

MONTANA
DRINKING WATER STATE REVOLVING FUND
ANNUAL REPORT

FOR STATE FISCAL YEAR 2015
(JULY 1, 2014 THROUGH JUNE 30, 2015)

Prepared by

Montana Department of Environmental Quality
and
Montana Department of Natural Resources & Conservation

for
U.S. Environmental Protection Agency Region VIII
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TABLE OF CONTENTS

I. INTRODUCTION	1
II. EXECUTIVE SUMMARY SFY15.....	1
III. GOALS OF THE DWSRF	2
Long-Term Goals.....	2
Short-Term Goals.....	3
IV. FINANCIAL REPORTS	5
V. DETAILS OF Drinking Water State Revolving Fund (DWSRF) ACTIVITY.....	5
A. Loan Assistance.....	5
Project Bypass	5
Disadvantaged Communities	7
Small Systems.....	8
Summary of Loan Assistance	8
B. First-Round Funded Loans	9
C. Recycled Funded Loans.....	9
D. Source of Funds	9
SFY15.....	9
E. Federal Funds Drawn by the Drinking Water State Revolving Fund (DWSRF) Program.....	9
F. Set-Asides.....	10
Drinking Water State Revolving Fund (DWSRF) Administration	10
Small Systems Technical Assistance.....	10

Public Water Supply Supervision (PWSS) Set-Aside: Administration..... 11

Public Water Supply Supervision (PWSS) Source Water Protection (SWP) 11

Capacity Development 13

Public Water Supply Supervision (PWSS) Operator Certification 13

Local Assistance and Other State Programs - Source Water Delineation and Assessment
and Wellhead Protection 14

VI. GRANT CONDITIONS AND CERTIFICATIONS..... 14

VII. CURRENT STATUS AND FUTURE ACTIVITIES 17

VIII. GLOSSARY OF ACRONYMS AND INITIALIZATIONS 18

TABLES

Table 1. Population Served by Drinking Water State Revolving Fund (DWSRF) Loans in SFY15 8

Table 2. Drinking Water State Revolving Fund (DWSRF) Loan Program Schedule for SFY16..... 17

EXHIBITS

Exhibit 1: Sources of Drinking Water State Revolving Fund (DWSRF) Funds through SFY14 19

Exhibit 2: Drinking Water State Revolving Fund (DWSRF) Capitalized Grant Closed Loans for SFY15 21

Exhibit 3: Drinking Water State Revolving Fund (DWSRF) Recycled Closed Loans for SFY15..... 22

Exhibit 4: Drinking Water State Revolving Fund (DWSRF) Projected Loan Agreements for SFY15 23

Exhibit 5: Amounts Available to Transfer between State Revolving Fund (SRF) Programs..... 24

Exhibit 5A: Transfer of Funds between Drinking Water State Revolving Fund (DWSRF) and Water
Pollution Control State Revolving Fund (WPCSRF) 26

Exhibit 6: Summary of Drinking Water State Revolving Fund (DWSRF) Federal Draws for SFY15 27

Exhibit 7: Drinking Water State Revolving Fund (DWSRF) Budget vs Draw by Category SFY15..... 31

Exhibit 8: Set Asides 1 to 1 Match Funding Summary SFY15..... 41

Exhibit 9: Drinking Water State Revolving Fund (DWSRF) Loans: MBE/WBE for Contracts Awarded during SFY15..... 42

APPENDICES

Appendix A: SFY15 Cash Flow Model

Appendix B: SFY15 Financial Statements Unaudited with Footnotes

Appendix C: SFY15 Intended Use Plan

Appendix D: Map of Projects and List

I. INTRODUCTION

This annual report adheres to the Operating Agreement negotiated between the State of Montana and the Environmental Protection Agency (EPA) concerning the administration of the Drinking Water State Revolving Fund (DWSRF). The annual report summarizes DWSRF activities for the state fiscal period beginning July 1, 2014, and ending June 30, 2015 (State Fiscal Year (SFY) 15).

The DWSRF program was established as a result of the 1996 Amendments to the Federal Safe Drinking Water Act (SDWA), which provided the authority for EPA to make capitalization grants to states. The grants, in conjunction with state matching funds, are used to provide financial assistance for the construction of drinking water projects and support administration of the state program.

In anticipation of the 1996 Amendments to the Federal SDWA, the 1995 State Legislature, under Title 75, Chapter 6, Part 2, Montana Code Annotated, passed the enabling legislation, entitled the Safe Drinking Water Treatment Revolving Fund Act, giving authority to the Montana Department of Environmental Quality (DEQ) and Montana Department of Natural Resources & Conservation (DNRC) to adopt administrative rules to implement the program. Legislation also provided the ability to generate state matching funds through the sale of state General Obligation Bonds (GO Bond Authority). Amendments to the Drinking Water State Revolving Fund Act were passed in the 1997, 1999, 2001, 2003, and 2005 Legislative Sessions. The 1997 amendments changed the title of the Act from “Safe Drinking Water Treatment Revolving Fund Act” to “Drinking Water State Revolving Fund Act” and also made other changes consistent with the Federal Act. During the 1999 Legislative Session, the 1999 amendment clarified the transfer language between the DWSRF and Water Pollution Control State Revolving Fund (WPCSRF) programs and added GO Bond Authority. The 2001 amendment authorized the program to advance funds to projects funded, in part, by the federal government when federal funding was approved but not appropriated. This provides interim financing until those federal funds become available. The 2003 amendment increased GO Bonding Authority by \$10 million, raising the total to \$30 million. The 2005 amendment authorized the issuing of Revenue or Grant Anticipation Notes (GAN) as well as authorized limited principal forgiveness to disadvantaged communities.

II. EXECUTIVE SUMMARY SFY15

During SFY15 Montana applied for the Federal Fiscal Year (FFY) 15 capitalization grant. This grant was awarded April 15, 2015.

Since the inception of the DWSRF, Montana has issued six GO Bonds, four Bond Anticipation Notes (BAN), and four Revenue Anticipation Notes (RAN). These proceeds have been used as state match for loans, set asides, and program administration. Montana issued its first GO Bond in October 1998 (SFY99), its second GO Bond in April 2000 (SFY00), its third GO Bond in June 2001 (SFY01), its fourth GO Bond in June 2003 (SFY03), its fifth GO Bond in May 2005 (SFY05), and its sixth GO Bond in May 2010 (SFY10). The total amount of bonds, BANs, and RANs issued to date is \$27,895,000, with other state funds generated, match is \$36,803,850. A summary of these bond issues is provided in **Exhibit 1**. (Montana is planning for its fifth BAN late in calendar year 2015.)

Exhibit 1, Sources of DWSRF Funds through SFY15, provides a complete tabulation of capitalization grant awards received through June 30, 2015; projected state match; binding commitments for loan projects

through SFY15; and GO Bonds, BANs, and RANs, and other state match issued for total state match. The combination of capitalization grants and bond proceeds provided the needed funds for DWSRF projects, set asides, and program administration during SFY15. In addition, DNRC provided a portion of their program administration services as an in-kind contribution in the amount of \$-0- for SFY15.

During SFY15, the DWSRF program executed 30 project loan agreements totaling \$19,320,534. For a detailed breakdown of all DWSRF loan agreements signed and key dates of project activity that occurred in SFY15, refer to **Exhibit 2: DWSRF Capitalized Grant Closed Loans for SFY15**, and **Exhibit 3: DWSRF Recycled Closed Loans for SFY15**.

Detailed information concerning use of DWSRF funds, accomplishments of the program, and adherence with the stated goals of the program is provided on the following pages.

III. GOALS OF THE DWSRF

The following sections describe the goals of the DWSRF program as identified in the SFY15 Intended Use Plan (IUP) and discuss how these goals were achieved through the activities performed by DNRC and DEQ personnel throughout the course of SFY15.

LONG-TERM GOALS

1. *To continue building and maintaining a permanent, self-sustaining SRF program that will serve as a cost-effective, convenient source of financing for drinking water projects in Montana.*

Projects funded during SFY15 met all program requirements governing financial capability to assume debt. Fourteen of 30 loans received an interest rate of 2.50% on their loans (well below market rates), and 8 of the 30 received principal forgiveness. Also, 1 of the 30 loans qualified for an interest rate of 1.25% under the interim financing criteria. In addition, seven projects received an interest rate of 2.50% under the refinancing criteria. These factors illustrate that the assistance is affordable. Refer to **Exhibits 2 and 3**. A copy of the cash flow with all the activity through SFY15 is included in this report as **Appendix A**.

2. *To provide a financing and technical assistance (TA) program to help public water supplies achieve and maintain compliance with federal and state drinking water laws and standards for the protection and enhancement of Montana's public drinking water.*

To promote the availability of these DWSRF program services during SFY15, DWSRF staff presented information at a variety of events. This included three infrastructure workshops in Kalispell, Miles City, and the annual Montana Rural Water Systems Conference in Great Falls, and one-on-one meetings with community leaders.

Please also refer to the project descriptions and discussion of set-asides provided in **Section V: Details of DWSRF Activity**.

SHORT-TERM GOALS

1. *To continue implementation and maintain the DWSRF program in Montana.*

Since the approval of its DWSRF loan program and first capitalization grant award, Montana has been awarded 18 more capitalization grants; issued matching GO Bonds, BANs, and RANs; utilized the provision to transfer funds between the WPCSRF and DWSRF; and generated other revenue from loan repayments and interest investments. The amount of closed loans through June 30, 2015, now totals \$249,384,078. Please see **Appendix D** project list and location map.

2. *To fund projects that address specific and immediate requirements of the SDWA, including the Disinfectant/Disinfection Byproducts (DBP), Long Term 2 Enhanced Surface Water Treatment, and Arsenic Rules, Montana anticipated funding at least four projects to address water treatment in SFY15.*

The anticipated projects for water treatment listed in the SFY15 IUP were for South Winds Water & Sewer District (WSD), the City of Helena, the Town of Neihart, and the Town of Philipsburg. The Town of Philipsburg closed its three loans and project construction is nearly complete. Fort Peck County Water District also closed a loan. South Winds WSD, and the City of Helena are expected to close a loan later in SFY16. The City of Great Falls also closed an engineering loan for improvements to its treatment plant and a construction loan is anticipated later in SFY16.

3. *To fund projects that promote regionalization and/or achieve consolidation of two or more existing public water supplies, thereby improving water quality. Montana expected to fund two consolidation projects in SFY15.*

No consolidation project loans were closed during SFY15. Both the Dry Prairie and the North Central Regional Water Systems are expected to close additional DWSRF loans later in SFY16.

4. *To fund projects that address replacement of aging infrastructure. Montana anticipated funding at least 16 projects of this type in SFY15.*

Eleven new projects (18 loans) were funded in SFY15 to replace aging infrastructure. These projects were Bainville, Bigfork, Billings, White Sulphur Springs, Cascade, Conrad, Opheim, Pablo, Polson, Roundup, and Three Forks. They totaled \$11,378,703 and were funded from the 2013 and 2014 grants, along with bond proceeds.

5. *To fund projects that develop system sustainability through financial capacity by refinancing existing debt. Three refinancing loans were expected in SFY15.*

Seven loans were closed in SFY15 to refinance debt previously incurred. In addition, several loans are anticipated in SFY16 for this purpose.

6. *To ensure the technical integrity of DWSRF projects through the review of planning, design plans and specifications, and construction activities.*

DEQ's trained technical staff continue to use the DWSRF Handbook of Procedures and knowledge gained from many years of operating both SRF programs to ensure that this objective is met. The Handbook of Procedures is used as a guide to ensure that all state and federal laws governing the technical aspects of each project are satisfied. Steps were taken to update the Handbook of Procedures and streamline checklists and processes. A final revised edition was submitted to EPA in September 2001. This effort was completed in early SFY02. It was again reviewed and updated during SFY06, with some minor revisions made in 2007 and 2008. Another review is tentatively planned in SFY16.

Staff attend training seminars and workshops to maintain and improve technical, financial, and programmatic knowledge. In SFY15 Anna Miller, Janice Yearry, Bill Herbolich, and Todd Teegarden attended the Council of Infrastructure Financing Authorities (CIFA) National Workshop; Anna Miller, Joan Specking, Diana Hoy, Janice Yearry, Bob Fischer, Robert Ashton, Marc Golz, and Mark Smith attended the Montana Rural Water Systems Conference; Gary Wiens, Robert Ashton, Marc Golz, Joan Specking, and Mark Smith attended Montana's American Water Works Association (AWWA) Conference; and Anna Miller, Bob Fischer, Terry Campbell, and Mark Smith attended the CIFA Legislative Conference.

7. *To provide outreach to communities and utilize the set-aside funding by:*
 - a. *providing TA to water suppliers who request help with their system operation and maintenance (O&M) procedures*
 - b. *providing financial and managerial assistance as part of capacity development education to those water supplies who request this type of help*
 - c. *assisting communities with the next phase of implementation of their Source Water/Wellhead Protection Plans*
 - d. *emphasizing that Public Water Supply Program (PWSP) staff perform sanitary surveys; facilitate SDWA compliance of the Long Term 2 Enhanced Surface Water Treatment, Stage 2 Disinfectant/Disinfection By-Products, Groundwater, and Arsenic Rules*
 - e. *ensuring that 95% or more of the state's community and non-transient non-community water systems continue to have certified operators*

Please see discussion of individual set-aside activities and accomplishments in **Section V**: Details of DWSRF Activity (F: Set-Asides).

8. *To ensure the financial integrity of the DWSRF program through the review of the financial impacts of the set-asides and disadvantaged subsidies and individual loan applications and the ability for repayment.*

See **Appendix A**: Cash Flow Model SFY15.

9. *To ensure compliance with all pertinent federal, state, and local safe drinking water rules and regulations.*

To the best of our knowledge, the DWSRF program has ensured Public Water Supply Supervision (PWSS) compliance through the projects that have been funded and the various set-aside activities. Close coordination with the PWSS program has been essential in this effort.

IV. FINANCIAL REPORTS

The Montana Legislative Audit Division (LAD) has completed their audit work for SFY14. Financial statements were presented to the Legislative Audit Committee (LAC). A qualified opinion was issued for the financial statements. A copy of the report was submitted to EPA Region VIII.

DEQ and DNRC engaged LAD to audit SRF financial activity beginning in SFY98. This decision was based on a new audit requirement conveyed in a directive from the Office of Water, Inspector General's Office, and the Office of Management and Budget.

The SFY15 unaudited financial statements for DWSRF, including footnotes, are included as **Appendix B**. The SFY15 audit should be complete by May 2016.

V. DETAILS OF DRINKING WATER STATE REVOLVING FUND (DWSRF) ACTIVITY

A. LOAN ASSISTANCE

It should be noted that for reporting purposes, beginning in SFY11, binding commitment dates and amounts are now identical to loan closing dates and amounts in an effort to simplify the reporting process.

During SFY15 the DWSRF program closed 30 loans. Twenty-three new loans initiated construction, and 20 projects were completed. The rate of construction with respect to fund disbursements at fiscal yearend was approximately 96% (\$238.9 million in disbursements and \$249.4 million in loans). The overall fund utilization rate is approximately 82.4% (\$249.4 million in loans; \$302.6 million in available funds. Re. EPA).

Project Bypass

If it is determined by DEQ that a project or projects are not ready to proceed or that the project sponsors have chosen not to use the DWSRF funds, other projects may be funded in an order different from that indicated on the priority list. If DEQ chooses to bypass higher-ranked projects, it should follow the bypass procedure.

Montana bypassed 127 projects on its priority list with the funding of the Town of Ryegate Refinance loan, ranked 146. Eighteen other communities (29 loans) closed loans. The higher-ranked projects were not ready to proceed at the time, or perhaps were being financed by other funding entities. They were

bypassed to fund lower-ranked projects that were ready to proceed with construction or that had already been constructed and desired refinancing to improve financial capacity. Refer to **Exhibit 2: DWSRF Capitalized Grant Closed Loans for SFY15**, and **Exhibit 3: DWSRF Recycled Closed Loans for SFY15**. Notification of bypass describing proposed projects to be funded and assurance of available funds for all anticipated loan applications was sent to bypassed communities. No responses were received. No emergency projects were funded in SFY15. The status of top-ranking individual projects on the priority list that were bypassed is discussed below.

1. *Brady WSD*. This system closed an SRF loan in SFY13 for interim financing to do engineering on their project. The scope of the project changed, resulting in the replacement of the Asbestos Cement (AC) pipe distribution system. Construction is nearly complete. The system will then be served by an interim source (City of Conrad) until the Rocky Boys/North Central Regional Water System is operational. The project can be removed from the priority list.
2. *South Chester Water District (WD)*. The system has been negotiating compliance schedule with DEQ PWSP. Construction of an interim supply from Tiber County WD is complete and water service has begun to South Chester. They are planning to join the Rocky Boys/North Central Regional Water System when it is constructed in the future. This project can be removed from the priority list.
3. *Crow Tribe*. The system is seeking alternative grant funding sources.
4. *Carter-Choteau Co. WSD*. An SRF loan was closed in SFY13 and a water treatment project was completed. The WSD has started phase 2 of the project which consists of booster pump station improvements.
5. *South Winds WSD*. An application for an SRF loan to construct a water system improvements project is expected in SFY16.
6. *Upper/Lower River Road WSD*. Phase IV improvements were funded and construction was completed in SFY13. Another SRF loan for an additional phase of improvements is expected in SFY16.
7. *Beaverhead Co.-Jackson WSD*. Exact status of the project is unknown.
8. *Town of Pinesdale*. An SRF loan application has been received and construction is expected to begin in the fall of 2015.
9. & 10. *Town of Neihart*. A preliminary engineering report (PER) has been submitted for the project and the system is pursuing other grant funding. An SRF loan application may be submitted in SFY16.
11. *Town of Eureka*. This phase of the project utilizing an SRF loan has been completed. The town has obtained other funding for an additional phase of the project.

12. *Sun Prairie Village Co. WSD.* Preliminary engineering has been completed and the system is trying to obtain project funding. An application for SRF funds has not been received to date.
13. *Town of Philipsburg.* An SRF loan was closed in SFY15 and construction of a treatment building and UV disinfection system is nearing completion.
14. *Town of Stevensville.* The system has prepared a PER and is pursuing other grant and loan funding for the project. Exact status is unknown.
15. *Town of Jordan.* The community has obtained alternate funding sources, and the project is under construction. Upon completion, the project will need to be removed from the priority list.
16. *City of Hardin.* A project loan was closed in SFY13, and construction was completed. The 1-year performance certification was received by DEQ and the project can be removed from the priority list.
17. *City of Helena.* A PER has been prepared and the project is in the final design stage. The city has submitted an SRF application and it is anticipated that they will close on a loan in SFY16.
18. *Dry Prairie Regional Water System.* The system continues to work on design and construction for the current distribution phases of the project. An additional SRF loan was closed in SFY14, and another loan application is expected in SFY16.
19. *Rocky Boys/North Central Regional Water System.* Construction has started on the next phase of this project utilizing other sources of funding, along with an SRF loan that closed during SFY14. Other SRF loans are expected in SFY16.
20. *City of Laurel.* A PER for treatment plant improvements and a booster pump station has been submitted. An SRF loan and construction start up is planned for later in SFY16.

Disadvantaged Communities

Communities seeking a DWSRF loan that meet the disadvantaged community criteria described in the IUP may receive an additional subsidy on their SRF loans beyond the standard below-market rate financing. This includes communities that will meet the disadvantaged criteria based on projected rates as a result of the project.

In SFY15 Montana closed 22 loans with 13 communities meeting the disadvantaged criteria. Some of the loans had a 2.50% interest rate. Some loans were forgiven. Some loans had an extended term of more than 20 years. The closed loans for disadvantaged communities totaled \$9,149,841 and some had 50%, or up to a maximum of \$500,000, in principal forgiveness for \$2,649,500. In SFY16 we will have several loans with communities that may qualify for disadvantaged assistance.

Small Systems

Table 1 shows the breakdown of the population served by DWSRF loans in SFY15. We had 30 loans with 19 communities for a total of \$19,320,534. Seventeen communities (28 loans) are small systems that serve a population of less than 10,000 people. Small systems represent 67% of the loans we made in SFY15.

Table 1. Population Served by Drinking Water State Revolving Fund (DWSRF) Loans in SFY15

Public Water Supply	Population	Loan Amount
Bainville	156	\$156,000
Bainville Refinance	156	\$260,000
Bigfork WSD A	2550	\$500,000
Bigfork WSD B	2550	\$661,703
Carter WD Refinance	150	\$305,000
Cascade 1A	685	\$385,000
Cascade 1B	685	\$385,000
Chinook Refinance	1203	\$323,768
Conrad 3	2500	\$793,000
Fort Peck WD 2	730	\$662,000
Opheim 1A	85	\$87,500
Opheim 1B	85	\$87,500
Opheim Refinance	85	\$247,861
Pablo WSD 3A	2450	\$500,000
Pablo WSD 3B	2450	\$620,000
Philipsburg A	925	\$212,000
Philipsburg B	925	\$212,000
Philipsburg C	925	\$550,000
Pinesdale Refinance	917	\$487,310
Polson 2A	5280	\$231,500
Polson 2B	5280	\$231,500
Roundup	1788	\$1,392,000
Ryegate Refinance	245	\$216,800
Three Forks 3A	1964	\$500,000
Three Forks 3B	1964	\$681,000
Troy Refinance	938	\$1,764,199
White Sulphur Springs A	1000	\$233,500
White Sulphur Springs B	1000	\$233,500
Total		\$12,919,641

Summary of Loan Assistance

In SFY15 the DWSRF maintained steady performance by executing 30 project loan agreements for a total of \$19,320,534. We project in SFY16 that we will execute in excess of \$45,792,000 in loan agreements. See **Exhibit 4: DWSRF Projected Loan Agreements for SFY16.**

B. FIRST-ROUND FUNDED LOANS

First-round loans are financed with capitalization grants and state match. The DWSRF has financed the projects listed in **Exhibit 2**: DWSRF Capitalized Grant Closed Loans for SFY15.

C. RECYCLED FUNDED LOANS

Recycled loans are financed with loan repayments from first round money and funds from transfers from the WPCSRF program. The DWSRF has financed the projects listed in **Exhibit 3**: DWSRF Recycled Closed Loans for SFY15. There were nine loans made that used recycled funds in SFY15.

D. SOURCE OF FUNDS

Two sources of funds are used to capitalize the DWSRF: (1) the Federal Capitalization Grant, which provides 80% of the DWSRF loan funds, and (2) the state match, funded through the sale of GO Bonds, RANs, and BANs which provides 20% of the DWSRF loan funds. State legislation originally authorized the sale of up to \$10 million in GO Bonds to match federal grant funds. In the 1999 and 2003 Legislative Sessions, an additional \$10 million of GO Bonds were authorized each time for state match, bringing the total authorized to \$30 million. This amount is adequate to cover funds currently authorized for the program. GO Bonds, plus RANs and BANs, for a total of \$27,895,000 have been issued by the DWSRF program to use as state matching funds through SFY15. See **Exhibit 1**: Sources of DWSRF Funds through SFY15. In SFY15 in-kind services of \$0 have been provided to the DWSRF program by DNRC as match to federal grant funds and were used for program administration. Also, \$11,282,486 of funds, have been transferred from the WPCSRF to the DWSRF for loans to date. See **Exhibits 5** and **5A** for a history of transferred funds between the two SRF programs.

The State of Montana adds a Loan Loss Reserve and an Administrative surcharge to its interest rate. The Loan Loss Reserve funds are used to fund the required reserve for the DWSRF program bonds issued. Amounts over that required reserve are transferred to the principal account to be used for loans or to the debt service account to pay down the debt. The Administrative surcharge is used to fund administrative program costs not covered by the capitalization grants.

SFY15

Loan Loss Reserve funds collected: \$253,079

Loan Loss Reserve funds transferred to Principal Account: \$132,149

Loan Loss Reserve funds transferred to Debt Service Account: \$143,350

Administrative funds collected: \$869,172

E. FEDERAL FUNDS DRAWN BY THE DRINKING WATER STATE REVOLVING FUND (DWSRF) PROGRAM

Exhibit 6, SFY15 summary of DWSRF Letter of Credit to Automated Standard Application for Payments (ASAP) Draws, shows project disbursement requests totaling \$12,168,741, Administrative Set-Aside

disbursement requests totaling \$362,830, and Non-Administrative Set-Aside requests totaling \$1,245,626. Federal Draws for SFY15 totaled \$13,777,197.

F. SET-ASIDES

Exhibit 7, DWSRF budget and draws by set-asides, displays the financial summary of non-project activities. In addition, DEQ is required to provide a 1 to 1 match for the State Program Management set-asides, which fund Public Water Supply (PWS) Administration, Source Water Protection (SWP), Operator Certification, and Capacity Development. Up to one-half of this match may come from expenditures made in 1993. **Exhibit 8** summarizes the 1 to 1 match for SFY15. All of the set-aside activities for SFY15 are discussed below.

Drinking Water State Revolving Fund (DWSRF) Administration

The DWSRF sets aside the maximum 4% from the capitalization grants for program administration. Administration activities that occurred in SFY15 include:

- DEQ-DNRC contractual activities
- review and assistance during planning, design, project bidding, and construction
- loan origination work, administering repayments
- preparation of bond issuance with state’s bond counsel firm of Dorsey & Whitney
- financial modeling
- DWSRF program auditing
- legislatively appointed advisory committee activities
- public comment processes

Small Systems Technical Assistance

Montana has set aside 2% (the maximum allowed) of its FFY97, FFY98, FFY99, and FFY03 DWSRF loan grants for small systems TA. In addition, DEQ has reserved authority for the 2% allocation from the FFY00 and FFY01 grants. No additional funds were set aside from the FFY02 grant and the FFY15 grant. An additional \$135,000 from the FFY04 grant, \$125,000 from the FFY05 grant, \$20,000 from the FFY06 grant, \$95,000 from the FFY07 grant, \$90,000 from the FFY08 grant, \$125,000 from the FFY09 grant, \$211,000 from the FFY10 grant, \$117,500 from the FFY11 grant, \$143,000 from the FFY12 and FFY13 grants, and \$80,000 from the FFY14 grant was set aside for a total of \$1,997,726.

This set-aside is used for contracted services and administration of contracts to meet Montana’s goal of providing TA to water supplies with their system O&M procedures. A contract was awarded in 1999 to Midwest Assistance Program (MAP) of Montana to provide O&M TA. The O&M TA contract was re-bid in 2005 and was again awarded to MAP. In April 2013 another request for proposals was issued and a new contractor, Rural and Tribal Environmental Solutions (RATES), was selected to perform TA services. The new contract may be renewed, at the discretion of DEQ, for up to a total of 7 years. Since implementation, the contractor has made approximately 2,050 site visits to small public water supplies for a total cost of approximately \$1,658,000. Evaluations of this service, conducted annually by DEQ, indicate the program is successfully helping small public water suppliers to effectively maintain and operate their water systems. Contracted technicians help water system operators develop or enhance

technical capabilities that assist them with meeting the capacity development requirements of the 1996 Amendments to the Federal SDWA.

An evaluation of the contract by DEQ DWSRF staff in April and May 2015 determined that a TA contract should be continued and the contract with RATES was extended through June 30, 2016. The contracted services are provided to systems serving a population of 10,000 or less. Approximately 0.10 Full-Time Equivalent (FTE) is needed to provide contract oversight related to this set-aside in SFY16, with a SFY16 TA contract of \$132,675.

Public Water Supply Supervision (PWSS) Set-Aside: Administration

This set-aside funded salaries, benefits, and operating expenses for 6.7 environmental science specialists and .8 administrative personnel (partial FTE of bureau chief, field section supervisor and fiscal) assigned to the Helena, Billings, and Kalispell Offices. The positions are funded through the set-aside grants SFY13, SFY14. The SFY14 grant monies were split between capacity development and PWS. The capacity development monies funded salaries, benefits and operation expenses for 5.31 environmental science specialists and 0.0015 administrative personnel. The PWS monies funded salaries benefits and operating expenses for 2.06 environmental science specialists and 0.65 administrative personnel. The environmental science specialist positions assist in capacity development by providing TA to water suppliers, performing sanitary surveys, operator training, and attend critical board meetings. These positions also provided direct assistance to water suppliers in implementation of the Lead and Copper Rule, Phase 2/5 rules, Total Coliform Rule, Consumer Confidence Report Rule, Long Term Enhanced Surface Water Treatment Rules, Filter Backwash Rule, Disinfection/Disinfection By-Products Rule, Radionuclide Rule, Long Term 2, Stage 2 DBP Rule, Groundwater Rule, and the State’s ground water chlorination rule. PWS staff conducted 519 sanitary surveys and participated in 447 Technical Assistance functions. These included site visits, phone discussions which included an activity report, inventory updates, and proctoring exams in field offices. The PWS set-aside also funded database development and maintenance expenses associated with implementation, upgrading to Safe Drinking Water Information System (SDWIS) 3.3, and maintenance of SDWIS/state database, associated state-specific Oracle modules, and contracted sanitary surveys for public water supplies. Program staff are participating in the development of SDWIS Prime. All of these activities help the PWSS Program achieve its over-all goal of facilitating SDWA compliance by public water systems.

Public Water Supply Supervision (PWSS) Source Water Protection (SWP)

Section 1452(g) (2) (B) of the SDWA allows Montana to set aside a portion of the capitalization grant to “administer or provide technical assistance through source water assessment programs.” Set-aside funds were used in SFY15 to administer the SWP Program and provide TA to local communities developing SWP plans. The specific goals achieved that were established in the IUP and set-aside work plan in SFY15 were:

- Support continued to be provided to the Town of Virginia City to more fully develop a conceptual model of water flow to their source (two springs). Potential development in the vicinity of the springs previously has generated interest within the community to ensure long-term SWP; age-dating and hydrogeologic mapping was used to assess spring vulnerability (low) to upgradient development. Indications are that the spring collection system collects water at a geologic contact and is not “young water” with high sensitivity to surface development. However, protection and maintenance of spring water collection infrastructure at the point of

issuance remains critical. The town also sought assistance from Montana Rural Water Systems Inc. (MRWS) and from the Montana Bureau of Mines and Geology. Due to potential duplication of effort, DEQ opted to step away from the effort for the time being and is in a supporting role to MRWS.

- Spatial datasets describing significant potential contaminant sources to drinking water supplies continue to be refined and available to PWS operators and the public. Access to data via the on-line mapping tool through the Montana State Library was disabled for a period in late SFY15. An effort was started in SFY 15 to bring data access in through DEQ.
- Staff made presentations at 4 workshops and 3 “water schools” across the state to teach PWS operators, Realtors®, well drillers, and the public how to access the online data and how to use the online mapping tools.
- Updates and additions were made to the Montana SWP webpage. Access to this information is important to very small rural public water systems where the scale of the PWS is similar to that of a domestic or single family residence system. Interest in the potential impacts of hydraulic fracturing on groundwater used by public water systems is growing; staff developed a suggested analyte list and is working in cooperation with the water monitoring program at DEQ to include PWS drinking water aquifers in a statewide monitoring project.
- Montana requires a preliminary source water assessment for agency review to be provided by the developer of proposed PWS sources. In SFY15, staff reviewed 36 preliminary source water assessments. These reviews help ensure wells are developed with low susceptibility to potential contaminant sources (passive protection) rather than needing long-term active SWP planning. Pre-development review remains the most cost-effective form of SWP.
- Staff continued to track and advise on groundwater contamination investigations posing risk to East Helena drinking water sources. This Superfund site is managed by other programs at DEQ; the SWP Program involvement is intended to assure the drinking water sources are considered and protected. The East Helena site is a former lead smelter with separate plumes of arsenic and selenium moving toward multiple PWS sources.
- Provide technical assistance on water quality protection-
 - Evaluation of viral transport model to help ensure neighboring wells are not negatively impacted.
 - Assess potential threat to PWSs from railroads and petroleum pipelines.
 - Update and re-assess threats to PWSs in East Helena and Glendive.
 - Provide briefings on oil and gas activity and its potential impact on communities in Eastern Montana.
 - Review drafts and provide input to BLM on updating Resource Management Plans.

Capacity Development

The 1996 Amendments to the Federal SDWA allow states to use SRF funds to establish authority to enforce capacity requirements and implement a capacity development strategy. This ensures that all new and existing community and non-transient non-community PWS systems have the necessary technical, financial, and managerial capability to comply with all of the primary requirements of the SDWA. The act also requires that systems demonstrate adequate capacity in these areas as a condition of approval for DWSRF loans.

The state could have lost substantial portions of initial capitalization grants if it did not develop and implement strategies to assist existing water systems with capacity development. In 2000 DEQ avoided the first of these withholding provisions by obtaining approval of the state's Capacity Development Strategy for Existing PWS Systems. Subsequent withholding provisions of future capitalization grants can be avoided by adhering to the approved strategy and complying with the requirements for reporting capacity development improvements to the EPA.

The strategies are a methodology used to identify and prioritize public water systems in need of improving technical, financial, and managerial capacity (a complete copy of the capacity development strategies can be obtained from DEQ). Part of these strategies includes providing assistance to those systems by using set-aside funding. The State of Montana has more than 1,900 public water supplies. Given the large number of systems and a shortage of DEQ staff with the requisite financial and managerial experience, the department has chosen to provide necessary services through a contractor. The department entered into a contract with MAP in March 2001 to provide these assistance services. During the 11 years of this contract, MAP provided in-depth financial and managerial services to 211 different public water systems.

In April 2012 a new request for proposals was issued and three proposals were received. Of these, RATES was successful and was selected to provide financial and managerial assistance services. This new contract, which took effect in September 2012, may be renewed annually, at the discretion of DEQ, for up to a total of 7 years. During SFY15, RATES spent 667 hours performing 43 site visits at a cost of \$33,350.

These activities achieved the outputs specified in the state's IUP and set-aside work plan by providing assistance to public water systems in need of financial and managerial support. The success of these efforts is documented by the summary reports submitted by the contractor and the consistently favorable response to questionnaires sent to public water systems receiving aid.

Public Water Supply Supervision (PWSS) Operator Certification

This set-aside is used for personal services and operating expenses for staff in the Operator Certification Program. Set-aside funds are used to pay portions of the salary and benefits for full-time program staff positions, administrative staff (partial FTE of bureau chief, IT analyst, rules manager and financial specialist) and program operating expenses.

In the past year, the program had approximately 1,651 certified operators, including operators for approximately 723 community systems and 279 non-transient non-community systems. These water and wastewater operators hold 3,423 certifications. This program has conducted or been present at 16 operator certification trainings throughout the state. At these trainings and in the main office, they have

proctored 239 exams. Certification program activities include public outreach, collection and processing of applications, collection and processing of exams and certification fees, training, administration of exams, monitoring of continuing education credits, compliance monitoring, and assistance with formal enforcement activities. Annual compliance for SFY15 for non-transient non-community systems ran on average for 12 months at 97.83% to 98.76% average for Community PWS systems in each category having correct certified operators. This achieves Montana's IUP goal of 95%. Compliance levels have increased in the past year and there was a slight drop in certified operators at the end of SFY15.

Local Assistance and Other State Programs - Source Water Delineation and Assessment and Wellhead Protection

The specific goals achieved that were established in the IUP and set-aside work plan in SFY15 were:

- Six SWP plans were reviewed by staff. All of these community water system plans were generated by Montana Rural Water.
- SWP staff continued coordination with DEQ PWS Program in an effort to identify PWS water sources with significant vulnerability intended to result in targeted TA.
- Source Water Delineation and Assessment Reports continued to be accessible via an online tool. These reports are used routinely by others seeking hydrogeologic, and potential contaminant source information.
- Staff provided assistance to both the Water Pollution Control State Revolving Fund and the Drinking Water State Revolving Fund Programs by reviewing potential contaminant sources within wastewater and drinking water infrastructure improvement project areas. In SFY15, staff completed 24 site assessments for potential contaminants. This effort provides an opportunity for review and update of a communities' source water assessment report.

VI. GRANT CONDITIONS AND CERTIFICATIONS

The State of Montana agreed to the following conditions outlined in the Operating Agreement. These conditions are discussed in more detail throughout the body of this report. To the best of our knowledge, DEQ and DNRC have abided by all requirements of state and federal law in the administration of the DWSRF program.

- (a) Assurance that the State has the authority to establish a Fund and operate the DWSRF program in accordance with SDWA.

The State of Montana's authority was re-certified and included with our application for and award of the FFY15 capitalization grant.

- (b) Assurance that the State will comply with State Statutes and regulations.

- (c) Assurance that the State has the technical capability to operate the program.

- (d) Assurance that the State will accept capitalization grant funds in accordance with a payment schedule.

*Please see **Exhibit 7: DWSRF Budget vs. Draw by Category SFY15.***

- (e) Assurance that the State will deposit all capitalization grant funds in the Fund or Set-Aside Account.
- (f) Assurance that the State will provide an amount equal to at least 20% of the capitalization grant (State match) in the Fund.
- (g) Assurance that the State will deposit net bond proceeds, interest earnings, and repayments into the Fund.
- (h) Assurance that the State will match capitalization grant funds the State uses for 1452(g)(2) set-asides.
- (i) Assurance that the State will use Generally Accepted Accounting Principles.
- (j) Assurance that the State will have the Fund and set-aside account audited annually in accordance with Generally Accepted Government Auditing Standards.

*Please see **Appendix B.***

- (k) Assurance that the State will adopt policies and procedures to assure that borrowers have a dedicated source of revenue for repayments (or in the case of privately owned system, demonstrate that there is adequate security).
- (l) Assurance that the State will commit and expend funds as efficiently as possible, and in an expeditious and timely manner.
- (m) Assurance that funds will be used in accordance with the IUP.

*Please see **Appendix C (DWSRF IUP and project priority list, SFY15).***

- (n) Assurance that the State will provide EPA with a Biennial Report.

The submission of this annual report will fulfill the State of Montana's responsibility to submit a report.

- (o) Assurance the State will comply with all Federal crosscutting authorities.
- (p) The State agrees that it will conduct an environmental review and a determination will be executed and distributed using a state process consisting of the same level of environmental detail required under the State Environmental Review Process for the DWSRF program.

All construction projects that received assistance during SFY15 were reviewed and approved using the Montana Environmental Policy Act (MEPA). It was determined that no Environmental Impact Statements were necessary. A Categorical Exclusion was either granted or an Environmental Assessment was prepared and a Finding of No Significant Impact was issued for all projects.

(q) The use of set-asides for Administrative Expenses, Small Systems Technical Assistance, State Program Management (PWSS, SWP, Capacity Development, and Operator Certification), Local Assistance and Other State Programs (Source Water Delineation) will be identified each year in the IUP and established in accordance with the DWSRF program guidelines.

(r) Specific Requirements under Title XIV

1. In accordance with Section 1420(a) of the SDWA, the State has the authority to ensure that all new community water systems and new non-transient non-community water systems commencing operation after October 1, 1999, can demonstrate technical, managerial, and financial capability with respect to each national primary drinking water regulation in effect.

EPA has reviewed and approved Montana's capacity development authority and strategies. Administrative Rules that implement Montana's strategies became effective on September 10, 1999.

2. The State currently has a water and wastewater treatment plant operator certification program within DEQ's Permitting and Compliance Division.

In addition, the following conditions were given with the Capitalization Grant Award. To the best of our knowledge, DEQ and DNRC have abided by these requirements as well.

- The loan recipients agree to ensure that all space for conferences, meetings, conventions, or training funded in whole or in part with Federal funds complies with the Hotel and Motel Fire and Safety Act of 1990.
- Per EPA Order 1000.25 Recycled Paper, DEQ uses recycled paper for printing reports to be delivered to EPA.
- During SFY15 loan recipients comply with all Federal requirements concerning Disadvantaged Business Enterprises (DBE) Utilization either by project specification or submitting appropriate reports during construction (Minority Business Enterprises/Women Business Enterprises (MBE/WBE) Utilization under Federal Grants).

The state's fair share goal for DBE participation is 5% for SFY15 (2% MBE; 3% WBE). Refer to **Exhibit 9** for the summary of the DWSRF loans - MBE/WBE for contracts awarded during SFY15.

VII. CURRENT STATUS AND FUTURE ACTIVITIES

The DWSRF continues to use US Bank as its trustee to manage funds and accounts established under the program. To date this arrangement has been very beneficial. DNRC has Internet access to US Bank accounts, which makes monthly reconciliation of WPCSRF and DWSRF accounts more timely. D.A. Davidson and Co. and Piper Jaffray Inc. continue to act as the DWSRF bond underwriters and financial advisors. Dorsey & Whitney will continue to act as DWSRF bond counsel for the GO Bonds issued in future fiscal years.

DEQ has completed work on the DWSRF project database, which may ultimately include links with the WPCSRF program, the PWSS program, and fiscal services in both DEQ and DNRC. The databases again facilitated federal reporting during SFY15.

The following schedule (**Table 2**) indicates the key dates for continuation of the DWSRF loan program in SFY16.

Table 2. Drinking Water State Revolving Fund (DWSRF) Loan Program Schedule for SFY16

SFY16 Key Dates	Activity
August 2015	Held DWSRF bi-monthly meeting
October 2015	Hold DWSRF bi-monthly meeting
November 2015	Attend Fall CIFA Conference
December 2015	Hold DWSRF bi-monthly meeting
February 2016	Hold DWSRF bi-monthly meeting
Spring 2016	Hold infrastructure financing workshops to promote and market DWSRF program
April 2016	Hold DWSRF bi-monthly meeting
May 2016	Attend Spring CIFA Conference

VIII. GLOSSARY OF ACRONYMS AND INITIALIZATIONS

Acronym	Definition
AC	Asbestos Cement
ARRA	American Recovery and Reinvestment Act (2009)
ASAP	Automated Standard Application for Payments
AWWA	American Water Works Association
BAN	Bond Anticipation Note
CIFA	Council of Infrastructure Financing Authorities
DBE	Disadvantaged Business Enterprises
DBP	Disinfection Byproducts
DEQ	Department of Environmental Quality (Montana)
DNRC	Department of Natural Resources & Conservation (Montana)
DWSRF	Drinking Water State Revolving Fund
EPA	Environmental Protection Agency (U.S.)
FFY	Federal Fiscal Year (begins October 1 and ends September 30)
FTE	Full-Time Equivalent
FYE	Fiscal Year End
GAN	Grant Anticipation Note
GO	General Obligation
IT	Information Technology
IUP	Intended Use Plan
LAC	Legislative Audit Committee
LAD	Legislative Audit Division
MAP	Midwest Assistance Program
MBE	Minority Business Enterprises
MEPA	Montana Environmental Protection Act
MPDES	Montana Pollutant Discharge Elimination System
O&M	Operation and Maintenance
PER	Preliminary Engineering Report
PPG	Performance Partnership Grants
PWS	Public Water Supply
PWSP	Public Water Supply Program
PWSS	Public Water Supply Supervision
RAN	Revenue Anticipation Note
RATES	Rural and Tribal Environmental Solutions
SDWA	Safe Drinking Water Act
SDWIS	Safe Drinking Water Information System
SFY	State Fiscal Year (begins July 1 and ends June 30)
SRF	State Revolving Fund
SWP	Source Water Protection
TA	Technical Assistance
WBE	Women Business Enterprises
WD	Water District
WPCSRF	Water Pollution Control State Revolving Fund
WSD	Water & Sewer District

EXHIBIT 1: SOURCES OF DRINKING WATER STATE REVOLVING (DWSRF) FUNDS THROUGH SFY15

Grant Number, Award Date & Year Funds Appropriated	State Fiscal Year Activity	Cap. Grant Amount	Projected State Match	Commitments by Fiscal Year		Actual State Match GO Bond Issues	Other State Match
1) FS-998850-97 6/30/98; 1997	1998	\$ 14,826,200	\$ -	\$ -		\$ -	
No Grants awarded in SFY99	1999	\$ -	\$ 2,965,240	\$ 7,469,000	(1) *	\$ 3,065,000	
2) FS-998850-98 7/26/99; 1998	2000	\$ 7,121,300	\$ 1,424,260			\$ -	
3) FS-998850-99 9/14/99; 1999		\$ 7,463,800	\$ 1,492,760	\$ 24,240,998	(2)	\$ 2,990,000	
4) FS-998850-00 10/02/00; 2000	2001	\$ 7,757,000	\$ 1,551,400			\$ -	
5) FS-998850-01 05/21/01; 2001		\$ 7,789,100	\$ 1,557,820	\$ 11,292,701	(3)	\$ 3,190,000	\$ 26,986
6) FS-998850-02 02/21/02; 2002	2002	\$ 8,052,500	\$ 1,610,500	\$ 6,989,705		\$ -	\$ 145,660
No Grants awarded in SFY03	2003	\$ -		\$ 6,229,000	(4)	\$ 1,675,000	\$ 266,627
7) FS-998850-03 07/16/03 (set asides) & 6/28/04; 2003	2004	\$ 8,004,064	\$ 1,600,813	\$ 2,482,927		\$ -	\$ 331,226
8) FS-998850-05 08/16/04 (04 set asides), 6/16/05 (2004 & 2005 grants & 2005 set asides)	2005	\$ 16,588,524	\$ 3,317,705	\$ 5,519,622	(5)	\$ 3,875,000	\$ 421,554
8) FS-998850-05 8/5/05 Transfer to WPCSRF		\$ (5,000,000)					
9) FS-998850-06 5/17/06; 2006	2006	\$ 8,229,300	\$ 1,645,860	\$ 34,794,521		\$ -	\$ 1,095,911
10) FS-998850-07 6/5/07; 2007	2007	\$ 8,229,000	\$ 1,645,800	\$ 5,883,781		\$ -	\$ 552,917
11) FS-998850-08 6/5/07; 2008	2008	\$ 8,146,000	\$ 1,629,200	\$ 16,552,929	(6)	\$ 1,500,000	\$ 720,991
11) FS-998850-08 3/12/09 Transfer to WPCSRF		\$ (5,000,000)					
12) 2F-97879201 5/18/09; ARRA	2009	\$ 19,500,000	\$ -	\$ 10,325,761	(7)	\$ 3,000,000	\$ 761,882
13) FS-998850-09 1/25/10; 2009		\$ 8,146,000	\$ 1,629,200		(8)	\$ 5,400,000	
14) FS-998850-10 6/9/10; 2010	2010	\$ 13,573,000	\$ 2,714,600	\$ 31,540,465	(8)	\$ (4,100,000)	\$ 790,072
14) FS-998850-10 10/5/10; Transfer to WPCSRF		\$ (3,000,000)					
15) FS-998850-11 6/8/11; 2011	2011	\$ 9,268,000	\$ 1,853,600	\$ 11,941,055	(9)	\$ 1,000,000	\$ 1,493,009
15) FS-998850-11 Increase 2/7/12;		\$ 150,000	\$ 30,000				
16) FS-998850-12 5/8/12; 2012	2012	\$ 8,975,000	\$ 1,795,000	\$ 20,265,862	(10)	\$ 1,100,000	\$ 1,562,857
17) FS-998850-13 6/19/2013; 2013	2013	\$ 8,421,000	\$ 1,684,200	\$ 18,436,202	(11)	\$ 950,000	\$ 607,009
18) FS-998850-14 6/3/2014; 2014	2014	\$ 8,845,000	\$ 1,769,000	\$ 16,099,015	(12)	\$ 1,750,000	\$ -
19) FS-998850-15 4/15/2015, 2015	2015	\$ 8,845,000	\$ 1,769,000	\$ 19,320,534	(13)	\$ 2,500,000	\$ 132,149
Total		\$ 174,929,788	\$ 33,685,958	\$ 249,384,078		\$ 27,895,000	\$ 8,908,850

SFY 2015 Annual Report for EPA – Drinking Water

*Bond Anticipation Note issued 7-31-98 for \$1,000,000, paid off by GO Bond for \$3,065,000 issued 10-6-98

- 1) First General Obligation Bond Issued October 1, 1998 for \$3,065,000
- 2) Second General Obligation Bond Issued April 15, 2000 for \$2,990,000
- 3) Third General Obligation Bond Issued June 15, 2001 for \$3,190,000
- 4) Fourth General Obligation Bond Issued June 15, 2003 for \$1,675,000
- 5) Fifth General Obligation Bond Issued May 5, 2005 for \$3,875,000
- 6) BAN 8/10/07 \$500,000 and RAN 4/15/08 \$1,000,000
- 7) Revenue Anticipation Note (RAN) 4/3/09 \$3,000,000

- 8) Sixth General Obligation Bond Issued May 18, 2010 for 1,300,000 + refunded balances of 2000A & 2001G bonds.
- 9) RAN 3/4/11 \$1,000,000
- 10) RAN 10/21/11 \$1,100,000
- 11) BAN 12/2012 \$950,000
- 12) BAN 1/2014 \$1,750,000
- 13) BAN 9/2014 \$2,500,000

EXHIBIT 2: DRINKING WATER STATE REVOLVING FUND (DWSRF) CAPITALIZED GRANT CLOSED LOANS FOR SFY15

Public Entity	Type of Security	B.C. Date	B.C. Amount	Loan Amount	Total Drawn	Balance Remaining	Closing Date	Gross Interest
Bainville, Town of	Revenue	10/20/2014	\$ 156,000.00	\$ 156,000.00	\$ 52,609.00	\$ 103,391.00	12/1/2014	2.50%
Big Fork WSD A	Revenue	6/24/2014	\$ 500,000.00	\$ 500,000.00	\$ 500,000.00	\$ -	10/7/2014	0.00%
Big Fork WSD B	Revenue	6/24/2014	\$ 804,000.00	\$ 661,703.00	\$ 661,703.00	\$ -	10/7/2014	2.50%
Billings, City of VII	Revenue	4/1/2015	\$ 3,700,000.00	\$ 3,700,000.00	\$ 188,108.00	\$ 3,511,892.00	5/1/2015	2.50%
Cascade, Town of A	Revenue	9/27/2013	\$ 385,000.00	\$ 385,000.00	\$ 234,246.00	\$ 150,754.00	7/10/2014	0.00%
Cascade, Town of B	Revenue	9/27/2013	\$ 385,000.00	\$ 385,000.00	\$ 230,318.00	\$ 154,682.00	7/10/2014	2.50%
Conrad, City of III	Revenue	2/11/2014	\$ 855,000.00	\$ 793,000.00	\$ 283,480.00	\$ 509,520.00	8/21/2014	2.50%
Great Falls, City of III	Revenue	10/23/2014	\$ 2,700,893.00	\$ 2,700,893.00	\$ 826,350.00	\$1,874,543.00	12/5/2014	2.50%
Opheim A	Revenue	3/24/2015	\$ 87,500.00	\$ 87,500.00	\$ 12,563.00	\$ 74,937.00	5/20/2015	0.00%
Opheim B	Revenue	3/24/2015	\$ 87,500.00	\$ 87,500.00	\$ 4,542.00	\$ 82,958.00	5/20/2015	2.50%
Pablo WSD III-A	Revenue	12/18/2014	\$ 500,000.00	\$ 500,000.00	\$ 349,614.00	\$ 150,386.00	4/9/2015	0.00%
Pablo WSD III-B	Revenue	12/18/2014	\$ 620,000.00	\$ 620,000.00	\$ 143,233.00	\$ 476,767.00	4/9/2015	2.50%
Philipsburg, Town of A	Revenue	4/22/2014	\$ 219,500.00	\$ 212,000.00	\$ 156,675.00	\$ 55,325.00	10/3/2014	0.00%
Philipsburg, Town of B	Revenue	4/22/2014	\$ 219,500.00	\$ 212,000.00	\$ 89,817.00	\$ 122,183.00	10/3/2014	2.50%
Polson A	Revenue	3/19/2015	\$ 231,500.00	\$ 231,500.00	\$ 5,000.00	\$ 226,500.00	5/20/2015	0.00%
Polson B	Revenue	3/19/2015	\$ 231,500.00	\$ 231,500.00	\$ 14,739.00	\$ 231,500.00	5/20/2015	2.50%
Roundup, Town of	Revenue	9/11/2014	\$ 1,392,000.00	\$ 1,392,000.00	\$ 1,178,289.00	\$ 213,711.00	10/16/2014	2.50%
Three Forks, City of III-A	Revenue	7/3/2014	\$ 500,000.00	\$ 500,000.00	\$ 500,000.00	\$ -	8/8/2014	0.00%
Three Forks, City of III-B	Revenue	7/3/2014	\$ 681,000.00	\$ 681,000.00	\$ 494,602.00	\$ 186,398.00	8/8/2014	2.50%
White Sulphur Springs, City of III-A	Revenue	11/18/2014	\$ 233,500.00	\$ 233,500.00	\$ 179,334.00	\$ 54,166.00	12/11/2014	0.00%
White Sulphur Springs, City of III-B	Revenue	11/18/2014	\$ 233,500.00	\$ 233,500.00	\$ 179,334.00	\$ 54,166.00	12/11/2014	2.50%
Closed Loans			\$ 14,722,893.00	\$ 14,503,596.00	\$ 6,284,556.00	\$8,233,779.00		

EXHIBIT 3: DRINKING WATER STATE REVOLVING FUND (DWSRF) RECYCLED CLOSED LOANS FOR SFY15

Public Entity	Type of Security	B.C. Date	B.C. Amount	Loan Amount	Total Drawn	Balance Remaining	Closing Date	Gross Interest
Bainville, Town of (Refinance)	Revenue	11/5/2014	\$ 260,000.00	\$ 260,000.00	\$ 260,000.00	\$ -	12/1/2014	2.50%
Carter WSD (Refinance)	Revenue	1/20/2015	\$ 305,000.00	\$ 305,000.00	\$ 305,000.00	\$ -	2/4/2015	2.50%
Chinook, Town of (Refinance)	Revenue	1/13/2015	\$ 323,768.11	\$ 323,768.11	\$ 323,768.11	\$ -	2/10/2015	2.50%
Fort Peck County Water District	Revenue	4/17/2015	\$ 662,000.00	\$ 662,000.00	\$ 209,167.00	\$ 452,833	5/27/2015	2.50%
Opheim, Town of (Refinance)	Revenue	11/3/2014	\$ 247,860.65	\$ 247,860.65	\$ 247,860.65	\$ -	8/23/2013	2.50%
Phillipsburg, Town of (GAN)	Revenue	1/14/2015	\$ 550,000.00	\$ 550,000.00	\$ 197,788.00	\$ 352,212	5/13/2015	1.25%
Pinesdale, Town of (Refinance)	Revenue	4/30/2015	\$ 487,309.64	\$ 487,309.64	\$ 487,309.64	\$ -	5/19/2015	2.50%
Ryegate, Town of (Refinance)	Revenue	5/18/2015	\$ 216,800.00	\$ 216,800.00	\$ 216,800.00	\$ -	6/8/2015	2.50%
Troy, City of (Refinance)	Revenue	9/11/2014	\$ 1,764,199.00	\$ 1,764,199.00	\$1,764,199.00	\$ -	9/22/2014	2.50%
Closed Loans			\$ 4,816,937.40	\$ 4,816,937.40	\$4,011,892.40	\$ 805,045.00		

**EXHIBIT 4: DRINKING WATER STATE REVOLVING FUND (DWSRF) PROJECTED LOAN
AGREEMENTS FOR SFY16**

Public Entities	Estimated Date of Commitment	Estimated Loan Amounts
Carter Water & Sewer District	Jul-15	\$ 118,000
Town of Manhattan	Jul-15	\$ 562,000
South Winds Water & Sewer District	Sep-15	\$ 842,000
City of Helena	Sep-15	\$ 2,710,000
City of Whitefish	Sep-15	\$ 487,000
Town of Pinesdale	Sep-15	\$ 475,000
Town of Belt	Oct-15	\$ 245,000
Town of Thompson Falls	Oct-15	\$ 850,000
Dry Prairie Rural Water Authority	Apr-16	\$ 1,700,000
City of Great Falls	May-16	\$ 25,000,000
City of Harlowton	May-16	\$ 695,000
North Central Regional Water Authority	May-16	\$ 200,000
City of Malta	May-16	\$ 4,940,000
Gore Hill Water District	Jun-16	\$ 100,000
Town of Bainville	Jun-16	\$ 868,000
City of Bozeman	Jun-16	\$ 6,000,000
Total		\$ 45,792,000

**EXHIBIT 5: AMOUNTS AVAILABLE TO TRANSFER BETWEEN STATE REVOLVING FUND (SRF)
PROGRAMS**

Year	Transaction Description	Banked Transfer Ceiling	Transferred from WPCSRF to DWSRF	Transferred from DWSRF to WPCSRF	DWSRF Funds Available for Transfer	WPCSRF Funds Available for Transfer
1997	Drinking Water Grant Award	\$4,892,646	---	---	\$4,892,646	\$4,892,646
1998	Drinking Water Grant Award	7,242,675	---	---	7,242,675	7,242,675
1999	Drinking Water Grant Award	9,705,729	---	---	9,705,729	9,705,729
2000	Drinking Water Grant Award	12,265,539	---	---	12,265,539	12,265,539
2000	Transfer (2 nd Rnd \$)	12,265,539	4,750,328	-0-	17,015,867	7,515,211
2001	Drinking Water Grant Award	14,835,942	---	---	19,586,270	10,085,614
2001	Transfer (2 nd Rnd \$)	14,835,942	4,032,158	-0-	23,618,428	6,053,456
2002	Drinking Water Grant Award	17,493,267	---	---	26,275,753	8,710,781
2004	Drinking Water Grant Award	20,134,608	---	---	28,917,094	11,352,122
2004	Transfer (2 nd Rnd \$)	20,134,608	-0-	2,559,810	26,357,284	13,911,932
2005	Transfer (2 nd Rnd \$)	20,134,608	-0-	2,570,403	23,786,881	16,482,335
2005	Transfer (2 nd Rnd \$)	20,134,608	-0-	1,000,000	22,786,881	17,482,335
2005	Drinking Water Grant Awards	25,608,821	---	---	28,261,094	22,956,548
2006	Transfer (1 st Rnd \$)		-0-	5,000,000	23,261,094	27,956,548
2006	Drinking Water Grant Award	28,324,490	-	-	25,976,763	30,672,217
2007	Drinking Water Grant Award	31,040,060	-	-	28,692,333	33,387,787
2008	Transfer (2 nd Rnd \$)		2,500,000		31,192,333	30,887,787
2008	Drinking Water Grant Award	33,728,240			33,880,513	33,575,967
2009	Transfer (1 st Rnd \$)			5,000,000	28,880,513	38,575,967
2009	Drinking Water Grant Award	36,416,420			31,568,693	41,264,147
2009	Drinking Water ARRA Grant Award	42,851,420			38,003,693	47,699,147
2010	Drinking Water Grant Award	47,330,510			42,482,783	52,178,237

**EXHIBIT 5: AMOUNTS AVAILABLE TO TRANSFER BETWEEN STATE REVOLVING FUND (SRF)
PROGRAMS**

Year	Transaction Description	Banked Transfer Ceiling	Transferred from WPCSRF to DWSRF	Transferred from DWSRF to WPCSRF	DWSRF Funds Available for Transfer	WPCSRF Funds Available for Transfer
2011	Transfer (1 st Rnd \$)			\$3,000,000	\$39,482,783	\$55,178,237
2011	Drinking Water Grant Award	50,438,450			42,590,723	58,286,177
2012	Drinking Water Grant Award	53,400,200			45,552,473	61,247,927
2013	Drinking Water Grant Award	56,179,130			48,331,403	64,026,857
2014	Drinking Water Grant Award	59,097,980			51,249,893	66,945,707
2015	Drinking Water Grant Award	61,997,690			54,149,603	69,845,417
Total			\$11,282,486	\$19,130,213		

EXHIBIT 5A: TRANSFER OF FUNDS BETWEEN DRINKING WATER STATE REVOLVING FUND (DWSRF) AND WATER POLLUTION CONTROL STATE REVOLVING FUND (WPCSRF)

Authority to Transfer				
Award of Water Grant	1996 and 97	\$ 14,826,200	x33%	\$ 4,892,646
	1998	7,121,300	x33%	2,350,029
	1999	7,463,800	x33%	2,463,054
	2000	7,757,000	x33%	2,559,810
	2001	7,789,100	x33%	2,570,403
	2002	8,052,500	x33%	2,657,325
	2003	8,004,064	x33%	2,641,341
	2004 and 05	16,588,524	x33%	5,474,213
	2006	8,229,300	x33%	2,715,669
	2007	8,229,000	x33%	2,715,570
	2008	8,146,000	x33%	2,688,180
	ARRA	19,500,000	x33%	6,435,000
	2009	8,146,000	x33%	2,688,180
	2010	13,573,000	x33%	4,479,090
	2011	9,418,000	x33%	3,107,940
	2012	8,975,000	x33%	2,961,750
	2013	8,421,000	x33%	2,778,930
	2014	8,845,000	x33%	2,918,850
	2015	8,787,000	X33%	2,899,710
		\$187,871,788		\$ 61,997,690

Authority Used			
Fiscal Year	Type of Funds	DWSRF to WPCSRF	WPCSRF to DWSRF
SFY 2000	Recycled	\$ 4,750,328	\$ -
SFY 2001	Recycled	4,032,158	-
SFY 2002		-	-
SFY 2003		-	-
SFY 2004	Recycled	-	2,559,810
SFY 2005	Recycled	-	3,570,403
SFY 2006	Grant	-	5,000,000
SFY 2007		-	-
SFY 2008	Recycled	2,500,000	-
SFY 2009	Grant	-	5,000,000
SFY 2010		-	-
SFY 2011	Grant	-	3,000,000
SFY 2012	Grant	-	-
SFY 2013		-	-
SFY 2014		-	-
SFY 2015		-	-
		\$ 11,282,486	\$ 19,130,213
		DWSRF	WPCSRF
Authority Available		\$ 61,997,690	\$61,997,690
Used Authority		\$ 11,282,486	\$ 19,130,213
Balance Available		\$ 50,715,204	\$ 42,867,477

EXHIBIT 6: SUMMARY OF DRINKING WATER STATE REVOLVING FUND (DWSRF) FEDERAL DRAWS FOR SFY15

Date	Loans	Set-Aside Components				Total Drawn	State Match
		Admin	Tech Asst	State Program	Local Asst		
<i>1st Quarter</i>							
7/10/2014	\$213,190.00					\$213,190.00	\$5,179.00
7/14/2014	719,330.00			65,456.00	(65,456.00)	719,330.00	64,670.00
7/15/2014				(130,912.00)	130,912.00		0.00
7/24/2014		17,344.00	1,752.00	6,870.00	15,690.00	41,656.00	
7/28/2014	72,515.00					72,515.00	13,691.00
7/31/2014		6,684.00		9,142.00	17,533.00	33,379.00	0.00
8/5/2014	623,388.00					623,388.00	30,847.00
8/6/2014		27,751.00	1,054.00	32,769.00	16,038.00	77,612.00	0.00
8/11/2014	483,347.00					483,347.00	120,837.00
8/13/2014		2,520.00			2,310.00	4,830.00	0.00
8/15/2014	178,171.00					178,171.00	32,243.00
8/18/2014	18,958.00					18,958.00	4,739.00
8/20/2014	40,452.00					40,452.00	10,113.00
8/21/2014	44,091.00	8,981.00		21,162.00	22,343.00	96,577.00	4,301.00
9/2/2014	5,030.00					5,030.00	1,258.00
9/4/2014		8,013.00	164.00	21,657.00	19,033.00	48,867.00	
9/11/2014		7.00	3,825.00	2,954.00	7.00	6,793.00	0.00
9/12/2014	48,150.00					48,150.00	11,225.00
9/15/2014	69,351.00					69,351.00	7,273.00
9/17/2014	568,468.00					568,468.00	142,117.00
9/18/2014		5,340.00	1.00	20,721.00	18,927.00	44,989.00	0.00
9/23/2014	58,429.00					58,429.00	14,607.00
9/25/2014	8,062.00					8,062.00	2,015.00
1st Quarter Draws	\$3,150,932.00	\$83,227.00	\$6,963.00	\$73,029.00	\$200,460.00	\$3,514,611.00	\$465,115.00
<i>2nd Quarter</i>							
10/1/2014	6,456.00					6,456.00	
10/6/2014	71,527.00	2.00		757.00	1,004.00	73,290.00	8,346.00
10/7/2014	126,932.00					126,932.00	31,733.00
10/10/2014	58,484.00					58,484.00	7,398.00
10/14/2014		16,111.00	13,582.00	22,264.00	15,428.00	67,385.00	
10/16/2014	214,572.00					214,572.00	24,622.00

EXHIBIT 6: SUMMARY OF DRINKING WATER STATE REVOLVING FUND (DWSRF) FEDERAL DRAWS FOR SFY15

Date	Loans	Set-Aside Components				Total Drawn	State Match
		Admin	Tech Asst	State Program	Local Asst		
10/17/2014	\$38,535.00	\$5,601.00	\$39.00	\$3,806.00	\$3,554.00	\$51,353.00	\$9,261.00
10/20/2014	20,832.00					20,832.00	5,208.00
10/23/2014	64,047.00					64,047.00	16,012.00
10/29/2014		4,619.00		20,918.00	24,508.00	50,045.00	
10/30/2014	241,927.00					241,927.00	27,481.00
11/3/2014		2,771.00	551.00	1,938.00	3,099.00	8,359.00	0.00
11/5/2014	46,515.00					46,515.00	11,628.00
11/12/2014		6,045.00	104.00	40,723.00	10,863.00	57,735.00	
11/13/2014	6,200.00					6,200.00	
11/20/2014	56,606.00					56,606.00	14,152.00
11/25/2014	3,011,669.00					3,011,669.00	666,473.00
11/26/2014	37,629.00	5,570.00		23,355.00	14,293.00	80,847.00	
12/3/2014	231,531.00					231,531.00	39,965.00
12/4/2014				1,559.00	1,488.00	3,047.00	
12/5/2014	33,707.00					33,707.00	3,745.00
12/10/2014		7,842.00	5,011.00	23,055.00	14,597.00	50,505.00	
12/11/2014		(398.00)		398.00			0.00
12/12/2014	704,046.00					704,046.00	139,994.00
12/15/2014	421.00					421.00	0.00
12/18/2014		205.00	14.00	8,037.00	1,056.00	9,312.00	0.00
12/24/2014		29,265.00	11.00	23,654.00	14,678.00	67,608.00	0.00
12/31/2014		195.00	192.00	3,357.00	1,526.00	5,270.00	
<i>2nd Quarter Draws</i>	<i>\$4,971,636.00</i>	<i>\$77,828.00</i>	<i>\$19,504.00</i>	<i>\$173,821.00</i>	<i>\$106,094.00</i>	<i>\$5,348,883.00</i>	<i>\$1,006,018.00</i>
<i>3rd Quarter</i>							
1/5/2015	25,313.00					25,313.00	6,328.00
1/7/2015	22,052.00					22,052.00	5,513.00
1/9/2015	5,216.00	27,687.00	2,081.00	22,790.00	14,750.00	72,524.00	1,304.00
1/14/2015	211,592.00					211,592.00	52,898.00
1/15/2015	223,446.00					223,446.00	55,862.00
1/20/2015	143,398.00					143,398.00	35,849.00
1/26/2015		27,299.00	101.00	25,873.00	15,078.00	68,351.00	0.00
1/28/2015		1,076.00	850.00	239.00	839.00	3,004.00	0.00
1/29/2015	9,819.00					9,819.00	1,091.00

EXHIBIT 6: SUMMARY OF DRINKING WATER STATE REVOLVING FUND (DWSRF) FEDERAL DRAWS FOR SFY15

Date	Loans	Set-Aside Components				Total Drawn	State Match
		Admin	Tech Asst	State Program	Local Asst		
2/2/2015	\$16,536.00					\$16,536.00	\$4,134.00
2/3/2015	46,550.00					46,550.00	11,235.00
2/4/2015	797,162.00					797,162.00	199,290.00
2/5/2015	3,229.00					3,229.00	807.00
2/9/2015		27,224.00	219.00	42,994.00	26,528.00	96,965.00	
2/12/2015	833.00					833.00	0.00
2/19/2015		30,935.00	27.00	21,317.00	9,585.00	61,864.00	0.00
2/23/2015	87,449.00					87,449.00	20,844.00
2/26/2015	881.00	1,323.00		540.00	37.00	2,781.00	220.00
3/3/2015	24,858.00					24,858.00	1,779.00
3/4/2015		26,451.00	550.00	26,849.00	14,482.00	68,332.00	0.00
3/9/2015	158,366.00					158,366.00	39,592.00
3/10/2015	157,570.00					157,570.00	39,392.00
3/17/2015	22,698.00					22,698.00	3,639.00
3/18/2015	2,016.00					2,016.00	305.00
3/19/2015	2,061.00	30,198.00		38,468.00	11,525.00	82,252.00	229.00
3/26/2015	220.00					220.00	
3/27/2015	25,116.00					25,166.00	6,279.00
3/30/2015	30,003.00					30,003.00	
<i>3rd Quarter Draws</i>	<i>\$2,016,384.00</i>	<i>\$172,193.00</i>	<i>\$3,828.00</i>	<i>\$179,070.00</i>	<i>\$92,824.00</i>	<i>\$2,464,299.00</i>	<i>\$486,590.00</i>
<i>4th Quarter</i>							
4/1/2015	21,193.00	29,758.00	1,188.00	33,551.00	13,609.00	99,299.00	5,298.00
4/13/2015	52,219.00					52,219.00	9,131.00
4/15/2015		(2,898.00)		33,806.00	11,482.00	42,390.00	
4/27/2015	192,404.00					192,404.00	48,102.00
4/29/2015		444.00	67.00	35,146.00	13,967.00	49,624.00	
5/1/2015	115,324.00					115,324.00	28,831.00
5/13/2015	246,525.00					246,525.00	9,614.00
5/14/2015		445.00		53,987.00	14,823.00	69,255.00	
5/15/2015	129,839.00					129,839.00	32,460.00
5/18/2015	81,215.00					81,215.00	19,584.00
5/19/2015	117,628.00					117,628.00	17,880.00
5/27/2015	11,172.00					11,172.00	1,435.00

EXHIBIT 6: SUMMARY OF DRINKING WATER STATE REVOLVING FUND (DWSRF) FEDERAL DRAWS FOR SFY15

Date	Loans	Set-Aside Components				Total Drawn	State Match
		Admin	Tech Asst	State Program	Local Asst		
5/28/2015		\$555.00	\$124.00	\$56,009.00		\$56,688.00	\$0.00
6/2/2015	38,707.00					38,707.00	9,677.00
6/3/2015	416,541.00					416,541.00	75,911.00
6/9/2015		647.00	131.00	50,317.00	11,422.00	62,517.00	
6/12/2015	281,602.00					281,602.00	19,516.00
6/15/2015	325,420.00					325,420.00	70,532.00
6/25/2015		631.00	1,730.00	40,150.00	18,524.00	61,035.00	0.00
<i>4th Quarter Draws</i>	<i>\$2,029,789.00</i>	<i>\$29,582.00</i>	<i>\$3,240.00</i>	<i>\$302,966.00</i>	<i>\$83,827.00</i>	<i>\$2,449,404.00</i>	<i>\$347,971.00</i>
Total FY15 Draws	\$12,168,741.00	\$362,830.00	\$33,535.00	\$728,886.00	\$483,205.00	\$13,777,197.00	\$2,305,694.00

**EXHIBIT 7: DRINKING WATER STATE REVOLVING FUND (DWSRF) BUDGET VS DRAW BY
CATEGORY SFY15**

Program Name: FS998850 - 97	Budget	Previous Draws	SFY15 Draws	Balance 6/30/2015
Administration	\$593,048	\$593,048	-	-
Technical Assistance	296,524	296,524	-	-
State Programs				
Public Water Supply Administration	120,000	120,000	-	-
Source Water Protection/Database	100,000	100,000	-	-
Capacity Development	50,000	50,000	-	-
Operator Certification	55,000	55,000	-	-
<i>Subtotal</i>	<i>325,000</i>	<i>325,000</i>	-	-
Local Assistance	1,482,620	1,482,620	-	-
Loans	12,129,008	12,129,008	-	-
Total	\$14,826,200	\$14,826,200	-	-
Program Name: FS998850 - 98	Budget	Previous Draws	SFY15 Draws	Balance 6/30/2015
Administration	284,852	284,852	-	-
Technical Assistance	142,426	142,426	-	-
State Programs				
Public Water Supply Administration	155,470	155,470	-	-
Source Water Protection/Database	105,000	105,000	-	-
Capacity Development	10,000	10,000	-	-
Operator Certification	70,000	70,000	-	-
<i>Subtotal</i>	<i>340,470</i>	<i>340,470</i>	-	-
Loans	6,353,552	6,353,552	-	-
Total	\$7,121,300	\$7,121,300	-	-

**EXHIBIT 7: DRINKING WATER STATE REVOLVING FUND (DWSRF) BUDGET VS DRAW BY
CATEGORY SFY15**

Program Name: FS998850 - 99	Budget	Previous Draws	SFY15 Draws	Balance 6/30/2015
Administration	\$298,552	\$298,552	-	-
Technical Assistance	149,276	149,276	-	-
State Programs				
Public Water Supply Administration	154,800	154,800	-	-
Source Water Protection/Database	100,000	100,000	-	-
Capacity Development	10,000	10,000	-	-
Operator Certification	70,000	70,000	-	-
<i>Subtotal</i>	<i>334,800</i>	<i>334,800</i>	-	-
Loans	6,681,172	6,681,172	-	-
Total	\$7,463,800	\$7,463,800	-	-
Program Name: FS998850 - 00	Budget	Previous Draws	SFY15 Draws	Balance 6/30/2015
Administration	310,280	310,280	-	-
State Programs				
Public Water Supply Administration	155,000	155,000	-	-
Source Water Protection/Database	75,000	75,000	-	-
Capacity Development	50,000	50,000	-	-
Operator Certification	70,000	70,000	-	-
<i>Subtotal</i>	<i>350,000</i>	<i>350,000</i>	-	-
Loans	7,096,720	7,096,720	-	-
Total	\$7,757,000	\$7,757,000	-	-
Program Name: FS998850 - 01	Budget	Previous Draws	SFY15 Draws	Balance 6/30/2015
Administration	311,564	311,564	-	-
State Programs				
Source Water Protection/Database	75,000	75,000	-	-
Capacity Development	50,000	50,000	-	-
<i>Subtotal</i>	<i>125,000</i>	<i>125,000</i>	-	-
Loans	7,352,536	7,352,536	-	-
Total	\$7,789,100	\$7,789,100	-	-

**EXHIBIT 7: DRINKING WATER STATE REVOLVING FUND (DWSRF) BUDGET VS DRAW BY
CATEGORY SFY15**

Program Name: FS998850 - 02	Budget	Previous Draws	SFY15 Draws	Balance 6/30/2015
Administration	\$322,100	\$322,100	-	-
State Programs				
Public Water Supply Administration	395,000	395,000	-	-
Capacity Development	50,000	50,000	-	-
Operator Certification	90,000	90,000	-	-
<i>Subtotal</i>	<i>535,000</i>	<i>535,000</i>	-	-
Loans	7,195,400	7,195,400	-	-
Total	\$8,052,500	\$8,052,500	-	-
Program Name: FS998850 - 03	Budget	Previous Draws	SFY15 Draws	Balance 6/30/2015
Administration	320,164	320,164	-	-
Technical Assistance	125,000	125,000	-	-
State Programs				
Source Water Protection/Database	100,000	100,000	-	-
Public Water Supply Administration	395,000	395,000	-	-
Operator Certification	90,000	90,000	-	-
<i>Subtotal</i>	<i>585,000</i>	<i>585,000</i>	-	-
Loans	6,973,900	6,973,900	-	-
Total	\$8,004,064	\$8,004,064	-	-
Program Name: FS998850 - 04	Budget	Previous Draws	SFY15 Draws	Balance 6/30/2015
Administration	332,124	332,124	-	-
Technical Assistance	135,000	135,000	-	-
State Programs				
Source Water Protection/Database	100,000	100,000	-	-
Capacity Development	82,000	82,000	-	-
Public Water Supply Administration	160,000	160,000	-	-
Operator Certification	90,000	90,000	-	-
<i>Subtotal</i>	<i>432,000</i>	<i>432,000</i>	-	-
Local Assistance	40,000	40,000	-	-
Total	\$939,124	\$939,124	-	-

**EXHIBIT 7: DRINKING WATER STATE REVOLVING FUND (DWSRF) BUDGET VS DRAW BY
CATEGORY SFY15**

Program Name: FS998850 - 05	Budget	Previous Draws	SFY15 Draws	Balance 6/30/2015
Administration	\$331,420	\$331,420	-	-
Technical Assistance	125,000	125,000	-	-
State Programs				
Source Water Protection/Database	100,000	100,000	-	-
Capacity Development	75,000	75,000	-	-
Public Water Supply Administration	630,000	630,000	-	-
Operator Certification	160,000	160,000	-	-
<i>Subtotal</i>	<i>965,000</i>	<i>965,000</i>	-	-
Local Assistance	40,000	40,000	-	-
Loans	9,187,980	9,187,980	-	-
Total	\$10,649,400	\$10,649,400	-	-
Program Name: FS998850 - 06	Budget	Previous Draws	SFY15 Draws	Balance 6/30/2015
Administration	329,172	329,172	-	-
Technical Assistance	20,000	20,000	-	-
State Programs				
Source Water Protection/Database	100,000	100,000	-	-
Capacity Development	50,000	50,000	-	-
Public Water Supply Administration	550,000	550,000	-	-
Operator Certification	30,000	30,000	-	-
<i>Subtotal</i>	<i>730,000</i>	<i>730,000</i>	-	-
Local Assistance	50,000	50,000	-	-
Loans	7,100,128	7,100,128	-	-
Total	\$8,229,300	\$8,229,300	-	-

**EXHIBIT 7: DRINKING WATER STATE REVOLVING FUND (DWSRF) BUDGET VS DRAW BY
CATEGORY SFY15**

Program Name: FS998850 - 07	Budget	Previous Draws	SFY15 Draws	Balance 6/30/2015
Administration	\$329,160	\$329,160	-	-
Technical Assistance	95,000	95,000	-	-
State Programs				
Source Water Protection/Database	100,000	100,000	-	-
Capacity Development	80,000	80,000	-	-
Public Water Supply Administration	550,000	550,000	-	-
Operator Certification	60,000	60,000	-	-
<i>Subtotal</i>	<i>790,000</i>	<i>790,000</i>	-	-
Local Assistance	90,000	90,000	-	-
Loans	6,924,840	6,924,840	-	-
Total	\$8,229,000	\$8,229,000	-	-
Program Name: FS998850 - 08	Budget	Previous Draws	SFY15 Draws	Balance 6/30/2015
Administration	325,840	325,840	-	-
Technical Assistance	90,000	90,000	-	-
State Programs				
Source Water Protection/Database	99,600	99,600	-	-
Capacity Development	75,000	75,000	-	-
Public Water Supply Administration	550,000	550,000	-	-
Operator Certification	90,000	90,000	-	-
<i>Subtotal</i>	<i>814,600</i>	<i>814,600</i>	-	-
Local Assistance	90,400	90,400	-	-
Loans	1,825,160	1,825,160	-	-
Total	\$3,146,000	\$3,146,000	-	-

**EXHIBIT 7: DRINKING WATER STATE REVOLVING FUND (DWSRF) BUDGET VS DRAW BY
CATEGORY SFY15**

Program Name: FS998850 - 09	Budget	Previous Draws	SFY15 Draws	Balance 6/30/2015
Administration	\$325,840	\$325,840	-	-
Technical Assistance	125,000	125,000	-	-
State Programs				
Source Water Protection/Database	100,000	100,000	-	-
Capacity Development	78,000	78,000	-	-
Public Water Supply Administration	665,000	665,000	-	-
Operator Certification	90,000	90,000	-	-
<i>Subtotal</i>	<i>933,000</i>	<i>933,000</i>	-	-
Local Assistance	90,000	90,000	-	-
Loans	6,672,160	6,672,160	-	-
Total	\$8,146,000	\$8,146,000	-	-
Program Name: FS998850 - 10	Budget	Previous Draws	SFY15 Draws	Balance 6/30/2015
Administration	\$542,920	\$542,920	-	-
Technical Assistance	211,000	211,000	-	-
State Programs				
Source Water Protection/Database	140,000	140,000	-	-
Capacity Development	82,000	82,000	-	-
Public Water Supply Administration	700,000	700,000	-	-
Operator Certification	120,000	120,000	-	-
<i>Subtotal</i>	<i>1,042,000</i>	<i>1,042,000</i>	-	-
Local Assistance	130,000	130,000	-	-
Loans	8,647,080	8,647,080	-	-
Total	\$10,573,000	\$10,573,000	-	-

**EXHIBIT 7: DRINKING WATER STATE REVOLVING FUND (DWSRF) BUDGET VS DRAW BY
CATEGORY SFY15**

Program Name: FS998850 - 11	Budget	Previous Draws	SFY15 Draws	Balance 6/30/2015
Administration	\$376,720	\$376,720	-	-
Technical Assistance	117,500	117,500	-	-
State Programs				
Source Water Protection/Database	140,000	140,000	-	-
Capacity Development	85,000	85,000	-	-
Public Water Supply Administration	700,000	697,909	2,091	-
Operator Certification	120,000	120,000	-	-
<i>Subtotal</i>	<i>1,045,000</i>	<i>1,042,909</i>	<i>2,091</i>	<i>-</i>
Local Assistance	130,000	130,000	-	-
Loans	7,748,780	7,736,280	12,500	-
Total	\$9,418,000	\$9,403,409	\$14,591	-
Program Name: FS998850 - 12	Budget	Previous Draws	SFY15 Draws	Balance 6/30/2015
Administration	359,000	355,860	3,140	-
Technical Assistance	143,000	37,890	51,163	53,947
State Programs				
Source Water Protection/Database	140,000	30,903	109,097	-
Capacity Development	90,000	38,822	51,178	-
Public Water Supply Administration	700,000	342,875	326,841	30,284
Operator Certification	120,000	99,236	20,764	-
<i>Subtotal</i>	<i>1,050,000</i>	<i>511,836</i>	<i>507,880</i>	<i>30,284</i>
Local Assistance	130,000	19,122	110,878	-
Loans	7,293,000	2,354,900	4,449,994	488,106
Total	\$8,975,000	\$3,279,608	\$5,123,055	\$572,337

**EXHIBIT 7: DRINKING WATER STATE REVOLVING FUND (DWSRF) BUDGET VS DRAW BY
CATEGORY SFY15**

Program Name: FS998850 - 13	Budget	Previous Draws	SFY15 Draws	Balance 6/30/2015
Administration	\$336,840	-	\$327,387	\$9,453
Technical Assistance	143,000	-	-	143,000
State Programs				
Source Water Protection/Database	140,000	-	19,453	120,547
Capacity Development	90,000	-	22,916	67,084
Public Water Supply Administration	492,100	-	146,862	345,238
Operator Certification	120,000	-	94,538	25,462
<i>Subtotal</i>	<i>842,100</i>	<i>-</i>	<i>283,769</i>	<i>558,331</i>
Local Assistance	487,900	-	294,830	193,070
Loans	6,611,160	-	1,583,577	5,027,583
Total	\$8,421,000	-	\$2,489,563	\$5,931,437
Program Name: FS998850 - 14	Budget	Previous Draws	SFY15 Draws	Balance 6/30/2015
Administration	353,800	-	353,377	423
Technical Assistance	80,000	-	-	80,000
State Programs				
Source Water Protection/Database	140,000	-	-	140,000
Capacity Development	65,000	-	-	65,000
Public Water Supply Administration	559,500	-	95,019	464,481
Operator Certification	120,000	-	68,511	51,489
<i>Subtotal</i>	<i>884,500</i>	<i>-</i>	<i>163,530</i>	<i>720,970</i>
Local Assistance	420,500	-	-290,135	130,365
Loans	7,106,200	-	5,704,377	1,401,823
Total	\$8,845,000	-	\$6,511,419	\$2,333,581

**EXHIBIT 7: DRINKING WATER STATE REVOLVING FUND (DWSRF) BUDGET VS DRAW BY
CATEGORY SFY15**

Program Name: FS998850 - 15	Budget	Previous Draws	SFY15 Draws	Balance 6/30/2015
Administration	\$351,480	-	-	\$351,480
Technical Assistance	-	-	-	-
State Programs				
Source Water Protection/Database	104,304	-	-	104,304
Capacity Development	-	-	-	-
Public Water Supply Administration	655,150	-	-	655,150
Operator Certification	119,246	-	-	119,246
<i>Subtotal</i>	<i>878,700</i>	-	-	<i>878,700</i>
Local Assistance	288,000	-	-	288,000
Loans	7,268,820	-	1,316,368	5,952,452
Total	\$8,787,000	-	\$1,316,368	\$7,470,632
Program Name: 2F978792-01 ARRA	Budget	Previous Draws	SFY15 Draws	Balance 6/30/2015
Administration	680,000	680,000	-	-
Technical Assistance	-	-	-	-
State Programs				
Source Water Protection/Database	-	-	-	-
Capacity Development	-	-	-	-
Public Water Supply Administration	50,357	50,357	-	-
Operator Certification	-	-	-	-
<i>Subtotal</i>	<i>50,357</i>	<i>50,357</i>	-	-
Local Assistance	-	-	-	-
Loans	18,769,643	18,769,643	-	-
Total	\$19,500,000	\$19,500,000	-	-

**EXHIBIT 7: DRINKING WATER STATE REVOLVING FUND (DWSRF) BUDGET VS DRAW BY
CATEGORY SFY15**

Program Name: Total All Grants	Budget	Previous Draws	SFY15 Draws	Balance 6/30/2015
Administration	\$7,414,876	\$6,700,143	\$362,830	\$351,903
Technical Assistance	1,997,726	1,720,779	33,535	243,412
State Programs				
Public Water Supply Administration	8,337,377	6,747,205	470,541	1,119,631
Source Water Protection/Database	1,958,904	1,594,053	120,547	244,304
Capacity Development	1,072,000	939,916	43,825	88,259
Operator Certification	1,684,246	1,419,538	93,973	170,735
<i>Subtotal State Programs</i>	<i>13,052,527</i>	<i>10,700,712</i>	<i>728,886</i>	<i>1,622,929</i>
Local Assistance	3,469,420	2,567,850	483,205	418,365
<i>Subtotal all Set Aside Categories</i>	<i>25,934,549</i>	<i>21,689,484</i>	<i>1,608,456</i>	<i>2,636,609</i>
Loans	148,937,239	129,046,530	12,168,741	7,721,968
Total	\$174,871,788	\$150,736,014	\$13,777,197	\$10,358,577

EXHIBIT 8: SET ASIDES 1 TO 1 MATCH FUNDING SUMMARY SFY15

State FYE 93 Activity	R/C	FUND SOURCES		
		Federal	State Match	State Excess
Public Water Supply Program	2511/2512	\$738,559	\$246,186	
Drinking Water Fees	2512			203,526
Subdivisions	2515			173,061
Subdivision Supplemental	2518			101,731
Board Cert for Water and Wastewater Operators	2516			57,085
TOTAL SFY93		\$738,559	\$246,186	\$535,404

State FYE 15 Activity	Org Units	FUND SOURCES		
		Federal PPG Grant	State Match PPG Grant-25%	State Match for SRF Grant
Public Water Supply Program - 02204	545811, 545819, 545820, 545831, 545832, 545840, 545842	1,350,000	337,500	
Subdivision Fees - 02418	546115, 546160, 546119, 546150			718,771
Drinking Water Fees - 02204	120520, 302824, 545812, 545819, 545830, 545841,			680,662
Board Cert for Water and Wastewater Operators - 02420	545916, 545931			146,905
TOTAL SFY14		\$ 1,350,000	\$337,500	\$1,546,338

EXHIBIT 9: DRINKING WATER STATE REVOLVING FUND (DWSRF) LOANS: MBE/WBE FOR CONTRACTS AWARDED DURING SFY15

FFY Qtr/Yr	SFY Qtr/Yr	Borrower	Loan No.	Bid Amount	Loan Amount	DBE Type	DBE Amount	DBE Percent
04/14	01/15	Bigfork WSD	15-327/328	\$1,684,763.40	\$1,161,703	WBE	\$91,638.00	5.4%
		Three Forks, City of	15-320/321	\$254,129	\$1,181,000	WBE	\$6000	2.4%
01/15	02/15	N/A						
02/15	03/15	Polson, City of	15-340/341	\$737,795.38	\$463,000	WBE	\$25,325	3.4%
03/15	04/15	N/A						

APPENDIX A

SFY15 CASH FLOW MODEL

APPENDIX B

SFY15 FINANCIAL STATEMENTS UNAUDITED WITH FOOTNOTES

Will be included upon completion

APPENDIX C

SFY15 INTENDED USE PLAN

APPENDIX D

MAP OF PROJECTS AND LIST