments that are in the possession of another party. The Authority requires for all securities purchased that the securities are at all times insured, registered in the Authority’s name or in the possession of the Authority.

Credit Risk - Excluding U.S. Government backed securities, the Authority's investments at June 30, 2007 and 2006 carried the following ratings by the three nationally recognized statistical rating organizations shown:

<u>Investment type</u>	<u>Standard & Poors</u>	<u>Fitch Ratings</u>	<u>Moody's Investors Service</u>
Federal Home Loan Bank	AAA	AAA	Aaa
Federal Farm Credit Banks	AAA	AAA	Aaa
Federal National Mortgage Association	AAA	AAA	Aaa
Federal Home Loan Mortgage Corporation	AAA	AAA	Aaa
Guaranteed Investment Contracts	not rated ¹		

¹ The Guaranteed Investment Contracts are not rated but are backed by U.S. Government securities.

Concentration of Credit Risk: For the investments held by the Authority at June 30, 2007 and 2006, state law places no limits on the amount that may be invested in any one issuer. The Authority’s investment policy does not limit the amount invested in any one issuer. Excluding U.S. Government backed securities, more than 5% of the Authority's investments are in the following issuers:

Concentration of Credit risk: Issuer	June 30, 2007		June 30, 2006	
	Fair Value	% of Investments	Fair Value	% of Investments
Federal National Mortgage Association	\$ 35,938,142	23%	\$ 35,834,941	21%
Guaranteed Investment Contracts:AIGMFC	24,178,300	16%	24,178,300	14%
Guaranteed Investment Contracts:Societe Generale	18,606,088	12%	18,606,088	11%
Federal Home Loan Bank	16,325,353	10%	16,155,077	9%
Federal Farm Credit Banks	15,318,726	10%	12,665,236	7%
Federal Home Loan Mortgage Corporation	14,920,365	10%	9,450,000	5%

At June 30, 2007, the Authority had the following investments:

Investment type	Fair Value	Investment Maturities (in Years)				WAM ¹
		less than 1	1 to 5	6 to 10	more than 10	
U.S. Treasury Notes	\$ 28,565,651	\$ 9,250,657	\$ 19,314,994	\$ -	\$ -	1.13
U.S. Treasury SLGS	1,896,741			1,896,741		9.66
Federal Home Loan Bank	16,325,353		16,325,353			2.90
Federal Farm Credit Banks	15,318,726		9,872,757	5,445,969		5.01
Federal National Mortgage Association	35,938,142		23,675,740	12,262,402		3.29
Federal Home Loan Mortgage Corporation	14,920,365			14,920,365		6.99
Guaranteed Investment Contracts	42,784,388		18,606,088		24,178,300	7.53
totals	\$ 155,749,366	\$ 9,250,657	\$ 87,794,932	\$ 34,525,477	\$ 24,178,300	4.63

At June 30, 2006, the Authority had the following investments:

Investment type	Fair Value	Investment Maturities (in Years)				WAM ¹
		less than 1	1 to 5	6 to 10	more than 10	
U.S. Treasury Notes	\$ 52,794,156	\$ 24,318,338	\$ 28,475,818	\$ -	\$ -	1.30
U.S. Treasury SLGS	1,896,741				1,896,741	10.66
U.S. Treasury Strips	2,522,448	2,522,448				0.62
Federal Home Loan Bank	16,155,077		10,038,155	6,116,922		3.90
Federal Farm Credit Banks	12,665,236		9,815,236	2,850,000		5.07
Federal National Mortgage Association	35,834,941		23,776,250	12,058,691		4.29
Federal Home Loan Mortgage Corporation	9,450,000			9,450,000		6.54
Guaranteed Investment Contracts	42,784,388		7,380,328	11,225,760	24,178,300	8.53
totals	\$ 174,102,987	\$ 26,840,786	\$ 79,485,787	\$ 41,701,373	\$ 26,075,041	4.59

¹ WAM: weighted average maturity in years based on par amount.

Securities Lending Collateral Transactions – State statutes do not prohibit the State from participating in securities lending transactions. To enhance the return on investments, the State has, by way of a Custodial Trust Agreement, authorized Wells Fargo Bank, Minnesota, N.A. (Wells Fargo) to act as agent in lending the State’s securities to broker-dealers and banks pursuant to a form of loan agreement.

During the fiscal years, Wells Fargo lent, on behalf of the State, certain securities held by Wells Fargo as custodian and received cash (United States currency) and securities issued or guaranteed by the United States government, and irrevocable bank letters of credit as collateral. Wells Fargo did not have the ability to pledge or sell collateral securities absent a borrower default. Borrowers were required to deliver collateral for each loan in amounts equal to not less than one hundred percent (100%) of the fair value of the loaned securities, plus accrued interest.

In the event a borrower fails to return a loaned security or fails to pay distributions thereon, Wells Fargo protects the State by purchasing replacement securities or returning the cash collateral. There were no such failures by any borrower to return loaned securities or to pay distributions thereon during the fiscal years. Moreover, there were no losses during the fiscal years resulting from a default of the borrowers or Wells Fargo.

During the fiscal years, the State and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in the separately managed funds of the SBI. As of June 30, 2007, these funds had an average duration of 0.22 years to final and a weighted average maturity of 80 days to final. Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2007, the State had no credit risk exposure to borrowers. The collateral held and the fair value of securities on loan for the State as of June 30, 2007 were \$545,458,173 and \$534,885,955 respectively.

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3. *Loans Receivable*

Loans receivable at June 30, 2007 and 2006 consisted of the following:

Program Borrower	Date of Loan	Final Maturity	Interest Rate	Loan Commitment	Outstanding Principal at June 30,	
					2007	2006
Clean Water Bond Fund:						
Aitkin, City of-1st	10/15/97	02/20/18	2.240%	\$ 525,000	\$ 317,363	\$ 342,542
Aitkin, City of-2nd	07/15/03	08/20/23	1.000%	1,009,719	929,000	979,000
Albany, City of	04/21/03	02/20/22	3.490%	1,296,061	1,099,000	1,154,000
Albertville, City of	10/19/93	08/20/14	3.320%	1,454,514	658,392	734,563
Alvarado, City of	10/16/98	02/20/20	1.000%	677,980	455,840	488,522
Appleton, City of	07/13/06	08/20/25	1.070%	1,360,000	685,281	-
Avon, City of	11/18/02	08/20/22	1.820%	8,016,196	6,468,219	6,715,188
Bagley, City of	07/01/98	08/20/19	1.000%	1,654,075	1,058,469	1,137,690
Barnesville, City of	07/31/06	08/20/25	1.560%	4,137,640	3,394,967	-
Battle Lake, City of	06/18/03	08/20/22	1.000%	1,698,073	1,544,000	1,632,000
Baxter, City of	07/24/91	02/20/12	3.530%	875,607	273,870	324,097
Beaver Creek, City of	09/23/94	08/20/15	3.600%	103,102	52,561	57,766
Belle Plaine, City of	01/27/03	08/20/22	1.990%	10,754,000	8,523,759	8,813,719
Benson, City of	07/26/04	08/20/24	1.980%	4,322,000	4,097,322	4,229,494
Bethel, City of	04/17/91	08/20/12	3.030%	396,153	-	153,247
Bird Island, City of	11/13/06	08/20/26	1.000%	5,164,000	2,581,780	-
Blue Earth, City of-1st	03/30/00	08/20/20	1.290%	3,290,170	2,501,000	2,663,000
Browerville, City of-1st	03/06/90	08/20/11	2.420%	552,000	148,285	179,115
Browerville, City of-2nd	09/25/92	03/20/93	0.840%	250,000	-	-
Browerville, City of-3rd	11/19/04	08/20/24	1.000%	521,363	467,685	421,634
Buffalo Lake, City of	01/26/98	02/20/19	2.750%	615,750	406,741	435,199
Caledonia, City of	02/07/94	02/20/15	3.440%	606,675	291,162	322,284
Cambridge, City of-1st	10/16/92	02/20/14	3.090%	10,477,205	4,337,825	4,884,953
Cambridge, City of-2nd	08/17/95	08/20/16	3.450%	247,227	-	-
Cannon Falls, City of-1st	06/27/01	08/20/21	3.070%	4,529,000	3,846,000	4,046,000
Cannon Falls, City of-2nd	11/20/01	08/20/22	2.860%	8,021,909	6,866,909	7,201,909
Canosia Township-1st	09/10/99	08/20/20	1.290%	2,517,810	1,830,000	1,949,000
Canosia Township-2nd	06/11/01	08/20/20	1.290%	207,000	153,000	163,000
Canosia Township-3rd	03/11/02	08/20/20	1.290%	138,000	-	-
Carver, City of	02/16/00	08/20/19	2.860%	1,188,000	869,000	924,000
Cass County	06/23/97	02/20/19	1.130%	1,366,190	932,744	1,004,928
Cass Lake, City of	02/14/94	02/20/15	1.940%	276,364	122,808	136,871
Cedar Lake Area WSSDB-1st	07/26/01	08/20/21	1.570%	3,225,000	2,237,758	2,374,000
Cedar Lake Area WSSDB-2nd	07/11/02	08/20/21	1.570%	275,097	132,101	191,666
Chandler, City of	09/24/02	08/20/23	1.000%	1,348,589	1,173,490	1,236,490
Chisago Lakes JSTC-1st	11/01/04	08/20/24	2.230%	13,506,690	12,007,506	12,200,268
Chisago Lakes JSTC-2nd	07/20/06	08/20/25	1.000%	4,133,317	2,067,835	-
Chisholm, City of	05/17/94	02/20/15	3.820%	2,150,644	1,058,210	1,169,358
Clara City, City of	08/19/97	08/20/18	2.740%	2,138,045	1,105,700	1,186,539
Clear Lake, City of	07/30/97	02/20/19	3.080%	223,506	149,987	160,181
Clearwater, City of	07/23/97	02/20/19	2.080%	1,654,550	1,073,097	1,151,070
Cokato, City of	10/26/94	02/20/16	3.320%	2,760,000	1,467,375	1,605,168
Cold Spring, City of	02/24/04	08/20/23	2.490%	8,038,000	6,124,313	6,194,266
Cologne, City of	01/03/97	02/20/18	3.320%	1,538,699	951,648	1,023,761
Cottonwood Township-1st	03/12/99	08/20/20	1.290%	391,546	283,707	301,707
Cottonwood Township-2nd	09/22/99	08/20/20	1.290%	140,296	104,000	111,000
Cottonwood, City of	05/03/04	08/20/24	2.230%	895,920	857,000	895,920

Program Borrower	Date of Loan	Final Maturity	Interest Rate	Loan Commitment	Outstanding Principal at June 30,	
					2007	2006
Clean Water Bond Fund (continued):						
Courtland, City of	05/22/98	08/20/19	1.540%	889,935	587,741	630,070
Cross Lake Area WSSD	07/09/97	02/20/19	2.880%	2,035,802	1,357,647	1,451,138
Dassel, City of	07/30/02	08/20/22	1.380%	1,610,153	1,393,000	1,470,853
Dawson, City of	08/10/04	08/20/24	1.730%	1,788,670	1,709,620	1,788,670
Dayton, City of	08/16/00	08/20/21	3.250%	986,395	516,000	542,000
Delano, City of-1st	05/24/95	08/20/16	4.620%	2,480,000	1,457,015	1,576,850
Delano, City of-2nd	10/16/98	02/20/20	2.980%	1,150,000	821,931	873,034
Delano, City of-3rd	07/22/03	08/20/22	2.090%	11,054,217	10,116,000	10,644,000
Detroit Lakes, City of-1st	09/10/93	08/20/14	2.820%	2,552,820	1,091,378	1,220,334
Detroit Lakes, City of-2nd	12/19/95	02/20/17	2.930%	3,754,889	2,146,711	2,329,008
Dilworth, City of	03/22/00	08/20/20	3.070%	1,849,510	1,437,000	1,518,000
Dover Eyota Saint Charles SD	05/30/02	08/20/21	3.293%	1,573,871	1,335,000	1,403,000
Duluth, City of-1st	07/24/02	08/20/18	1.000%	364,195	301,000	325,000
Duluth, City of-2nd	10/17/03	08/20/18	1.340%	1,179,115	1,040,000	1,119,000
Duluth, City of-3rd	06/11/07	08/20/22	1.150%	2,042,350	-	-
Duluth/NSSD-1st	02/04/00	08/20/20	3.520%	225,000	178,000	188,000
Duluth/NSSD-2nd	11/30/00	08/20/21	3.830%	300,000	245,000	257,000
Duluth/NSSD-3rd	07/01/02	08/20/23	1.630%	7,952,500	6,945,000	7,297,000
Duluth/NSSD-4th	03/08/04	08/20/23	1.000%	1,328,050	1,260,050	1,328,050
Dundas, City of-1st	03/21/97	02/20/18	2.880%	927,469	574,641	618,471
Dundas, City of-2nd	03/21/97	08/20/99	1.980%	825,000	-	-
East Gull Lake, City of-1st	10/23/91	02/20/13	3.640%	2,226,861	840,964	964,679
East Gull Lake, City of-2nd	08/03/04	08/20/24	1.000%	6,416,500	6,025,000	6,094,505
Ely, City of	01/02/01	08/20/21	1.070%	4,699,982	2,082,000	2,209,000
Elysian, City of	07/31/97	08/20/18	2.130%	1,163,536	728,423	783,772
Evansville, City of	12/11/97	02/20/19	1.250%	673,073	423,510	456,029
Eveleth, City of-1st	06/12/92	02/20/13	4.730%	500,000	199,743	227,919
Eveleth, City of-2nd	09/14/04	08/20/24	1.340%	3,522,034	3,357,000	3,522,034
Eveleth, City of-3rd	11/10/05	08/20/24	1.340%	100,000	6,916	10,916
Fairfax, City of	08/18/95	08/20/16	2.950%	1,506,773	823,728	897,843
Fairmont, City of	05/25/04	08/20/24	1.730%	13,248,347	12,627,252	12,926,159
Farmington, City of	04/04/95	08/20/16	4.630%	764,377	446,718	483,423
Fayal Township-1st	09/22/99	08/20/20	2.110%	4,851,756	3,579,000	3,797,000
Fayal Township-2nd	06/22/01	08/20/21	1.570%	341,468	232,000	246,000
Fayal Township-3rd	10/04/01	08/20/20	2.110%	855,267	546,000	686,000
Fergus Falls, City of-1st	11/22/94	02/20/16	3.920%	3,100,000	-	-
Fergus Falls, City of-2nd	10/07/96	02/20/17	3.740%	450,000	266,181	287,773
Foley, City of	07/21/94	08/20/15	3.320%	1,080,000	546,501	601,317
Forest Prairie Township	04/12/01	08/20/21	1.800%	711,095	568,000	601,000
Garfield, City of-1st	05/09/97	02/20/18	3.080%	100,000	62,408	67,111
Garfield, City of-2nd	06/29/98	08/20/19	1.040%	450,489	287,486	308,916
Garrison, Kathio, WMLL SSD-01st	01/09/01	08/20/21	1.620%	500,000	391,000	414,000
Garrison, Kathio, WMLL SSD-02nd	06/04/07	08/20/26	1.000%	6,530,900	1,608,838	-
Glyndon, City of	08/14/91	02/20/13	3.640%	671,323	235,784	270,424
Good Thunder, City of	10/15/99	08/20/19	1.290%	1,010,545	751,000	804,000
Goodhue County	04/29/97	02/20/18	1.580%	141,175	83,042	89,903
Grand Lake Township-1st	09/02/99	08/20/20	1.290%	1,131,190	821,000	874,000
Grand Lake Township-2nd	05/29/01	08/20/20	1.290%	93,000	70,000	75,000
Grand Lake Township-3rd	02/19/02	08/20/20	1.290%	62,000	-	-
Granite Falls, City of	12/20/95	08/20/06	3.180%	200,000	-	13,201
Grey Eagle, City of	02/03/97	02/20/18	1.220%	410,000	178,607	193,698

Program Borrower	Date of Loan	Final Maturity	Interest Rate	Loan Commitment	Outstanding Principal at June 30,	
					2007	2006
Clean Water Bond Fund (continued):						
Hackensack, City of	11/21/97	02/20/18	1.250%	287,844	165,775	179,752
Hancock, City of	06/29/93	02/20/14	2.210%	367,116	147,062	166,299
Hanover, City of	08/18/99	08/20/20	2.290%	1,909,275	1,423,000	1,509,000
Harmony, City of-1st	02/25/93	02/20/14	3.340%	1,216,700	511,829	576,977
Harmony, City of-2nd	05/13/04	08/20/23	1.000%	625,465	569,000	600,000
Harris, City of	12/11/06	08/20/26	1.000%	5,375,403	2,365,287	-
Hawley, City of	07/12/06	08/20/25	1.060%	1,072,500	832,931	-
Hector, City of	12/14/94	02/20/16	3.920%	1,914,260	1,042,268	1,137,313
Henning, City of	09/15/92	02/20/14	(1)	606,500	217,727	248,310
Hewitt, City of-1st	09/05/90	02/20/11	0.000%	75,000	15,000	18,750
Hewitt, City of-2nd	12/04/91	08/20/12	0.000%	335,000	92,125	108,875
Hibbing, City of	12/16/02	08/20/22	1.740%	9,847,450	8,591,000	9,053,000
Hinckley, City of-1st	09/25/92	02/20/14	2.090%	1,850,839	320,516	362,614
Hinckley, City of-2nd	07/28/99	08/20/20	2.110%	2,435,641	1,794,000	1,903,000
Hoffman, City of	10/02/97	02/20/19	1.990%	263,440	170,380	182,835
Hudson Township	05/02/07	08/20/27	1.000%	3,025,426	-	-
Hutchinson, City of	06/26/07	08/20/26	2.150%	14,774,600	-	-
Ida Township	03/28/01	08/20/21	1.980%	7,536,190	5,370,000	5,850,000
Isanti, City of	09/18/96	08/20/17	2.630%	4,682,145	2,440,894	2,640,358
Jasper, City of	08/25/95	08/20/16	2.440%	778,200	416,670	455,202
Jordan, City of	05/30/00	08/20/21	2.290%	6,850,120	5,517,000	5,822,000
Kandiyohi County-1st	09/22/99	08/20/20	2.250%	7,188,360	5,533,000	5,866,000
Kandiyohi County-2nd	11/30/00	08/20/21	2.250%	3,648,450	2,936,000	3,099,000
Kandiyohi County-3rd	10/10/01	08/20/21	2.140%	651,000	523,000	552,000
Kandiyohi County-4th	10/17/06	08/20/26	1.000%	3,761,876	2,519,575	-
Kasson, City of	08/17/01	08/20/21	3.070%	7,632,919	6,356,000	6,686,000
Knife River Larson SSD	10/25/05	08/20/25	1.310%	882,212	876,212	875,367
Koochiching County	08/09/05	08/20/25	1.000%	4,816,795	1,908,983	-
Lake Benton, City of	11/21/91	08/20/12	2.660%	169,000	55,669	64,953
Lake City, City of-1st	08/25/93	08/20/14	3.740%	1,442,000	668,389	744,284
Lake City, City of-2nd	11/24/96	02/20/17	3.320%	1,500,000	872,374	944,836
Lake City, City of-3rd	08/18/99	08/20/20	2.860%	1,226,667	908,000	960,667
Lake City, City of-4th	09/30/02	08/20/23	2.990%	4,800,000	4,292,000	4,484,000
Lake Crystal, City of	10/30/03	08/20/23	2.340%	1,571,616	1,447,000	1,515,916
Lake Lillian, City of	02/13/07	08/20/26	1.000%	257,200	22,804	-
Lake Mary Township-1st	05/05/98	08/20/19	1.540%	2,120,212	1,130,523	1,242,345
Lake Mary Township-2nd	09/11/00	08/20/20	1.360%	377,951	205,525	231,000
Lake Park, City of	11/14/03	08/20/23	1.590%	424,520	374,520	393,520
Lake Shore, City of	04/22/91	02/20/12	3.420%	504,690	158,162	186,754
Lake Washington SD	06/23/04	08/20/24	1.480%	6,490,000	5,681,217	5,777,886
Lakefield, City of	05/03/96	08/20/17	2.630%	1,143,940	674,233	729,331
Laketown Township	08/12/98	08/20/19	1.790%	1,020,000	703,400	751,100
Landfall Village, City of	01/26/94	02/20/15	1.940%	1,088,007	486,015	541,666
Lanesboro, City of	08/15/96	08/20/17	2.680%	492,733	290,815	314,517
Le Center, City of-1st	07/01/94	08/20/15	2.960%	2,315,710	1,151,227	1,268,785
Le Center, City of-2nd	08/10/04	08/20/24	1.980%	2,595,136	2,477,136	2,594,204
Leota Sanitary District	08/10/99	08/20/19	1.000%	256,598	179,000	192,000
Lester Prairie, City of	07/10/06	08/20/25	1.560%	5,055,200	4,129,958	-
Lewiston, City of	07/17/01	08/20/21	2.320%	1,630,000	1,363,000	1,438,000
Lismore, City of	08/07/95	02/20/16	2.070%	550,000	275,627	303,216
Litchfield, City of	12/27/01	08/20/22	2.680%	10,963,561	9,374,000	9,838,000

Program Borrower	Date of Loan	Final Maturity	Interest Rate	Loan Commitment	Outstanding Principal at June 30,	
					2007	2006
Clean Water Bond Fund (continued):						
Little Falls, City of-1st	02/03/03	08/20/22	1.240%	4,248,645	3,685,000	3,892,000
Little Falls, City of-2nd	07/11/05	08/20/22	1.240%	2,050,000	1,878,406	1,833,696
Little Falls, City of-3rd	07/11/05	08/20/22	1.240%	747,913	473,734	-
Long Prairie, City of	06/24/02	08/20/23	2.170%	3,500,000	-	1,612,000
Lonsdale, City of	11/03/03	08/20/23	2.340%	6,644,792	6,112,792	6,421,712
Mabel, City of	08/13/03	08/20/23	1.090%	1,562,875	1,417,000	1,492,347
Madelia, City of-1st	01/25/93	02/20/14	2.010%	2,415,000	956,828	1,082,924
Madelia, City of-2nd	11/14/06	08/20/26	1.000%	5,387,413	4,563,635	-
Madison Lake, City of	11/01/95	02/20/17	0.000%	301,512	150,756	165,832
Mankato, City of-1st	05/21/98	08/20/19	3.070%	24,682,000	17,131,759	18,240,869
Mankato, City of-2nd	11/09/00	08/20/19	3.070%	678,000	504,000	535,000
Mayer, City of	01/14/00	08/20/20	2.570%	689,274	528,000	559,000
Metropolitan Council-01st	07/12/89	02/20/09	5.382%	40,000,000	5,600,000	8,400,000
Metropolitan Council-02nd	08/08/90	02/20/10	6.054%	65,000,000	-	-
Metropolitan Council-03rd	06/11/91	08/20/12	5.316%	37,300,000	-	-
Metropolitan Council-04th	06/11/91	08/20/12	6.420%	27,700,000	-	-
Metropolitan Council-05th	05/04/92	08/20/13	4.862%	40,000,000	-	-
Metropolitan Council-06th	07/20/93	02/20/14	4.710%	20,000,000	10,180,000	11,280,000
Metropolitan Council-07th	11/28/94	08/20/15	4.440%	40,000,000	-	-
Metropolitan Council-08th	09/30/96	08/20/16	3.824%	40,000,000	23,500,000	25,400,000
Metropolitan Council-09th	10/03/97	08/20/17	3.405%	40,000,000	26,925,000	27,825,000
Metropolitan Council-10th	12/31/98	08/20/19	3.140%	60,000,000	45,160,000	46,095,000
Metropolitan Council-11th	07/27/00	08/20/20	3.757%	60,000,000	52,230,000	53,325,000
Metropolitan Council-12th	11/14/01	08/20/21	3.543%	75,000,000	66,700,000	67,700,000
Metropolitan Council-13th	12/20/02	02/20/22	3.383%	100,000,000	91,700,000	95,000,000
Metropolitan Council-14th	11/26/03	08/20/23	3.090%	100,000,000	92,500,000	93,500,000
Metropolitan Council-15th	10/31/03	02/20/16	0.000%	0	2,646,650	3,046,754
Metropolitan Council-16th	10/20/04	02/20/25	2.536%	50,000,000	42,500,000	45,500,000
Metropolitan Council-17th	11/10/05	02/20/25	2.840%	40,000,000	39,000,000	36,935,504
Metropolitan Council-18th	09/13/06	08/20/26	2.730%	50,000,000	48,096,358	-
Montgomery, City of	02/05/03	08/20/22	1.000%	8,507,628	7,251,731	7,687,683
Monticello, City of	03/13/97	08/20/18	4.080%	14,700,000	9,855,683	10,515,602
Montrose, City of-1st	08/04/89	08/20/09	3.470%	1,310,000	-	-
Montrose, City of-2nd	08/27/02	08/20/22	2.740%	4,209,000	3,744,000	3,929,000
Montrose, City of-3rd	02/21/03	08/20/22	2.740%	1,566,000	1,373,000	1,441,000
Moorhead, City of-1st	09/23/94	02/20/15	4.100%	2,478,112	1,225,477	1,352,541
Moorhead, City of-2nd	05/23/95	08/20/16	4.100%	1,601,443	918,226	995,856
Moorhead, City of-3rd	09/29/97	02/20/18	3.290%	426,290	267,071	286,927
Moorhead, City of-4th	05/06/02	08/20/22	3.130%	3,389,288	2,907,000	3,045,000
Moorhead, City of-5th	06/21/04	08/20/23	1.980%	6,604,974	6,070,584	6,291,962
Moose Lake, City of-1st	10/13/94	08/20/15	2.920%	2,250,000	1,116,849	1,231,056
Moose Lake, City of-2nd	02/25/97	08/20/15	2.845%	175,813	91,939	101,375
Morgan, City of-1st	09/23/93	08/20/14	2.570%	131,280	57,173	64,003
Morgan, City of-2nd	09/30/94	02/20/16	2.570%	640,309	328,562	360,623
Morris, City of	10/19/93	02/20/15	3.320%	2,146,672	1,028,528	1,139,144
Morristown, City of	11/19/98	02/20/20	1.810%	1,229,797	848,695	906,119
Murray County	08/25/06	08/20/26	1.010%	11,554,549	8,153,939	-
New Ulm, City of-01st	06/15/95	08/20/16	4.850%	6,227,000	-	-
New Ulm, City of-02nd	06/19/07	08/20/26	2.650%	4,002,900	-	-
New York Mills, City of	11/15/06	08/20/26	1.000%	3,773,320	2,265,490	-
Nicollet, City of	08/03/95	02/20/17	3.200%	1,260,000	729,001	789,988

Program Borrower	Date of Loan	Final Maturity	Interest Rate	Loan Commitment	Outstanding Principal at June 30,	
					2007	2006
Clean Water Bond Fund (continued):						
Nisswa, City of-1st	08/10/90	02/20/12	3.670%	2,634,561	840,286	990,988
Nisswa, City of-2nd	05/02/00	08/20/19	2.020%	288,760	208,000	222,000
North Branch, City of	08/05/03	08/20/23	2.340%	11,500,000	10,600,000	11,105,000
North Mankato, City of-1st	11/25/97	02/20/19	3.405%	1,032,679	700,737	747,181
North Mankato, City of-2nd	09/30/99	08/20/19	3.140%	442,988	325,000	345,000
Northfield, City of	05/02/00	08/20/21	3.040%	18,390,072	14,987,000	15,767,000
Olivia, City of	09/26/97	02/20/19	3.490%	1,122,092	761,444	811,815
Park Rapids, City of-1st	08/23/95	02/20/17	3.200%	11,203,311	6,481,783	7,024,048
Park Rapids, City of-2nd	12/31/97	02/20/17	3.200%	1,205,000	700,531	759,137
Pelican Rapids, City of	11/04/92	02/20/03	3.450%	86,315	-	-
Pemberton, City of	02/03/97	02/20/18	1.580%	372,136	219,014	237,109
Pillager, City of	11/21/91	02/20/13	2.530%	500,000	177,073	204,090
Pine Island, City of	07/14/92	08/20/13	3.480%	2,254,355	879,122	1,004,206
Pipestone, City of	09/04/97	08/20/07	1.990%	301,247	16,118	47,972
Plainview Elgin SSD	08/27/90	02/20/12	3.920%	1,401,104	-	538,372
Plato, City of-1st	04/20/99	08/20/19	1.290%	107,025	72,000	77,000
Plato, City of-2nd	03/27/00	08/20/21	1.860%	857,047	669,000	707,000
Pokegama Township	06/26/96	08/20/17	2.630%	2,416,802	888,980	1,429,544
Princeton, City of	03/13/95	08/20/16	3.880%	4,254,663	2,420,394	2,627,535
Ramsey Washington MWD-1st	06/13/97	08/20/17	3.824%	540,835	334,526	359,983
Ramsey Washington MWD-2nd	09/24/98	08/20/18	3.340%	711,431	473,412	506,680
Red Wing, City of-1st	12/20/96	08/20/17	3.824%	750,000	461,359	496,691
Red Wing, City of-2nd	12/02/97	02/20/18	3.405%	700,000	442,098	474,754
Red Wing, City of-3rd	05/22/98	08/20/18	3.340%	2,500,000	1,561,631	1,678,894
Red Wing, City of-4th	10/11/02	08/20/22	3.740%	1,494,594	1,295,000	1,353,594
Red Wing, City of-5th	08/24/04	08/20/24	2.340%	5,283,360	5,061,000	5,283,360
Redwood Falls, City of	12/11/96	08/20/17	2.490%	133,900	78,450	84,917
Renville, City of	08/22/96	02/20/17	2.470%	794,818	445,259	484,072
Rice, City of	10/13/04	08/20/24	1.980%	1,244,620	1,038,789	969,966
Richmond, City of	11/01/06	08/20/26	1.000%	7,679,889	7,004,405	-
Rockford, City of	08/14/97	02/20/19	3.990%	1,694,279	1,120,971	1,245,300
Rockville, City of-1st	12/19/95	02/20/17	0.000%	869,580	434,790	478,269
Rockville, City of-2nd	04/22/04	08/20/24	1.340%	9,235,403	8,698,726	8,934,218
Rogers, City of-1st	08/03/92	08/20/13	3.200%	1,023,299	404,659	459,852
Rogers, City of-2nd	12/23/94	02/20/16	4.170%	2,710,873	1,494,193	1,628,553
Rollingstone, City of	04/12/00	08/20/20	2.790%	532,035	417,000	441,000
Roseau, City of-1st	05/09/94	08/20/14	2.990%	237,000	102,233	114,536
Roseau, City of-2nd	11/01/95	02/20/17	2.950%	950,000	543,994	590,145
Rush City, City of	03/05/99	08/20/19	1.040%	4,097,542	2,760,000	2,957,000
Rushford Village, City of	05/30/96	02/20/17	3.180%	168,403	96,049	104,189
Rushford, City of	06/04/96	08/20/17	3.430%	1,101,488	670,210	722,435
Rushmore, City of	10/03/05	08/20/24	1.210%	424,101	403,377	316,174
Russell, City of	08/08/90	02/20/12	2.920%	155,450	47,626	56,360
Sacred Heart, City of	07/17/97	08/20/18	1.580%	1,441,093	883,434	952,970
Saint Augusta, City of	09/02/03	08/20/23	2.090%	4,389,732	3,864,185	4,061,185
Saint Clair, City of	09/28/98	08/20/19	1.480%	2,653,226	1,746,944	1,873,285
Saint Cloud, City of	07/23/97	08/20/18	3.630%	4,812,000	3,178,036	3,397,187
Saint Hilaire, City of	03/27/98	02/20/19	2.250%	15,641	9,125	9,782
Saint James, City of	07/12/89	08/20/11	4.590%	5,704,341	-	-
Saint Michael, City of-1st	08/07/95	08/20/16	4.200%	3,686,833	-	-
Saint Michael, City of-2nd	01/28/00	08/20/19	3.540%	586,927	436,000	462,000

Program Borrower	Date of Loan	Final Maturity	Interest Rate	Loan Commitment	Outstanding Principal at June 30,	
					2007	2006
Clean Water Bond Fund (continued):						
Saint Michael, City of-3rd	09/19/00	08/20/21	4.660%	6,722,516	-	-
Saint Paul, City of-1st	08/23/93	08/20/14	2.570%	1,072,837	467,360	523,189
Saint Paul, City of-2nd	11/10/94	08/20/15	3.600%	600,000	307,652	338,095
Saint Paul, City of-3rd	12/20/95	08/20/16	3.200%	600,000	332,316	361,820
Saint Paul, City of-4th	06/21/96	02/20/17	2.880%	4,269,844	2,438,095	2,645,723
Saint Paul, City of-5th	01/17/97	02/20/18	3.820%	1,500,000	962,101	1,031,304
Saint Paul, City of-6th	01/13/98	02/20/19	3.250%	3,100,000	2,092,788	2,233,344
Saint Paul, City of-7th	02/18/99	08/20/19	2.790%	4,600,000	3,270,000	3,475,000
Saint Paul, City of-8th	09/12/00	08/20/20	3.870%	8,965,000	7,315,000	7,703,000
Saint Peter, City of-1st	12/29/00	08/20/21	2.040%	11,733,250	9,417,000	9,949,000
Saint Peter, City of-2nd	09/17/02	08/20/22	2.040%	7,260,850	4,622,000	4,864,000
Saint Peter, City of-3rd	12/15/03	08/20/22	3.480%	2,240,000	2,069,000	2,165,000
Sauk Centre, City of	10/30/95	08/20/16	3.200%	1,407,000	779,373	848,558
Shafer, City of-1st	03/17/95	08/20/16	2.240%	174,000	92,263	100,893
Shafer, City of-2nd	09/24/02	08/20/23	1.630%	1,167,000	1,022,000	1,074,000
Shingobee Township	01/24/00	08/20/20	1.000%	60,240	42,000	45,000
Shorewood Park SD / Rush Lake SD	12/19/95	02/20/17		625,000	312,500	343,750
Silver Bay, City of	09/23/94	02/20/16	2.820%	1,490,796	774,474	849,088
Silver Creek Township-1st	03/23/99	08/20/20	2.290%	1,700,000	1,267,000	1,343,000
Silver Creek Township-2nd	06/11/01	08/20/20	2.290%	350,000	271,000	287,000
Skyline, City of	07/12/04	08/20/24	1.000%	1,179,511	1,125,000	1,179,511
Spring Lake Township-1st	06/11/01	08/20/21	1.290%	1,263,000	715,000	917,000
Spring Lake Township-2nd	11/22/04	08/20/24	1.000%	1,100,000	1,051,000	1,100,000
Stewart, City of	10/02/98	02/20/19	1.000%	150,000	93,562	100,865
Sturgeon Lake, City of	02/21/07	08/20/26	1.000%	4,495,958	485,311	-
Thief River Falls, City of	07/16/98	08/20/19	2.790%	925,525	636,050	678,051
Tofte Schroeder SSD	01/14/02	08/20/21	2.930%	230,481	92,271	112,271
Tracy, City of	06/30/00	08/20/20	2.110%	1,434,769	1,087,000	1,153,000
Trimont, City of	11/17/04	08/20/24	1.000%	1,699,869	1,619,869	1,689,610
Twin Lakes Township-1st	10/25/93	02/20/15	2.070%	1,165,729	522,178	581,608
Twin Lakes Township-2nd	08/17/01	08/20/21	1.640%	286,842	228,000	241,000
Two Harbors, City of	03/11/94	02/20/15	2.440%	2,200,000	1,008,742	1,121,728
Verndale, City of	07/10/97	02/20/18	1.130%	155,809	89,769	97,394
Wabasha, City of	07/22/03	08/20/22	1.590%	5,866,644	5,288,000	5,575,944
Walker, City of	04/03/95	08/20/16	2.600%	2,182,510	1,175,654	1,283,444
Walnut Grove, City of	04/15/93	02/20/14	(2)	767,041	278,703	317,524
Watertown, City of	05/11/93	08/20/14	3.490%	3,300,000	1,508,355	1,681,749
Watkins, City of	01/03/07	08/20/25	1.270%	1,631,700	1,631,700	-
Waverly, City of	11/27/91	08/20/11	2.640%	623,933	168,745	203,614
Wells, City of	10/29/04	08/20/24	1.960%	1,560,000	1,493,000	1,542,562
West Concord, City of-1st	09/20/96	02/20/18	3.990%	281,777	181,721	194,664
West Concord, City of-2nd	06/10/04	08/20/24	1.000%	2,231,649	2,131,286	2,231,649
Western Lake Superior SD-1st	10/10/91	08/20/12	4.780%	5,078,000	2,224,323	2,570,247
Western Lake Superior SD-2nd	03/06/97	02/20/13	4.330%	4,400,000	2,103,684	2,404,675
Western Lake Superior SD-3rd	10/21/98	02/20/20	3.980%	4,517,000	3,320,640	3,512,402
Western Lake Superior SD-4th	09/02/99	08/20/14	3.560%	835,800	520,000	575,000
Western Lake Superior SD-5th	10/13/99	08/20/20	4.270%	21,053,000	16,929,000	17,800,000
Western Lake Superior SD-6th	10/06/00	08/20/21	4.870%	7,023,372	5,913,006	6,177,006
Western Lake Superior SD-7th	10/29/02	08/20/18	3.240%	3,149,184	2,660,000	2,839,000
Western Lake Superior SD-8th	07/17/06	08/20/21	2.820%	4,100,000	759,105	-
Wheaton, City of	06/26/03	08/20/22	2.240%	2,505,000	2,192,000	2,157,333

Program Borrower	Date of Loan	Final Maturity	Interest Rate	Loan Commitment	Outstanding Principal at June 30,	
					2007	2006
Clean Water Bond Fund (continued):						
Willmar, City of	06/28/96	08/20/17	3.130%	4,300,000	2,585,011	2,790,167
Windom, City of-1st	01/26/94	02/20/14	2.440%	352,380	140,792	159,385
Windom, City of-2nd	05/17/94	08/20/15	2.710%	3,886,970	1,909,395	2,106,644
Windom, City of-3rd	12/20/95	02/20/11	2.450%	298,884	90,656	111,973
Winnebago, City of	07/12/89	09/10/90	3.840%	640,000	-	-
Woodland, City of	06/12/97	08/20/18	2.580%	698,775	393,947	477,607
Zimmerman, City of-1st	11/30/89	02/20/11	4.970%	93,000	-	-
Zimmerman, City of-2nd	08/10/90	02/20/12	3.670%	1,281,340	-	-
Zimmerman, City of-3rd	04/09/99	08/20/20	2.040%	4,173,493	3,223,000	3,420,000
Clean Water Bond Fund				1,674,997,714	1,071,839,591	1,022,198,108
Drinking Water Bond Fund:						
Ada, City of-01st	06/25/04	08/20/23	1.090%	2,380,000	2,156,000	2,271,000
Ada, City of-02nd	12/06/05	08/20/23	1.090%	264,245	261,000	264,245
Adrian, City of	10/30/98	08/20/18	3.320%	259,660	182,000	194,000
Albany, City of	05/17/06	08/20/25	1.960%	4,890,184	3,559,221	416,112
Alexandria, City of	07/30/02	08/20/22	3.380%	1,050,117	903,000	945,000
Annandale, City of	01/13/04	08/20/23	2.819%	3,273,194	2,891,000	3,022,034
Argyle, City of	09/30/98	08/20/19	2.570%	229,655	165,000	175,000
Arlington, City of	02/21/03	08/20/17	2.990%	110,000	87,000	94,000
Askov, City of	09/30/98	08/20/19	1.000%	479,781	320,000	343,000
Avon, City of	10/08/03	08/20/23	2.840%	666,554	512,350	539,774
Babbitt, City of	08/29/01	08/20/21	2.820%	1,316,806	1,070,000	1,127,000
Bagley, City of	08/10/04	08/20/23	1.730%	1,074,120	977,120	1,026,120
Battle Lake, City of	06/18/03	08/20/22	1.490%	1,377,006	1,201,000	1,267,000
Baudette, City of	11/09/04	08/20/24	2.460%	337,729	229,968	243,968
Becker County	09/22/03	08/20/22	1.680%	135,430	118,000	124,000
Big Lake, City of	11/04/04	08/20/24	2.530%	9,787,000	8,264,813	8,231,627
Blue Earth, City of-01st	09/05/06	08/20/26	2.570%	324,500	305,456	-
Blue Earth, City of-02nd	03/19/07	08/20/26	2.400%	1,174,600	824,244	-
Braham, City of	03/25/04	08/20/23	1.590%	1,468,370	1,331,370	1,400,370
Breitung Township-01st	11/01/01	08/20/21	2.070%	94,177	74,000	78,000
Breitung Township-02nd	12/16/02	08/20/22	2.490%	117,500	99,000	104,000
Brooten, City of	12/05/00	08/20/20	3.410%	373,401	285,000	301,000
Browerville, City of	10/21/98	08/20/18	2.040%	213,876	144,000	154,000
Brownton, City of	11/03/99	08/20/19	2.980%	188,100	139,000	148,000
Buffalo Lake, City of	08/18/99	08/20/19	2.540%	754,776	542,000	577,000
Butterfield, City of	02/11/02	08/20/21	2.070%	246,972	196,000	207,000
Callaway, City of	07/11/06	08/20/25	1.310%	400,000	355,725	-
Cambridge, City of	09/17/01	08/20/21	4.050%	2,080,000	1,730,000	1,813,000
Canby, City of	11/10/98	08/20/18	1.790%	2,020,499	1,348,000	1,448,000
Cannon Falls, City of	06/27/01	08/20/21	4.070%	5,331,000	4,435,000	4,647,000
Carlton, City of	05/01/07	08/20/26	1.490%	1,567,709	68,975	-
Carver, City of	12/15/03	08/20/23	2.819%	2,711,000	2,208,080	2,305,384
Cass Lake, City of	05/20/03	08/20/22	1.990%	626,693	556,000	585,000
Chokio, City of	01/26/06	08/20/25	1.310%	750,000	686,806	634,453
Clara City, City of	11/13/01	08/20/21	2.320%	2,472,224	1,975,000	2,084,000
Clearwater, City of-01st	11/23/02	08/20/22	2.130%	667,320	556,834	586,834
Clearwater, City of-02nd	07/22/03	08/20/22	2.680%	183,957	160,312	168,312
Cloquet, City of	10/08/02	08/20/22	3.380%	1,913,773	1,634,768	1,710,768

Program Borrower	Date of Loan	Final Maturity	Interest Rate	Loan Commitment	Outstanding Principal at June 30,	
					2007	2006
Drinking Water Bond Fund (continued):						
Cokato, City of-01st	06/14/00	08/20/15	3.910%	613,137	452,000	493,000
Cokato, City of-02nd	01/13/04	08/20/23	3.180%	4,478,105	3,937,488	4,113,488
Cold Spring, City of	12/18/98	08/20/08	3.540%	489,000	122,000	180,000
Coleraine, City of	12/12/02	08/20/22	2.380%	1,572,375	1,332,000	1,400,000
Comfrey, City of	10/16/98	08/20/18	2.040%	149,107	100,000	107,000
Cosmos, City of	06/15/05	08/20/24	1.720%	912,706	867,706	825,393
Cromwell, City of	04/12/99	08/20/19	1.000%	62,361	44,000	46,484
Dalton, City of	04/14/03	08/20/22	2.680%	134,711	101,108	107,108
Dassel, City of	07/02/99	08/20/19	2.040%	1,768,142	1,275,000	1,360,000
Dawson, City of	09/20/02	08/20/22	3.320%	914,497	785,000	822,000
Dayton, City of	08/16/00	08/20/20	3.750%	2,269,906	1,783,000	1,878,000
Deer River, City of	10/29/02	08/20/22	1.630%	303,062	252,000	266,000
Dover, City of	12/11/00	08/20/20	3.410%	464,776	359,000	379,000
Duluth, City of-01st	07/31/03	08/20/18	2.819%	970,000	819,000	876,000
Duluth, City of-02nd	07/02/04	08/20/18	2.530%	1,971,532	1,658,301	1,795,020
Eden Valley, City of-01st	08/21/00	08/20/20	3.160%	1,881,057	1,450,644	1,532,644
Eden Valley, City of-02nd	06/27/01	08/20/21	2.320%	644,890	518,356	547,356
Edgerton, City of	07/11/02	08/20/22	3.380%	395,035	336,000	352,000
Ellendale, City of	08/28/06	08/20/26	1.570%	1,628,000	1,124,768	-
Ely, City of	12/13/00	08/20/20	3.410%	1,177,302	913,000	963,000
Elysian, City of	09/18/03	08/20/23	1.990%	478,520	422,000	443,000
Evansville, City of	10/03/06	08/20/26	1.760%	137,813	128,486	-
Fairfax, City of	08/06/99	08/20/19	2.040%	1,265,806	910,000	971,000
Fertile, City of	01/27/03	08/20/22	1.130%	1,087,739	891,000	942,000
Finlayson, City of	11/28/00	08/20/20	1.910%	211,828	158,000	168,000
Fisher, City of	09/07/04	08/20/24	1.000%	2,077,920	1,886,000	1,980,946
Fosston, City of	07/11/05	08/20/24	1.470%	1,480,224	1,386,231	1,391,224
Frost, City of	01/09/06	08/20/25	1.310%	378,126	370,870	50,833
Fulda, City of	07/30/98	08/20/18	2.320%	503,117	328,000	351,000
Gilbert, City of	04/30/03	08/20/23	2.880%	157,764	141,000	147,000
Glenwood, City of-01st	05/30/00	08/20/19	1.980%	1,081,126	807,000	861,000
Glenwood, City of-02nd	11/09/04	08/20/24	2.210%	675,000	625,000	653,000
Glyndon, City of	10/29/02	08/20/22	2.380%	867,071	724,071	761,071
Grand Marais, City of-01st	04/27/99	08/20/19	2.560%	484,112	355,000	378,000
Grand Marais, City of-02nd	08/11/04	02/20/24	2.530%	916,653	727,576	766,576
Grand Rapids, City of	01/03/00	08/20/19	3.040%	1,079,657	795,000	844,000
Hamburg, City of-01st	07/22/03	08/20/22	2.490%	225,640	198,000	208,000
Hamburg, City of-02nd	07/27/04	08/20/24	2.340%	950,709	871,000	910,668
Harris, City of-01st	10/26/99	08/20/19	3.290%	142,000	106,000	112,000
Harris, City of-02nd	08/29/06	08/20/26	2.320%	1,333,450	1,314,869	-
Hawley, City of-01st	06/27/01	08/20/21	3.320%	660,000	536,000	563,000
Hawley, City of-02nd	07/10/06	08/20/25	1.560%	2,577,000	2,056,560	-
Henning, City of	12/06/05	08/20/25	1.000%	562,800	528,604	538,182
Hibbing, City of-PUC	07/19/01	08/20/20	3.050%	1,434,777	1,147,000	1,212,000
Hinckley, City of-01st	11/17/00	08/20/20	4.160%	542,777	426,000	448,000
Hinckley, City of-02nd	10/05/01	08/20/21	2.820%	1,367,480	1,102,000	1,160,000
Hitterdal, City of	03/13/06	08/20/25	1.810%	157,957	157,000	157,957
Hoffman, City of	08/14/04	08/20/24	1.480%	833,461	758,461	791,838
Howard Lake, City of	10/13/99	08/20/19	3.060%	287,662	214,000	227,000
Hutchinson, City of-01st	08/01/05	08/20/24	2.530%	5,697,247	4,827,936	3,120,336
Hutchinson, City of-02nd	08/07/06	08/20/25	2.629%	12,216,000	10,923,284	-

Program Borrower	Date of Loan	Final Maturity	Interest Rate	Loan Commitment	Outstanding Principal at June 30,	
					2007	2006
Drinking Water Bond Fund (continued):						
Ironton, City of	07/27/04	08/20/23	1.090%	405,300	367,300	387,300
Jordan, City of-01st	11/05/98	08/20/18	3.540%	307,917	217,000	231,000
Jordan, City of-02nd	06/30/03	08/20/23	2.819%	1,052,939	937,939	980,939
Kandiyohi County-01st	08/18/99	08/20/19	3.540%	4,446,000	3,330,000	3,529,000
Kandiyohi County-02nd	12/29/99	08/20/19	3.540%	2,262,450	1,686,450	1,787,450
Kandiyohi County-03rd	11/30/00	08/20/20	3.540%	1,012,260	791,000	834,000
Kandiyohi County-04th	10/10/01	08/20/21	3.540%	233,000	190,000	199,000
Keewatin, City of	08/28/02	08/20/22	2.880%	500,000	430,000	451,000
Kenyon, City of	12/16/02	08/20/22	3.240%	224,000	107,000	116,000
Kiester, City of	10/15/01	08/20/21	3.070%	228,636	182,000	192,000
Lake Lillian, City of	09/13/06	08/20/26	1.000%	678,400	600,421	-
Lake Park, City of	09/08/03	08/20/23	2.090%	397,006	348,000	365,000
Lakefield, City of	09/26/02	08/20/22	2.880%	2,272,080	1,927,000	2,021,000
Lamberton, City of	08/06/99	08/20/19	1.860%	262,182	187,000	200,000
Le Center, City of-01st	08/11/06	08/20/26	1.820%	3,650,600	2,809,405	-
Lewiston, City of-01st	12/20/99	08/20/19	3.790%	312,934	231,000	244,000
Lewiston, City of-02nd	05/29/01	08/20/20	3.820%	270,000	220,000	232,000
Lismore, City of	08/17/01	08/20/21	2.570%	174,060	141,000	149,000
Litchfield, City of-PUC	05/24/99	08/20/19	3.540%	4,092,166	3,069,000	3,253,000
Littlefork, City of	07/28/99	08/20/19	1.810%	181,277	129,000	138,000
Long Prairie, City of	04/06/01	08/20/20	3.910%	1,098,586	885,000	932,000
Loretto, City of	05/09/06	08/20/25	2.310%	775,000	752,765	137,869
Lyle, City of	06/27/00	08/20/20	3.000%	311,040	239,000	253,000
Lynd, City of	11/19/98	08/20/09	2.040%	27,325	9,000	12,000
Mankato, City of-01st	12/12/05	08/20/25	2.310%	2,309,300	2,263,300	-
Mankato, City of-02nd	04/09/07	08/20/26	2.630%	37,729,870	11,699,737	-
Marble, City of	10/08/01	08/20/21	2.570%	128,210	102,000	107,000
Mayer, City of-01st	12/21/00	08/20/20	3.910%	347,000	273,000	287,000
Mayer, City of-02nd	08/28/06	08/20/26	2.070%	2,627,000	2,335,074	-
McIntosh, City of	05/31/07	08/20/26	1.900%	227,905	41,356	-
Melrose, City of-01st	01/26/99	08/20/18	3.540%	599,219	423,000	451,000
Melrose, City of-02nd	04/13/99	08/20/19	3.480%	2,500,000	1,877,700	1,990,700
Milaca, City of	07/19/06	08/20/26	1.070%	3,156,000	2,797,588	-
Minneapolis, City of-01st	12/16/02	08/20/22	2.819%	27,400,000	25,500,000	26,000,000
Minneapolis, City of-02nd	02/26/04	08/20/23	2.800%	25,000,000	24,450,000	24,750,000
Minneapolis, City of-03rd	03/21/05	08/20/19	2.530%	12,500,000	12,450,000	10,495,079
Minneapolis, City of-04th	12/07/06	08/20/26	2.600%	13,500,000	3,585,612	-
Montevideo, City of	03/27/00	08/20/20	4.250%	1,658,080	1,303,000	1,370,000
Montgomery, City of-01st	09/18/03	08/20/23	3.180%	642,162	577,000	602,000
Montgomery, City of-02nd	05/24/04	08/20/23	2.840%	358,044	329,933	345,044
Morgan, City of	06/21/99	08/20/19	2.480%	481,289	354,000	376,000
Morris, City of	10/26/99	08/20/19	2.540%	1,251,423	910,000	969,000
Mountain Lake, City of	09/16/03	08/20/23	1.430%	2,985,751	2,602,751	2,737,751
Nashwauk, City of	06/08/99	08/20/19	1.980%	966,092	701,000	748,000
New Auburn, City of	08/03/06	08/20/25	1.000%	1,123,400	1,069,002	-
New Market, City of	07/02/99	08/20/19	3.040%	76,000	-	-
New Prague, City of	10/15/02	08/20/22	3.630%	2,885,942	2,462,000	2,574,000
New Richland, City of	07/15/03	08/20/22	2.740%	1,327,522	1,161,522	1,220,522
Nielsville, City of	12/06/04	08/20/24	1.210%	42,078	28,485	30,485
Northome, City of	03/04/04	08/20/23	1.730%	241,826	220,000	231,000
Onamia, City of	10/19/00	08/20/20	3.000%	420,000	323,000	341,000

Program	Date of	Final	Interest	Loan	Outstanding Principal at June 30,	
Borrower	Loan	Maturity	Rate	Commitment	2007	2006
Drinking Water Bond Fund (continued):						
Osakis, City of	01/14/03	08/20/22	2.920%	666,377	562,000	589,000
Ottertail, City of	01/14/03	08/20/22	1.170%	1,488,000	1,226,000	1,272,177
Park Rapids, City of	06/15/06	08/20/25	2.570%	956,750	215,839	-
Perham, City of	11/19/99	08/20/19	2.790%	606,790	444,000	472,000
Pine River, City of	09/20/02	08/20/22	1.630%	167,260	139,000	147,000
Plainview, City of	06/15/06	08/20/21	2.630%	937,164	660,232	-
Princeton, City of-PUC-01st	09/08/99	08/20/19	3.290%	670,000	499,000	529,000
Princeton, City of-PUC-02nd	06/10/04	08/20/23	2.530%	847,422	795,000	832,000
Red Wing, City of	04/12/04	08/20/23	2.819%	15,417,000	14,017,450	14,551,898
Renville, City of	08/23/04	08/20/24	1.980%	266,453	245,000	255,453
Rock County Rural Water District-0	09/30/99	08/20/19	1.790%	1,460,000	1,040,000	1,111,000
Rock County Rural Water District-0:	04/03/07	08/20/26	1.020%	533,000	533,000	-
Rothsay, City of	11/04/03	08/20/23	1.990%	378,740	333,740	351,740
Royalton, City of	09/27/99	08/20/19	1.000%	458,452	310,000	332,000
Rush City, City of	03/05/99	08/20/18	1.540%	3,889,693	2,585,000	2,780,000
Rushford, City of	09/10/99	08/20/19	3.040%	765,000	561,000	596,000
Sabin, City of	07/19/05	08/20/24	2.720%	949,886	832,267	871,267
Saint Augusta, City of	07/14/03	08/20/22	2.819%	1,849,591	1,657,168	1,750,168
Saint Cloud, City of-01st	03/01/04	08/20/23	2.590%	1,381,672	1,268,672	1,327,672
Saint Cloud, City of-02nd	01/05/05	08/20/24	2.530%	2,527,278	2,363,350	2,466,350
Saint James, City of	01/08/02	08/20/21	3.570%	2,230,000	1,834,000	1,925,000
Saint Paul, City of	11/05/98	12/01/18	3.480%	16,500,000	10,195,000	11,225,000
Sandstone, City of	07/28/99	08/20/19	2.110%	401,331	290,000	309,000
Sauk Centre, City of	11/05/98	08/20/18	3.540%	2,121,231	1,497,000	1,596,000
Savage, City of	08/06/99	08/20/19	3.620%	8,984,395	6,728,395	7,128,395
Sebeka, City of	10/15/02	08/20/22	1.130%	262,242	219,942	231,942
Silver Bay, City of-01st	11/19/98	08/20/18	2.560%	642,000	440,000	471,000
Silver Bay, City of-02nd	06/04/07	08/20/26	1.650%	726,450	-	-
Spring Lake Park, City of	07/08/03	08/20/23	2.819%	3,846,216	3,359,074	3,524,521
Staples, City of	03/24/03	08/20/22	1.490%	1,400,000	1,207,000	1,273,000
Stewart, City of	08/08/05	08/20/24	2.220%	719,342	689,000	719,342
Sturgeon Lake, City of-01st	03/10/05	08/20/24	1.220%	2,476,541	2,366,541	2,476,541
Sturgeon Lake, City of-02nd	03/02/06	08/20/24	1.220%	250,000	248,165	124,961
Thomson, City of	09/08/03	08/20/23	2.680%	105,104	60,549	87,275
Tower, City of	01/20/00	08/20/19	1.860%	892,659	632,000	675,000
Tracy, City of	06/30/00	08/20/20	4.160%	141,355	99,000	104,000
Trosky, City of	11/03/99	08/20/19	3.290%	131,670	96,000	102,000
Two Harbors, City of	06/30/99	08/20/19	3.040%	835,000	620,000	658,000
Underwood, City of	11/13/01	08/20/21	2.570%	660,878	516,000	544,000
Utica, City of	09/19/01	08/20/21	2.070%	173,000	137,917	146,000
Verndale, City of	12/18/98	08/20/18	1.310%	75,572	48,000	52,000
Virginia, City of	11/08/99	08/20/19	3.040%	6,127,973	4,530,000	4,811,000
Wadena, City of	07/30/02	08/20/22	2.670%	2,617,891	2,233,000	2,344,000
Walker, City of	08/18/99	08/20/19	1.810%	1,877,758	1,337,000	1,428,000
Wanamingo, City of	08/29/01	08/20/21	1.810%	1,660,000	1,324,000	1,399,900
Watertown, City of	12/27/01	08/20/21	3.570%	2,456,978	2,022,000	2,123,000
West Concord, City of	10/09/03	08/20/23	2.819%	234,105	209,000	218,665
Windom, City of-01st	03/12/99	08/20/18	2.570%	3,151,838	2,161,000	2,313,000
Windom, City of-02nd	06/28/99	08/20/19	2.290%	1,319,714	957,000	1,020,000
Winnebago, City of	09/19/00	08/20/20	2.160%	1,910,364	1,440,000	1,527,000
Winsted, City of	03/06/06	08/20/25	2.560%	611,322	573,926	-

Program Borrower	Date of Loan	Final Maturity	Interest Rate	Loan Commitment	Outstanding Principal at June 30,	
					2007	2006
Drinking Water Bond Fund (continued):						
Wykoff, City of-01st	05/10/04	08/20/23	2.340%	278,806	256,000	268,000
Wykoff, City of-02nd	05/14/07	08/20/26	1.400%	470,195	158,217	-
Zimmerman, City of	01/08/07	08/20/26	2.520%	2,317,350	1,653,322	-
Drinking Water Bond Fund				390,468,148	296,657,466	250,767,529
Transportation Bond Fund:						
Transportation Bond Fund Series 1999A:						
Metropolitan Council	03/12/99	02/15/20	2.710%	21,025,000	7,985,000	9,365,000
Transportation Bond Fund Series 2001:						
Benton County	10/23/01	08/20/11	2.150%	469,000	247,000	293,000
Mazeppa, City of	10/26/99	08/20/14	2.480%	535,000	319,000	355,000
Newport, City of	11/28/01	08/20/15	1.390%	1,625,600	614,749	940,424
Ramsey County-1st	05/04/01	08/20/30	3.590%	6,872,000	6,242,000	6,407,000
Ramsey County-2nd	05/04/01	08/20/30	3.590%	-	-	-
Richfield, City of	09/17/01	02/20/07	2.000%	6,700,000	-	1,999,669
Robbinsdale, City of	10/23/01	08/20/12	2.290%	927,843	618,000	713,000
Rochester, City of	11/14/01	08/20/21	2.830%	2,500,000	2,078,000	2,188,000
Waite Park, City of	06/27/01	08/20/21	3.190%	2,100,000	1,691,000	1,778,000
Woodbury, City of-1st	06/28/01	08/20/17	2.700%	13,049,400	8,458,420	9,535,989
Transportation Bond Fund Series 2001				34,778,843	20,268,169	24,210,082
Transportation Bond Fund Series 2006A:						
Stearns County	12/12/06	02/20/20	2.346%	11,200,000	3,021,154	-
Transportation Bond Fund				67,003,843	31,274,323	33,575,082
Other Fund:						
Transportation Revolving Loan Fund Direct Loans:						
MN DOT-1st	04/18/00	12/01/10	3.490%	15,000,000	5,820,648	7,414,869
MN DOT-2nd	01/02/02	12/01/16	2.550%	24,200,000	17,119,149	18,595,117
MN DOT-3rd	07/14/05	12/01/06	1.160%	3,900,000	-	3,900,000
MN DOT-4th	11/19/06	12/01/21	2.210%	4,600,000	3,030,150	-
Pennington County	08/29/01	08/20/21	3.140%	1,731,285	1,375,000	1,446,000
Pine County-1st	05/29/01	08/20/16	3.000%	1,434,459	866,000	939,459
Pine County-2nd	03/15/02	08/20/05	1.810%	17,145	-	-
Woodbury, City of-2nd	06/28/01	08/20/15	2.690%	4,589,700	3,515,000	4,069,700
Transportation Revolving Loan Fund Direct Loans				55,472,589	31,725,947	36,365,145
Wastewater Infrastructure (Wif) Loans:						
Chisago Lakes JSTC-2nd	07/20/06	02/20/27	0.000%	364,683	15,638	-
Hudson Township	05/02/07	08/20/30	0.000%	513,315	244,656	-
Kandiyohi County-4th	10/17/06	08/20/32	0.000%	1,208,124	702,273	-
Madelia, City of-2nd	11/14/06	02/20/27	0.000%	89,587	-	-
Murray County	08/25/06	02/20/32	0.000%	3,589,451	3,206,479	-
Richmond, City of	12/21/06	08/20/29	0.000%	1,343,282	694,689	-
Rushmore, City of	10/03/05	08/20/35	0.000%	290,876	290,876	290,876
Sturgeon Lake, City of	02/21/07	08/20/26	0.000%	2,447,828	2,321,908	-
Wastewater Infrastructure (Wif) Loans				9,847,146	7,476,520	290,876

Program Borrower	Date of Loan	Final Maturity	Interest Rate	Loan Commitment	Outstanding Principal at June 30,	
					2007	2006
Other Fund (continued):						
Small Community Wastewater Loans:						
Taopi, City of	06/28/07	08/20/18	1.000%	175,000	-	-
Methamphetamine Lab Cleanup Loans:						
Mille Lacs County	07/18/06	08/20/16	2.000%	12,816	12,816	-
Nicollet County	04/27/07	08/20/16	2.000%	7,200	7,200	-
Methamphetamine Lab Cleanup Loans				20,016	20,016	-
Special Appropriation Direct Loans:						
Stewart, City of	04/22/02	08/20/21	1.000%	1,000,000	816,000	866,000
Other Fund				66,514,751	40,038,483	37,522,021
MPFA Totals				<u>\$ 2,198,984,456</u>	<u>\$ 1,439,809,864</u>	<u>\$ 1,344,062,739</u>

- (1) Henning: \$500,000 of the original principal amount amortized at -0-% with the balance amortized at 2.23%
- (2) Walnut Grove: \$500,000 of the original principal amount amortized at -0-% with the balance amortized at 1.74%

Borrower concentration in the open pool bond funds:

Borrower concentration, Clean Water Bond Fund: only one borrower's loan balance exceeds ten percent of the Clean Water loan portfolio. At June 30, 2007 and 2006, the Metropolitan Council made up 51.0% and 50.3%, respectively, of the outstanding Clean Water loan balances.

Borrower concentration, Drinking Water Bond Fund: only one borrower's loan balance exceeds ten percent of the Drinking Water loan portfolio. At June 30, 2007 and 2006, the City of Minneapolis made up 22.2% and 24.4%, respectively, of the outstanding Drinking Water loan balances.

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Schedules of Future Loan Repayments – At June 30, 2007, scheduled loan repayments on outstanding loans are payable as follows:

Fiscal Year(s) Ending	Clean Water Bond Fund		Drinking Water Bond Fund	
	Interest	Principal	Interest	Principal
2008	28,592,031	56,674,643	7,747,683	12,495,447
2009	28,875,097	57,347,066	8,531,221	15,591,700
2010	27,474,225	55,058,607	8,104,420	16,564,000
2011	25,797,027	64,375,850	7,657,602	17,070,000
2012	23,941,950	66,660,736	7,182,778	18,632,000
2013 - 2017	89,796,640	366,994,027	28,216,162	99,055,000
2018 - 2022	36,283,199	357,597,190	13,662,655	113,167,545
2023 - 2027	4,256,871	108,294,431	2,239,330	52,420,819
2028 - 2032	885	177,000		
2033 - 2037				
	<u>\$ 265,017,926</u>	<u>\$ 1,133,179,550</u>	<u>\$ 83,341,851</u>	<u>\$ 344,996,510</u>
Less: undisbursed loan commitments:		61,339,959		48,339,044
Outstanding principal:		<u>\$ 1,071,839,591</u>		<u>\$ 296,657,466</u>

Fiscal Year(s) Ending	TBF Series 2006A		TBF Series 2001	
	Interest	Principal	Interest	Principal
2008	117,506	750,000	577,866	1,759,989
2009	244,043	2,250,000	535,253	1,814,000
2010	191,492	1,775,000	485,287	1,889,000
2011	150,085	520,000	433,248	1,964,000
2012	137,945	540,000	379,709	1,998,000
2013 - 2017	493,716	3,070,000	1,356,938	5,395,000
2018 - 2022	105,101	2,295,000	762,065	2,928,756
2023 - 2027			396,605	1,525,000
2028 - 2032			104,451	1,427,000
2033 - 2037				
	<u>\$ 1,439,888</u>	<u>\$ 11,200,000</u>	<u>\$ 5,031,423</u>	<u>\$ 20,700,745</u>
Less: undisbursed loan commitments:		8,178,846		432,576
Outstanding principal:		<u>\$ 3,021,154</u>		<u>\$ 20,268,169</u>

Fiscal Year(s) Ending	TBF Series 1999A		Other - non pledged	
	Interest	Principal	Interest	Principal
2008	214,632	1,420,000	921,674	4,245,696
2009	176,082	1,460,000	848,633	4,325,022
2010	136,516	1,485,000	715,034	4,483,056
2011	97,696	320,000	577,135	3,492,308
2012	89,024	330,000	480,320	2,433,510
2013 - 2017	306,772	1,775,000	1,331,691	12,778,912
2018 - 2022	64,092	1,195,000	164,968	2,548,309
2023 - 2027	-	-	-	1,335,420
2028 - 2032	-	-	-	7,479,548
2033 - 2037	-	-	-	1,032,178
	<u>\$ 1,084,813</u>	<u>\$ 7,985,000</u>	<u>\$ 5,039,456</u>	<u>\$ 44,153,959</u>
Less: undisbursed loan commitments:		-		4,115,476
Outstanding principal:		<u>\$ 7,985,000</u>		<u>\$ 40,038,483</u>

Fiscal Year(s) Ending	MPFA Totals	
	Interest	Principal
2008	38,171,393	77,345,775
2009	39,210,329	82,787,788
2010	37,106,975	81,254,663
2011	34,712,792	87,742,157
2012	32,211,726	90,594,246
2013 - 2017	121,501,919	489,067,939
2018 - 2022	51,042,080	479,731,801
2023 - 2027	6,892,806	163,575,670
2028 - 2032	105,336	9,083,548
2033 - 2037	-	1,032,178
	<u>\$ 360,955,356</u>	<u>\$ 1,562,215,765</u>
Less: undisbursed loan commitments:		122,405,902
Outstanding principal:		<u>\$ 1,439,809,864</u>

Projected repayments include undisbursed amounts and are net of projected fees. Repayments will differ from projected for loans that are not yet fully disbursed.

The above projections include only fully executed loans (listed above). The Authority anticipates funding a significant amount of new loans from existing resources; these loans will add to future repayment streams but are not included above.

All loans of the Authority are secured by the borrowers' general obligation and revenue pledges, except the DWBF loan to Saint Paul and the Methamphetamine Lab Cleanup loans, which are backed solely by revenue pledges.

4 *Bonds Payable*

Bonds payable at June 30, 2007 and 2006 consist of:

Fund/ Series	Interest Rates	Date Issued	Final Maturity ¹	Original Principal	Outstanding Principal, June 30:	
					2007	2006
Clean Water Bond Fund:						
<i>Eight series of bonds prior to 1997A/B:</i>				\$ 506,327,117	\$ -	\$ -
1997A/B	4.75 - 6.00	10/15/97	03/01/18	138,635,000	-	31,145,000
1998A	4.125 - 5.00	03/05/98	03/01/19	100,000,000	70,460,000	71,990,000
1998B	3.30 - 5.125	12/30/98	03/01/19	78,000,000	6,500,000	9,000,000
2000A	5.00 - 5.50	07/27/00	03/01/19	110,000,000	8,500,000	12,500,000
2001A	3.00 - 5.00	11/15/01	03/01/20	70,000,000	8,000,000	9,000,000
2002A	3.00 - 5.25	12/19/02	03/01/21	100,000,000	29,500,000	31,750,000
2004BC	3.00 - 5.25	10/21/04	03/01/24	218,000,000	217,000,000	218,000,000
2004D	3.25 - 5.00	12/02/04	03/01/16	101,000,000	101,000,000	101,000,000
2005B	3.00 - 5.00	10/20/05	03/01/21	148,375,000	147,365,000	147,365,000
2005C	5.00	12/07/05	03/01/25	134,000,000	120,500,000	134,000,000
Clean Water bond fund				1,704,337,117	708,825,000	765,750,000
Plus: Remaining unamortized net premium					42,692,765	48,339,109
Less: Unamortized portion of the amount deferred in refunding ²					(22,374,634)	(26,309,739)
Net CWBF bonds payable reflected on the statement of net assets					729,143,131	787,779,370
Drinking Water Bond Fund:						
1999B	4.60 - 5.125	07/14/99	03/01/19	21,500,000	2,020,000	2,965,000
2002B	2.00 - 5.25	12/19/02	03/01/21	50,000,000	17,500,000	20,000,000
2004A	2.00 - 5.00	03/04/04	03/01/24	53,000,000	51,000,000	52,000,000
2005A	2.00 - 5.00	10/20/05	03/01/25	83,365,000	82,605,000	83,365,000
Drinking Water bond fund				207,865,000	153,125,000	158,330,000
Plus: Remaining unamortized net premium					5,035,018	5,728,392
Less: Unamortized portion of the amount deferred in refunding ²					(1,345,594)	(1,480,928)
Net DWBF bonds payable reflected on the statement of net assets					156,814,424	162,577,464
Transportation Bond Fund:						
Series 1999A	4.00 - 4.75	03/18/99	03/01/20	17,080,000	6,485,000	7,605,000
Less: Remaining unamortized net discount					(27,658)	(31,436)
Net bonds payable, Transportation Series 1999A					6,457,342	7,573,564
2001	3.50 - 5.00	12/13/01	03/01/21	20,450,000	12,435,000	14,780,000
Plus: Remaining unamortized net premium					143,875	217,857
Net bonds payable, Transportation Series 2001					12,578,875	14,997,857

Fund/ Series	Interest Rates	Date Issued	Final Maturity ¹	Original Principal	Outstanding Principal, June 30:	
					2007	2006
Transportation Bond Fund (continued):						
2006A	3.75 - 4.00	12/20/06	03/01/20	8,900,000	8,900,000	
Plus: Remaining unamortized net premium						75,436
Net bonds payable, Transportation Series 2006A						8,975,436
Transportation bond fund				46,430,000	27,820,000	22,385,000
Plus: Remaining unamortized net premium						191,653
Net TBF bonds payable reflected on the statement of net assets					28,011,653	22,571,421
MPFA Totals						
Original and outstanding principal				1,958,632,117	889,770,000	946,465,000
Plus: Remaining unamortized net premium						47,919,436
Less: Unamortized portion of the amount deferred in refunding ²					(23,720,228)	(27,790,667)
Net bonds payable reflected on the statement of net assets					<u>\$ 913,969,208</u>	<u>\$ 972,928,255</u>

¹ Final maturity reflects the latest maturity currently outstanding.

² This amount is reflected on the statement of net assets as a reduction of bonds payable.

Bond Proceeds – The net bond proceeds have been used to fund loans to Minnesota municipalities for projects relating to wastewater treatment facilities, drinking water systems, and transportation. A portion of the 1997AB Series was used to refund portions of the 1990A and 1992A Series bonds. A portion of the 1998A Series was used to refund portions of the 1989A, 1991A, 1991B, and 1995A Series bonds. A portion of the 2004BC Series was used to refund portions of the 1995A, 1996B, and 1997AB Series bonds. A portion of the 2004D Series was used to refund portions of the 1998B, 2000A, 2001A, and 2002A Series bonds. A portion of the 2005A Series was used to refund portions of the 1999B and 2002B Series bonds. The 2005B Series proceeds were used to refund portions of the 1998B, 2000A, 2001A, and 2002A Series bonds. A portion of the 2005C Series was used to current refund portions of the 1996A Series bonds.

Security - The bonds are secured by bond program assets and revenues as defined in the applicable basic and series bond resolutions.

Bonding Authority - The Authority's outstanding debt limit is \$1,500,000,000. The Authority bonds do not constitute a debt of the State of Minnesota or any agency or political subdivision thereof (other than the Authority). The principal amount of bonds outstanding at June 30, 2007 was \$889,770,000.

Advanced and Current Refunding of Debt - The Authority has, on eight occasions to date, issued bonds the partial proceeds of which were used to defease or call certain prior debt issuances. In each case, the Authority established an irrevocable escrow fund pursuant to an escrow agreement between the Authority, the Minnesota State Board of Investment, and an escrow agent. The escrow funds are pledged solely to the repayment of principal, premium, and interest on the refunded bonds. Under the agreements, the refunded bonds will be called for redemption at each series' applicable optional redemption dates. As these bonds have, in effect, been redeemed under the defeasance, they are no longer outstanding under the Authority's applicable bond resolutions and therefore, they are not

entitled to the pledge of the applicable resolution. Accordingly, these bonds and the related escrow funds are not reflected in these basic financial statements as of June 30, 2007.

For the Series 2005C refunding, the difference between the net carrying amount of the refunded bonds and the amount placed in escrow was \$1,659,097. This amount has been deferred and is being amortized over the shorter of the remaining life of the refunded bonds or the life of the Series 2005C refunding bonds. The amount deferred on refunding is reflected in the financial statements as a reduction of bonds payable and is being charged to operations through the year 2013 using the effective interest method. The advance refunding will reduce debt service payments over the next 7.5 years by \$2,312,284 and obtains an economic gain (the difference between the present value of the old and new debt service payments) of \$2,360,261.

For the Series 2005B refunding, the difference between the net carrying amount of the refunded bonds and the amount placed in escrow was \$7,717,395. This amount has been deferred and is being amortized over the shorter of the remaining life of the refunded bonds or the life of the Series 2005B refunding bonds. The amount deferred on refunding is reflected in the financial statements as a reduction of bonds payable and is being charged to operations through the year 2021 using the effective interest method. The advance refunding will reduce debt service payments over the next 15.5 years by \$11,851,474 and obtains an economic gain (the difference between the present value of the old and new debt service payments) of \$8,000,308.

For the Series 2005A refunding, the difference between the net carrying amount of the refunded bonds and the amount placed in escrow was \$1,537,317. This amount has been deferred and is being amortized over the shorter of the remaining life of the refunded bonds or the life of the Series 2005A refunding bonds. The amount deferred on refunding is reflected in the financial statements as a reduction of bonds payable and is being charged to operations through the year 2021 using the effective interest method. The advance refunding will reduce debt service payments over the next 15.5 years by \$1,882,983 and obtains an economic gain (the difference between the present value of the old and new debt service payments) of \$1,378,219.

The following table lists all bonds defeased and not yet redeemed as of June 30, 2007:

CUSIP #	Series	Maturity	Call Date	Refunding Date	Par Refunded & Unredeemed
604111AL8	1999B	03/01/10	03/01/09	10/20/05	\$1,080,000
604111AM6	1999B	03/01/11	03/01/09	10/20/05	1,130,000
604111AN4	1999B	03/01/12	03/01/09	10/20/05	1,180,000
604111AP9	1999B	03/01/13	03/01/09	10/20/05	1,240,000
604111AQ7	1999B	03/01/14	03/01/09	10/20/05	1,300,000
604111AR5	1999B	03/01/15	03/01/09	10/20/05	1,365,000
604111AS3	1999B	03/01/16	03/01/09	10/20/05	1,435,000
604111AT1	1999B	03/01/19	03/01/09	10/20/05	4,750,000
604111BF0	2002B	03/01/15	03/01/12	10/20/05	3,000,000
604111BG8	2002B	03/01/16	03/01/12	10/20/05	3,000,000
604111BH6	2002B	03/01/17	03/01/12	10/20/05	3,000,000
604111BJ2	2002B	03/01/18	03/01/12	10/20/05	3,500,000
604111BK9	2002B	03/01/19	03/01/12	10/20/05	3,500,000
604111BL7	2002B	03/01/20	03/01/12	10/20/05	4,000,000

Defeased bonds not yet redeemed as of June 30, 2007 (continued):

CUSIP #	Series	Maturity	Call Date	Refunding Date	Par Refunded & Unredeemed
604111BM5	2002B	03/01/21	03/01/12	10/20/05	2,500,000
604114JK5	1998B	03/01/10	03/01/09	12/02/04	4,500,000
604114JL3	1998B	03/01/11	03/01/09	12/02/04	6,000,000
604114JM1	1998B	03/01/12	03/01/09	12/02/04	3,400,000
604114JN9	1998B	03/01/13	03/01/09	12/02/04	5,000,000
604114JP4	1998B	03/01/14	03/01/09	12/02/04	6,000,000
604114JQ2	1998B	03/01/15	03/01/09	12/02/04	7,000,000
604114JR0	1998B	03/01/16	03/01/09	10/20/05	6,000,000
604114JS8	1998B	03/01/17	03/01/09	10/20/05	6,000,000
604114JT6	1998B	03/01/18	03/01/09	10/20/05	6,000,000
604114JU3	1998B	03/01/19	03/01/09	10/20/05	6,000,000
604114KL1	2000A	03/01/10	03/01/09	12/02/04	4,500,000
604114KM9	2000A	03/01/11	03/01/09	12/02/04	5,000,000
604114KN7	2000A	03/01/12	03/01/09	12/02/04	7,500,000
604114KP2	2000A	03/01/13	03/01/09	12/02/04	8,000,000
604114KQ0	2000A	03/01/14	03/01/09	12/02/04	9,000,000
604114KR8	2000A	03/01/15	03/01/09	12/02/04	10,000,000
604114KS6	2000A	03/01/16	03/01/09	10/20/05	10,000,000
604114KT4	2000A	03/01/17	03/01/09	10/20/05	10,000,000
604114KU1	2000A	03/01/18	03/01/09	10/20/05	10,000,000
604114KV9	2000A	03/01/19	03/01/09	10/20/05	10,000,000
604114LX4	2001A	03/01/11	03/01/10	10/20/05	2,000,000
604114LY2	2001A	03/01/12	03/01/10	10/20/05	4,000,000
604114LZ9	2001A	03/01/13	03/01/10	12/02/04	4,000,000
604114MA3	2001A	03/01/14	03/01/10	12/02/04	5,000,000
604114MB1	2001A	03/01/15	03/01/10	12/02/04	3,000,000
604114MC9	2001A	03/01/16	03/01/10	10/20/05	6,000,000
604114MD7	2001A	03/01/17	03/01/10	10/20/05	7,000,000
604114ME5	2001A	03/01/18	03/01/10	10/20/05	7,000,000
604114MF2	2001A	03/01/19	03/01/10	10/20/05	8,000,000
604114MG0	2001A	03/01/20	03/01/10	10/20/05	8,000,000
604114MW5	2002A	03/01/15	03/01/12	12/02/04	6,750,000
604114MX3	2002A	03/01/16	03/01/12	12/02/04	7,250,000
604114MY1	2002A	03/01/17	03/01/12	10/20/05	9,500,000
604114MZ8	2002A	03/01/18	03/01/12	10/20/05	9,750,000
604114NA2	2002A	03/01/19	03/01/12	10/20/05	9,750,000
604114NB0	2002A	03/01/20	03/01/12	10/20/05	9,750,000
604114NC8	2002A	03/01/21	03/01/12	10/20/05	9,750,000
					\$292,380,000

Schedule of Maturities - At June 30, 2007 debt service on outstanding bonds is payable as follows:

Fiscal Yr(s) Ending	Clean Water		Drinking Water		TBF Series 2006A	
	Interest	Principal	Interest	Principal	Interest	Principal
2008	\$ 35,108,835	\$ 35,820,000	\$ 6,964,625	\$ 5,920,000	\$ 439,766	\$ 500,000
2009	33,350,075	38,610,000	6,719,045	6,190,000	331,813	1,870,000
2010	31,428,575	37,545,000	6,458,445	6,785,000	257,013	1,480,000
2011	29,748,425	44,410,000	6,182,508	7,080,000	197,813	390,000
2012	27,557,325	45,315,000	5,884,933	8,065,000	183,188	410,000
2013 - 2017	101,339,925	251,785,000	23,688,694	44,135,000	668,488	2,460,000
2018 - 2022	41,528,475	210,840,000	11,674,094	54,620,000	134,000	1,790,000
2023 - 2027	3,700,000	44,500,000	1,492,471	20,330,000	-	-
totals	\$303,761,635	\$708,825,000	\$ 69,064,814	\$153,125,000	\$ 2,212,078	\$ 8,900,000
plus: premium (discount)		42,692,765		5,035,018		75,436
less: refunding deferrals		(22,374,634)		(1,345,594)		
net bonds payable		\$729,143,131		\$156,814,424		\$ 8,975,436

Fiscal Yr(s) Ending	TBF Series 2001		TBF Series 1999A		MPFA Totals	
	Interest	Principal	Interest	Principal	Interest	Principal
2008	\$ 621,750	\$ 1,110,000	\$ 280,375	\$ 1,155,000	\$ 43,415,351	\$ 44,505,000
2009	566,250	1,175,000	234,175	1,185,000	41,201,358	49,030,000
2010	507,500	1,285,000	185,590	1,205,000	38,837,123	48,300,000
2011	443,250	1,350,000	134,980	260,000	36,706,975	53,490,000
2012	375,750	1,395,000	123,930	270,000	34,125,125	55,455,000
2013 - 2017	1,092,500	4,020,000	435,590	1,440,000	127,225,196	303,840,000
2018 - 2022	256,500	2,100,000	93,100	970,000	53,686,169	270,320,000
2023 - 2027	-	-	-	-	5,192,471	64,830,000
totals	\$ 3,863,500	\$ 12,435,000	\$ 1,487,740	\$ 6,485,000	\$380,389,767	\$889,770,000
plus: premium (discount)		143,875		(27,658)		47,919,435
less: refunding deferrals						(23,720,228)
net bonds payable		\$ 12,578,875		\$ 6,457,342		\$913,969,207

Table of changes during the fiscal year: The following table summarizes the change in reported bonds payable during the year ended June 30, 2007:

Bond Fund	Beginning	New		Defeased	Ending
	Balance (par)	Issues (par)	Redemptions		Balance (par)
CWBF	\$ 765,750,000	\$ -	\$ (56,925,000)	\$ -	\$ 708,825,000
DWBF	158,330,000		(5,205,000)		153,125,000
TBF-1999A	7,605,000		(1,120,000)		6,485,000
TBF-2001	14,780,000		(2,345,000)		12,435,000
TBF-2006A	-	8,900,000	-		8,900,000
totals	\$ 946,465,000	\$ 8,900,000	\$ (65,595,000)	\$ -	\$ 889,770,000
plus: remaining unamortized premium					47,919,435
less: unamortized portion of the amount deferred in refunding					(23,720,228)
					\$ 913,969,207

Table of changes during the fiscal year: The following table summarizes the change in reported bonds payable during the year ended June 30, 2006:

Bond Fund	Beginning	New		Defeased	Ending
	Balance (par)	Issues (par)	Redemptions		Balance (par)
CWBF	\$ 746,515,000	\$ 282,375,000	\$ (35,755,000)	\$ (227,385,000)	\$ 765,750,000
DWBF	115,255,000	83,365,000	(4,310,000)	(35,980,000)	158,330,000
TBF-1999A	8,700,000		(1,095,000)		7,605,000
TBF-2001	18,750,000		(3,970,000)		14,780,000
totals	\$ 889,220,000	\$ 365,740,000	\$ (45,130,000)	\$ (263,365,000)	\$ 946,465,000
plus: remaining unamortized premium					54,253,922
less: unamortized portion of the amount deferred in refunding					(27,790,667)
					<u>\$ 972,928,255</u>

5. *Arbitrage Rebate Liability*

The bonds issued by the Authority are subject to a variety of Internal Revenue Service (IRS) regulations that limit the amount of income that may be earned with investments to an amount not greater than the amount that would have been earned had the funds been invested at the yield on the bonds as defined by the IRS. Excess earnings must be rebated annually, or every five years, depending on the date and type of bond issue. The Authority's arbitrage rebate liability at June 30, 2007 and 2006 was \$3,545,817 and \$5,368,543, respectively.

6. *Related-Party Transactions*

Administrative Services - The DEED, Department of Health, and MPCA provide administrative staff and services to the Authority. During fiscal 2007 and 2006, the Authority paid approximately \$2.6 million and \$2.4 million, respectively, for these services.

Transfers - The Authority has, from CWBF net assets, made sub grant awards for non point-source pollution control programs administered by the Minnesota Department of Agriculture and the Minnesota Pollution Control Agency. As the Authority makes these awards a transfer out of the CWBF to the Other Fund is recognized. Such transfers during fiscal 2007 and 2006 were \$2.2 million and \$2 million, respectively. In fiscal year 2007 and 2006, approximately \$1.9 million and \$3.9 million, respectively, were transferred from the TBF Funds to the Other Fund, from excess bond year pledged revenues over bond year debt service in the TBF Funds. At closing of the TBF Series 2006A bonds, \$2.4 million was transferred from the Other Fund to the TBF Fund to become part of the pledged assets of the Series 2006A bond fund accounts.

State Appropriations:

- During 2005, the state, through the Minnesota Department of Finance, changed its method of recognizing appropriations made to the Authority when the respective eligibility criteria have been met by the Authority. Therefore, the appropriations from the 2005 legislation and thereafter will be recognized in the financial statements only as the related expenditure obligations have met the eligibility requirements.

- During the 2007 regular session of the Minnesota Legislature, the State appropriated \$200,000 to the Authority for the Small Community Wastewater Treatment Program. Also passed was a requirement to cancel, from prior appropriations to the Transportation Revolving Loan Fund (non-pledged assets) \$4,600,000, for transfer to the Minnesota Department of Transportation.
- The Capital Improvements bill of 2006 (Chapter 258, Section 22) appropriated \$80.292 million to the Authority, for state match to the federal clean water and drinking water capitalization grants, for the WIF program, and other purposes primarily related to wastewater treatment, including the new programs created in the Clean Water Legacy Act of 2006 (Chapter 251) for phosphorus reduction grants and small community wastewater treatment. In addition to these appropriations, the Small Community Wastewater Treatment program was appropriated \$100,000 for technical assistance to communities, from the Supplemental Budget Bill (Chapter 282).

7. *Commitments*

At June 30, 2007 the Authority had committed approximately \$127.0 million for the origination or disbursement of future loans, \$12.1 million for grants, and \$3.7 million for disbursement of non point-source pollution control awards.

8. *Subsequent Events*

On July 11, 2007, the Authority closed on its \$90 million par Clean Water Series 2007A Revenue Bonds. The proceeds will be used for the purposes of making Clean Water loans and to pay certain costs of issuance of the bonds.

On July 31, 2007, the Authority authorized the issuance of additional Clean Water Revenue Bonds. At the time of this report, the Authority anticipates the par amount of that issuance to be approximately \$80 million and expects to take bids on such sale on or about October 10, 2007. The Authority intends to publish an official notice of sale in advance of the sale date.

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

Minnesota Public Facilities Authority
St. Paul, Minnesota

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McGladrey & Pullen, LLP

Minneapolis, Minnesota
September 14, 2007

Minnesota Public Facilities Authority
Transportation Revenue Bond Fund – Individual Bond Series
Statement of Net Assets
June 30, 2007

	<u>Series 2006A</u>	<u>Series 2001</u>	<u>Series 1999A</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 8,527,113.79	\$ 441,415.12	\$ 26,568.35	\$ 8,995,097.26
Loans receivable	750,000.00	1,743,745.12	1,420,000.00	3,913,745.12
Accrued interest receivable:				
Investments		35,541.00		35,541.00
Loans	19,491.00	218,746.00	81,749.00	319,986.00
Total current assets	<u>9,296,604.79</u>	<u>2,439,447.24</u>	<u>1,528,317.35</u>	<u>13,264,369.38</u>
Noncurrent assets:				
Investments		1,896,741.00		1,896,741.00
Loans receivable	2,271,153.92	18,524,424.30	6,565,000.00	27,360,578.22
Deferred bond issuance costs	179,146.00	105,246.00	44,367.00	328,759.00
Total noncurrent assets	<u>2,450,299.92</u>	<u>20,526,411.30</u>	<u>6,609,367.00</u>	<u>29,586,078.22</u>
Total assets	<u>11,746,904.71</u>	<u>22,965,858.54</u>	<u>8,137,684.35</u>	<u>42,850,447.60</u>
LIABILITIES				
Current liabilities:				
Interest payable on bonds	205,223.96	207,250.00	93,458.33	505,932.29
Bonds payable	500,000.00	1,110,000.00	1,155,000.00	2,765,000.00
Total current liabilities	<u>705,223.96</u>	<u>1,317,250.00</u>	<u>1,248,458.33</u>	<u>3,270,932.29</u>
Noncurrent liabilities:				
Bonds payable	8,475,435.82	11,468,874.75	5,302,341.68	25,246,652.25
Arbitrage rebate liability	-	-	25,407.64	25,407.64
Total liabilities	<u>9,180,659.78</u>	<u>12,786,124.75</u>	<u>6,576,207.65</u>	<u>28,542,992.18</u>
NET ASSETS				
Restricted by bond resolutions	2,566,244.93	10,179,733.79	1,561,476.70	14,307,455.42
Total net assets	<u>\$ 2,566,244.93</u>	<u>\$ 10,179,733.79</u>	<u>\$ 1,561,476.70</u>	<u>\$ 14,307,455.42</u>

Minnesota Public Facilities Authority
Transportation Revenue Bond Fund – Individual Bond Series
Statement of Revenues, Expenses and Changes in Fund Net Assets
for the Year Ended June 30, 2007

	Series 2006A	Series 2001	Series 1999A	Total
Operating revenues:				
Interest on loans	\$ 19,491.00	\$ 620,651.53	\$ 237,969.75	\$ 878,112.28
Investment earnings	298,764.10	221,615.73	7,709.22	528,089.05
Total operating revenues	<u>318,255.10</u>	<u>842,267.26</u>	<u>245,678.97</u>	<u>1,406,201.33</u>
Operating expenses:				
Interest on bonds	152,010.17	646,065.40	323,715.95	1,121,791.52
Total operating expenses	<u>152,010.17</u>	<u>646,065.40</u>	<u>323,715.95</u>	<u>1,121,791.52</u>
Operating income (loss)	<u>166,244.93</u>	<u>196,201.86</u>	<u>(78,036.98)</u>	<u>284,409.81</u>
Transfers in (out)	<u>2,400,000.00</u>	<u>(1,746,931.12)</u>	<u>(195,116.43)</u>	<u>457,952.45</u>
Change in net assets	2,566,244.93	(1,550,729.26)	(273,153.41)	742,362.26
Total net assets:				
Beginning of year		11,730,463.05	1,834,630.11	13,565,093.16
End of year	<u>\$ 2,566,244.93</u>	<u>\$ 10,179,733.79</u>	<u>\$ 1,561,476.70</u>	<u>\$ 14,307,455.42</u>

Minnesota Public Facilities Authority
Transportation Revenue Bond Fund – Individual Bond Series
Statement of Cash Flows
for the Year Ended June 30, 2007

	Series 2006A	Series 2001	Series 1999A	Total
Operating activities:				
Interest received on loans	\$ -	\$ 652,933.53	\$ 252,097.75	\$ 905,031.28
Principal received on loans		3,941,912.55	1,380,000.00	5,321,912.55
Net cash provided in operating activities	-	4,594,846.08	1,632,097.75	6,226,943.83
Non capital financing activities:				
Proceeds from sale of bonds	9,037,017.53			9,037,017.53
Payments for bond issuance cost:	(187,513.92)			(187,513.92)
Interest paid on bonds		(739,000.00)	(325,175.00)	(1,064,175.00)
Principal paid on bonds		(2,345,000.00)	(1,120,000.00)	(3,465,000.00)
Payments to make loans	(3,021,153.92)			(3,021,153.92)
Cash transfers	2,400,000.00	(1,746,931.12)	(195,116.43)	457,952.45
Net cash provided (used) in capital and related financing activities	8,228,349.69	(4,830,931.12)	(1,640,291.43)	1,757,127.14
Investing activities:				
Investment interest	298,764.10	221,615.73	7,133.04	527,512.87
Net cash provided in investing activities	298,764.10	221,615.73	7,133.04	527,512.87
Net increase (decrease) in cash and cash equivalents	8,527,113.79	(14,469.31)	(1,060.64)	8,511,583.84
Cash and cash equivalents:				
Beginning of year	8,527,113.79	455,884.43	27,628.99	483,513.42
End of year	8,527,113.79	441,415.12	26,568.35	8,995,097.26
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	166,244.93	196,201.86	(78,036.98)	284,409.81
Adjustments to reconcile operating income to net cash provided in operating activities:				
Principal received on loans	-	3,941,912.55	1,380,000.00	5,321,912.55
Interest paid on bonds	-	739,000.00	325,175.00	1,064,175.00
Investment earnings	(298,764.10)	(221,615.73)	(7,133.04)	(527,512.87)
Net amortizations	(34,645.91)	(53,851.27)	13,474.29	(75,022.89)
Changes in assets and liabilities:				-
Accrued revenues	(19,491.00)	32,282.00	14,128.00	26,919.00
Accrued expenses	186,656.08	(39,083.33)	(15,509.52)	132,063.23
Net cash provided in operating activities	\$ -	\$ 4,594,846.08	\$ 1,632,097.75	\$ 6,226,943.83